APPENDIX 1

SEPROD LIMITED
AUDITED FINANCIAL STATEMENTS
2018 - 2022

Seprod Limited

Financial Statements
31 December 2018

Seprod Limited
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31 December 2018

Independent auditor's report

To the Members of Seprod Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Seprod Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2018, 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

Seprod Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- 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 statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the consolidated and stand-alone financial statements, which include significant accounting policies.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

The Group consists of 16 legal entities located in Jamaica, St. Lucia, Trinidad and Tobago and the Dominican Republic, each of which is considered as a component for the audit scoping purposes. The accounting records for 10 of the legal entities are maintained at the Group head office, the remaining 6 entities' accounting records are kept at other offices in Jamaica. All entities within the Group are audited by PwC Jamaica and full scope audits were performed for all components.

Context

The context of our audit is set by the Group's major activities in 2018. The most significant event of the year under audit has been the acquisition of 100% of the share capital of Facey Commodity Holdings Limited (FCHL) and its wholly owned subsidiary Facey Commodity Company Limited (FCCL). In addition, Musson (Jamaica) Limited, a related party, transferred the shares of Musson Holdings Limited and its wholly owned subsidiaries Musson International Dairies Limited (MIDL), Musson International Dairies Trinidad and Tobago Limited and Musson International Dairies Republica Dominicana SRL to the Group. These acquisitions have therefore become a new key audit matter for our audit in 2018 given the number of significant management estimates and judgements required to account for the transaction, including the impact of acquisition accounting and the recognition and measurement of intangible assets identified.

Consistent with the prior year, our other key audit matter relates to the valuation of unquoted equity securities as this continues to involve significant levels of judgement by management and expert knowledge.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equity securities (Group and stand-alone) *Refer to notes 2h and 16 to the financial statements for disclosures of related accounting policies, judgements and estimates.*	
Unquoted equity securities included within investments on the consolidated and stand-alone statement of financial position total \$1,399 million as at 31 December 2018, which represents 3.9% and 6.2% of total assets of the Group and Company, respectively. The unquoted equity securities relate to an investment in an affiliated company over which Seprod Limited does not exercise significant influence. These securities are not quoted in an active market. The fair value of these securities is determined using a valuation model based on discounted future cash flows. The magnitude of the balance, the complexity of the valuation model used and the use of management determined assumptions led us to focus on this balance. In particular we focused on management's judgements relating to the investee's future cash flows, growth rates and selection of an appropriate discount rate. Management used an independent valuation expert to assist in the valuation process.	We evaluated management's future cash flow forecasts, and the process by which they were determined, including testing the underlying calculations and comparing them to the latest Board approved budgets of the investee. We evaluated management's forecasts by comparing previous budgets to actual results of the investee. We tested the reasonableness of the key assumptions management applied by: • Comparing long term growth rates in the forecasts to historical results and economic and industry forecasts. • Evaluating, with the assistance of our own valuation expert, management's assumptions concerning the selected growth rates and discount rates by reference to industry data. • Comparing the key assumptions to externally derived data where possible, including market expectations of investment return, projected economic growth and interest rates. • Applying sensitivities in evaluating management's assessment of the planned growth rate in cash flows and changes in discount rates. As a result of our testing, no differences requiring adjustment were identified.

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Accounting for business combinations (Group)

Refer to notes 2b, 15 and 33 of the financial statements for disclosures of related accounting policies, judgements and estimates.

On 1 January 2018, 100% of the share capital of Musson Holdings Limited (MHL) and its wholly owned subsidiaries were transferred from a related entity. Additionally, on 1 October 2018, the Group acquired Facey Commodity Holdings Limited (FCHL) and its wholly owned subsidiary Facey Commodity Company Limited.

Both of these transactions were accounted for by management as business combinations. The acquisitions resulted in the Group recognising goodwill of $4,795 million, of which $330 million related to MHL, and $4,465 million related to FCHL. In addition to goodwill, the Group recognised identified intangible assets of $4,994 million, of which $1,340 related to supplier relationships, $2,090 million to distribution network, $404 million to trade name and $1,160 million to brands.

We focused on this area due to the significance of the goodwill and intangible assets acquired and because it required management to exercise judgement in determining certain assumptions and estimates within discounted cash flow (DCF) models. The key assumptions utilised by management in the DCF were revenue growth and discount rates.

Management engaged an expert to assist in the valuation of certain intangibles.

We read the share purchase agreements and evaluated the appropriateness of the accounting for the acquisitions as business combinations against management's accounting policies and the applicable accounting standards. We obtained an understanding of the key terms of the transactions and associated contractual terms.

We assessed the competence and capability of management's expert.

With the assistance of our valuation specialist, we performed the following procedures:

- Evaluated the appropriateness of valuation methodologies utilised to derive the fair value of identified intangible assets;
- Agreed the key assumptions, being the revenue growth and discount rates to historic and prospective financial, industry and economic information, taking into consideration our knowledge of the Group and its industries.
- Assessed the reasonableness of the purchase price allocation through the use of the weighted average return on assets analysis, reconciliation of the discount rate to the internal rate of return and comparing the nature of identified intangible assets and the proportionate allocation to publicly announced transactions.
- Agreed the remaining useful lives of each intangible asset identified to the period over which the cash flows are expected to be generated.

We further tested the mathematical accuracy of management's discounted cash flow by reperforming the underlying calculations.

Based on the audit procedures performed, no adjustments were considered necessary.

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Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Recardo Nathan.

PricewaterhouseCoopers

Chartered Accountants
31 May 2019
Kingston, Jamaica

Seprod Limited
Consolidated Statement of Comprehensive Income
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Revenue	5	23,553,769	16,511,206
Direct expenses		(16,498,200)	(12,687,358)
Gross Profit		7,055,569	3,823,848
Finance and other operating income	6	845,426	753,103
Selling expenses		(708,646)	(624,930)
Administration expenses		(4,695,024)	(2,352,441)
Net impairment losses on trade receivables		(124,345)	-
Other operating expenses		(201,072)	(268,611)
Operating Profit		2,171,908	1,330,969
Finance costs	9	(789,026)	(337,773)
Share of results of joint venture	18	57,930	(54,236)
Profit before Taxation		1,440,812	938,960
Taxation	10	(378,757)	(291,117)
Net Profit		1,062,055	647,843
Other Comprehensive Income, net of taxes			
Item that may be reclassified to profit or loss –			
Currency translation gains and losses	10	4,579	-
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	9,900	3,150
Unrealised fair value gains and losses on investments	10	44,871	(126,345)
TOTAL COMPREHENSIVE INCOME		1,121,405	524,648
Net Profit is attributable to:			
Stockholders of the Company	11	1,182,025	735,043
Non-controlling interest	17	(119,970)	(87,200)
		1,062,055	647,843
Total Comprehensive Income is attributable to:			
Stockholders of the Company		1,241,375	611,848
Non-controlling interest		(119,970)	(87,200)
		1,121,405	524,648
Earnings per Stock Unit attributable to Stockholders of the Company	12	$2.07	$1.42

Seprod Limited
Consolidated Statement of Financial Position
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Non-current Assets			
Property, plant and equipment	14	7,427,259	4,101,869
Intangible assets	15	9,657,764	-
Investments	16	1,414,445	1,369,574
Investment in joint venture	18	402,936	345,006
Long term receivables	19	703,774	2,243,724
Post-employment benefit asset	20	36,000	38,500
Biological assets	21	342,564	292,628
Deferred tax assets	28	702,772	19,237
		20,687,514	8,410,538
Current Assets			
Inventories	22	6,548,105	2,495,063
Biological assets	21	439,303	508,745
Trade and other receivables	23	5,043,326	6,175,651
Current portion of long term receivables	19	372,096	1,487,134
Taxation recoverable		152,685	93,631
Cash and bank balances		2,055,335	837,294
		14,610,850	11,597,518
Current Liabilities			
Payables	24	6,373,833	6,807,507
Current portion of long term liabilities	27	2,051,691	2,012,776
Taxation payable		139,731	70,587
		8,565,255	8,890,870
Net Current Assets		6,045,595	2,706,648
		26,733,109	11,117,186
Equity Attributable to Stockholders of the Company			
Share capital	25	5,768,558	560,388
Capital reserves	26	993,334	943,884
Retained earnings		8,983,102	8,384,942
		15,744,994	9,889,214
Non-controlling Interest		(999,372)	(879,402)
		14,745,622	9,009,812
Non-current Liabilities			
Post-employment benefit obligations	20	136,200	148,400
Long term liabilities	27	10,327,786	1,716,732
Deferred tax liabilities	28	1,523,501	242,242
		11,987,487	2,107,374
		26,733,109	11,117,186

Approved for issue by the Board of Directors on 31 May 2019 and signed on its behalf by:

Paul B. Scott — Director

Richard Pandohie — Director

Seprod Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Equity Attributable to Stockholders of the Company					Non-controlling Interest	Total Equity
	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Total		
	'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2017	516,339	560,388	1,070,229	8,137,327	9,767,944	(792,202)	8,975,742
Profit for the year	-	-	-	735,043	735,043	(87,200)	647,843
Re-measurements on post-employment benefits	-	-	-	3,150	3,150	-	3,150
Fair value losses on investments	-	-	(126,345)	-	(126,345)	-	(126,345)
Total comprehensive income	-	-	(126,345)	738,193	611,848	(87,200)	524,648
Transactions with owners:							
Dividends paid (Note 13)	-	-	-	(490,578)	(490,578)	-	(490,578)
Balance at 31 December 2017	516,339	560,388	943,884	8,384,942	9,889,214	(879,402)	9,009,812
Effect of adoption of new accounting standards	-	-	-	(5,470)	(5,470)	-	(5,470)
	516,339	560,388	943,884	8,379,472	9,883,744	(879,402)	9,004,342
Profit for the year	-	-	-	1,182,025	1,182,025	(119,970)	1,062,055
Re-measurements on post-employment benefits	-	-	-	9,900	9,900	-	9,900
Currency translation gains and losses			4,579	-	4,579	-	4,579
Fair value gains on investments	-	-	44,871	-	44,871	-	44,871
Total comprehensive income	-	-	49,450	1,191,125	1,241,375	(119,970)	1,121,405
Transactions with owners:							
Issue of ordinary shares	217,149	5,208,170	-	-	5,208,170	-	5,208,170
Dividends paid (Note 13)	-	-	-	(588,295)	(588,295)	-	(588,295)
Balance at 31 December 2018	733,488	5,768,558	993,334	8,983,102	15,744,994	(999,372)	14,745,622

Seprod Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	29	1,084,373	825,631
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,816,806)	(474,247)
Proceeds on disposal of property, plant and equipment		457,364	5,557
Acquisition of subsidiaries		(1,194,342)	-
Issue of long term receivables		(175,031)	(48,053)
Repayment of long term receivables		971,706	78,129
Redemption of short term deposits		-	153,906
Interest received		143,050	116,167
Dividends received		680	400
Cash used in investing activities		(1,613,379)	(168,141)
Cash Flows from Financing Activities			
Long term loans received		4,728,099	1,739,272
Long term loans repaid		(2,001,885)	(1,439,317)
Dividends paid		(258,486)	(490,578)
Interest paid		(734,792)	(305,713)
Cash provided by/(used in) financing activities		1,732,936	(496,336)
Increase in cash and cash equivalents		1,203,930	161,154
Net effect of foreign currency translation on cash		14,111	8,635
Cash and cash equivalents at beginning of year		837,294	667,505
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,055,335	837,294

Seprod Limited
Statement of Comprehensive Income
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Group costs recovered from subsidiaries		889,797	846,988
Finance and other operating income	6	528,063	393,263
Administration expenses	7	(3,003,803)	(1,513,966)
Operating Loss		(1,585,943)	(273,715)
Finance costs	9	(300,604)	(190,453)
Loss before Taxation		(1,886,547)	(464,168)
Taxation	10	(27,842)	(53,082)
Net Loss	11	(1,914,389)	(517,250)
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	9,900	3,150
Unrealised fair value gains and losses on investments	10	44,871	(126,345)
TOTAL COMPREHENSIVE INCOME		(1,859,618)	(640,445)

Seprod Limited
Statement of Financial Position
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Non-current Assets			
Property, plant and equipment	14	572,055	527,270
Investments	16	1,414,445	1,369,574
Investment in subsidiaries	17	10,137,630	4,829,188
Investment in joint venture	18	434,114	434,114
Long term receivables	19	2,626,370	2,105,349
Post-employment benefit assets	20	36,000	38,500
		15,220,614	9,303,995
Current Assets			
Trade and other receivables	23	569,879	3,818,478
Current portion of long term receivables	19	970,552	1,468,012
Taxation recoverable		78,396	77,889
Due from subsidiaries		4,694,818	992,677
Cash and bank balances		703,414	477,304
		7,017,059	6,834,360
Current Liabilities			
Payables	24	597,680	2,267,967
Current portion of long term liabilities	27	683,243	1,709,169
Due to subsidiaries		7,298,750	5,272,290
		8,579,673	9,249,426
Net Current Liabilities		(1,562,614)	(2,415,066)
		13,658,000	6,888,929
Equity			
Share capital	25	5,768,558	560,388
Capital reserves	26	428,217	383,346
Retained earnings		2,003,147	4,495,931
		8,199,922	5,439,665
Non-current Liabilities			
Post-employment benefit obligations	20	136,200	148,400
Long term liabilities	27	5,189,872	1,200,000
Deferred tax liabilities	28	132,006	100,864
		5,458,078	1,449,264
		13,658,000	6,888,929

Approved for issue by the Board of Directors on 31 May 2019 and signed on its behalf by:

Paul B. Scott — Director	Richard Pandohie — Director

Seprod Limited
Statement of Changes in Equity
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2017	516,339	560,388	509,691	5,500,609	6,570,688
Loss for the year	-	-	-	(517,250)	(517,250)
Re-measurements on post-employment benefits	-	-	-	3,150	3,150
Fair value losses on investments	-	-	(126,345)	-	(126,345)
Total comprehensive income	-	-	(126,345)	(514,100)	(640,445)
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(490,578)	(490,578)
Balance at 31 December 2017	516,339	560,388	383,346	4,495,931	5,439,665
Loss for the year	-	-	-	(1,914,389)	(1,914,389)
Re-measurements on post-employment benefits	-	-	-	9,900	9,900
Fair value gains on investments	-	-	44,871	-	44,871
Total comprehensive income	-	-	44,871	(1,904,489)	(1,859,618)
Transactions with owners:					
Issue of ordinary shares	217,149	5,208,170	-	-	5,208,170
Dividends declared (Note 13)	-	-	-	(588,295)	(588,295)
Balance at 31 December 2018	733,488	5,768,558	428,217	2,003,147	8,199,922

Seprod Limited

Statement of Cash Flows

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Cash (used in)/provided by operating activities	29	(905,710)	247,267
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(83,433)	(106,878)
Proceeds on disposal of property, plant and equipment		5,225	-
Acquisition of subsidiaries		(2,141,499)	-
Issue of long term receivables		(84,359)	-
Repayment of long term receivables		953,706	45,677
Interest received		87,722	111,773
Dividends received		680	400
Cash (used in)/provided by investing activities		(1,261,958)	50,972
Cash Flows from Financing Activities			
Long term loans received		4,257,715	1,672,626
Long term loans repaid		(1,390,657)	(1,125,101)
Dividends paid		(258,486)	(490,578)
Interest paid		(228,905)	(187,163)
Cash provided by/(used in) financing activities		2,379,667	(130,216)
Increase in cash and cash equivalents		211,999	168,023
Net effect of foreign currency translation on cash		14,111	8,899
Cash and cash equivalents at beginning of year		477,304	300,382
CASH AND CASH EQUIVALENTS AT END OF YEAR		703,414	477,304

Seprod Limited
Notes to the Financial Statements
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations

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

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

The Company's subsidiaries and its joint venture entity, their principal activities and their countries of incorporation and domicile are as follows:

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

Joint venture entity	Principal activity	Country of Incorporation and Domicile
Jamaica Grain and Cereals Limited	Manufacture and sale of corn and wheat products and cereals	Jamaica

The interests in Musson Holdings Limited and Facey Commodity Holdings Limited were acquired during the year (Note 33).

All subsidiaries are wholly owned, with the exception of Golden Grove Sugar Company Limited which is owned 71.2% by the Company.

Jamaica Grain and Cereals Limited, a former subsidiary, became a 50% joint venture in 2015 following the disposal of 50% interest in the entity and the joint sharing of decision making responsibility with the other shareholder.

2. Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and biological assets at fair value through profit loss.

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

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

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

IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification is made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities have to record an immediate loss equal to the 12-month expected credit losses on initial recognition of financial assets that are not credit impaired (or lifetime expected credited losses for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime expected credit losses rather than 12-month expected credit losses. The model includes operational simplifications for lease and trade receivables. The analysis of the impact of the new impairment model requires the identification of the credit risk associated with counterparties. The counterparties are for trade receivables from customers for products sold. In determining the level of impairment, the Group now uses a provisions matrix for trade receivables reflecting past experience of losses incurred due to default as well as forward looking information.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only impact financial liabilities that are designated at fair value through profit or loss, and the Group does not currently have any such liabilities.

The adoption of the new standard did not result in a change to the classification or measurement of financial assets or liabilities. However, the adoption of the standard resulted in increase of $5,470,000 in the impairment loss allowance for the Group's trade receivables as at 1 January 2018 (Note 3(a)). Changes in accounting policies resulting from adoption have been applied retrospectively as at 1 January 2018, but with no restatement of comparative information for prior years. Consequently, the Group has recognised the adjustment to the opening impairment loss allowance between IAS 39 and IFRS 9 in the opening retained earnings.

IFRS 15, 'Revenue from Contracts with Customers' (effective for the periods beginning on or after 1 January 2018). The standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

The Group has assessed its commercial arrangements with its customers and has concluded that the adoption of this new standard has no significant impact on its results or financial position based on the nature of goods and services that it offers and the terms under which such goods and services are offered.

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)
Standards, interpretations and amendments to existing standards effective in the current financial year (continued)
IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation has no significant impact on the Group's financial statements.

Annual Improvements 2014-2016, (effective for annual periods beginning on or after 1 January 2018). The IASB issued its Annual Improvements to IFRSs 2014-2016 cycle amending a number of standards, the following of which are relevant to the Group: *Amendment to IFRS 12, 'Disclosure of interests in other entities'* which clarified the scope of the standard; and *Amendment to IAS 28, 'Investments in associates and joint ventures'* which clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments have no significant impact on the Group's financial statements.

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group
At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2019 or later periods, but were not effective at the date of the statement of financial position. The Group has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be immediately relevant to its operations, and has concluded as follows:

IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Further, an interest expense on the lease liability and depreciation on the right-of-use asset will be presented in the statement of comprehensive income. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets. The Group is assessing the impact of future adoption of the standard on its financial statements.

IFRIC 23, 'Uncertainty over income tax treatments' (effective for annual period beginning on or after 1 January 2019). This Interpretation clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The Interpretation had previously clarified that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. The Interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The Group does not expect any significant impact from the adoption of this Interpretation.

Amendment to IFRS 9, 'Financial Instruments', 'Prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2019). This amendment enables entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The Group does not expect any significant impact from the adoption of this amendment.

Amendment to IAS 28, 'Investment in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that IFRS 9 is not applied where long term interests in associates and joint ventures are accounted for using the equity method. The Group uses the equity method to account for long term interests in associates and joint ventures.

Annual Improvements 2015-2017, (effective for annual periods beginning on or after 1 January 2019). The IASB issued its Annual Improvements to IFRSs 2015-2017 cycle amending a number of standards, the following of which are relevant to the Group: *Amendment to IAS 12, 'Income taxes'* which clarifies that the income tax consequences of dividends on financial instruments should be recognised according to where the past transactions or events that generated distribution profits were recognised. The Group does not expect any significant impact from the adoption of this amendment.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Consolidation of subsidiaries

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

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

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

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

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

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

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions; i.e., as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of each investor. The Group has assessed the nature of its joint arrangement and has determined it to be a joint venture. The Group's interest in the joint venture is accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture, less any impairment.

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

2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Sales of goods

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

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

Interest income

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

Dividend income

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

(d) Foreign currency translation

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

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

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

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

(e) Property, plant and equipment

Buildings, plant and equipment are recorded at cost or deemed cost, less accumulated depreciation and impairment losses. All other property, plant and equipment are carried at historical cost less accumulated depreciation, except land, which is not depreciated. Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

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

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

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit. Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred.

2. Significant Accounting Policies (Continued)

(f) Intangible assets

Goodwill

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

Distribution network

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

Supplier relationships, trade names and brands

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

(g) Impairment of non-financial assets

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

(h) Financial assets

Classification as of 1 January 2018

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

Recognition and measurement as of 1 January 2018

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

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

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

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

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

Impairment as of 1 January 2018

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

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

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD – the probability of default occurring over the next 12 months.

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD – the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment are included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

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

Assessment of significant increase in credit risk

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

Macroeconomic factors, forward looking information and multiple scenarios

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

Expected life

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

Application of the Simplified Approach to trade receivables

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

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

Classification prior to 1 January 2018

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. *Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise 'trade and other receivables', long term receivables and 'cash and cash equivalents'. *Available-for-sale financial assets* are non-derivatives that are either designated in this category or not classified in any of the other categories.

Recognition and measurement prior to 1 January 2018

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss.

Impairment prior to 1 January 2018

The Group assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. In the case of equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

For available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in statement of comprehensive income. Impairment losses recognised in the arriving at profit or loss on equity instruments are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in arriving at profit or loss, the impairment loss is reversed through the statement of comprehensive income.

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2. Significant Accounting Policies (Continued)

(i) Biological assets

Livestock

Livestock is measured at its fair value less point of sale costs. Fair value is determined based on market prices of assets of similar age, breed and genetic merit. Changes in fair value are recognised in profit or loss.

Sugar cane

Sugar cane is measured at its fair value, less estimated point of sale costs. Fair value is determined based on market prices of sugar and its by product, molasses. Changes in fair value are recognised in profit or loss.

(j) Inventories

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

(k) Trade receivables

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

(l) Cash and cash equivalents

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

(m) Payables

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

(n) Borrowings

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

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

(o) Provisions

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

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

(p) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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2. Significant Accounting Policies (Continued)

(q) Income taxes

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

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

(r) Employee benefits

Pension obligations

Defined benefit plan

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

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

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

Defined contribution plan

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

Other post-employment benefits

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

Termination benefits

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

Profit share scheme

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

2. Significant Accounting Policies (Continued)

(s) Share capital

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

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(t) Segment reporting

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

3. Financial Risk Management

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

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

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

Central treasury department

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

Audit Committee

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

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3. Financial Risk Management (Continued)

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

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial Assets				
Investments, at fair value through other comprehensive income	1,414,445	1,369,574	1,414,445	1,369,574
Long term receivables, at fair value through profit or loss	162,432	-	84,359	-
At cost or amortised cost –				
Long term receivables	913,438	3,730,858	3,512,563	3,573,361
Trade and other receivables	4,565,268	5,992,104	489,390	3,764,312
Due from subsidiaries	-	-	4,694,818	992,677
Cash and bank balances	2,055,335	837,294	703,414	477,304
	7,534,041	10,560,256	9,400,185	8,807,654
	9,110,918	11,929,830	10,898,989	10,177,228
Financial Liabilities				
At cost or amortised cost –				
Due to subsidiaries	-	-	7,298,750	5,272,290
Trade and other payables	5,174,997	6,302,272	208,613	2,033,097
Long term liabilities	12,379,477	3,729,508	5,873,115	2,909,169
	17,554,474	10,031,780	13,380,478	10,214,556

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

(a) Credit risk

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

Investments

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

Long term receivables

The Group limits its exposure to credit risk from arising on receivables from farmers by ensuring that the value of the receivables do not exceed the anticipated purchases from the farmers, and that the Group has the right of setoff of the receivables against payments for the crop.

Cash and bank balances

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

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables

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

As of 1 January 2018, to measure expected credit losses, trade receivables are grouped by customer sector (based on shared risk characteristics) as well as by aging buckets. Lifetime expected credit losses are determined by taking into consideration historical rates of default for the totals of each customer segment of aged receivables as well as the estimated impact of forward looking information. In determining historical rates of default, trade receivables greater than 120 days past due are used as a proxy for historical losses. On this basis, the Group's loss allowance for trade receivables was determined as follows:

	31 December 2018					
	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	> than 120 days	Total
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	586,328	221,234	47,842	24,112	195,929	1,075,445
Retailers & wholesalers	596,140	111,394	26,944	10,752	97,543	842,773
Distributors	156,021	235,443	96,417	31,227	148,354	667,462
Manufacturers	64,361	9,719	2,048	-	6,068	82,196
Others	491,514	118,317	34,428	37,798	35,707	717,764
	1,894,364	696,107	207,679	103,889	483,601	3,385,640
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	1.219	1.43	2.71	22.97	66.04	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	22,589	9,920	5,623	23,866	319,385	381,383

	1 January 2018					
	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	> than 120 days	Total
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	220,821	90,878	3,876	2,088	15,613	333,276
Retailers & wholesalers	187,162	68,354	8,011	3,561	48,265	315,353
Distributors	267,909	103,225	55,571	18,601	9,430	454,736
Manufacturers	51,264	16,687	1,392	1,617	5,149	76,109
Others	64,406	25,698	3,643	29,073	65,322	188,142
	791,562	304,842	72,493	54,940	143,779	1,367,616
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.98	1.16	2.40	18.95	76.89	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	7,757	3,536	1,740	10,411	110,550	133,994

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables (continued)

Prior to 1 January 2018, the Group established an allowance for impairment that represented its estimate of incurred losses in respect of trade receivables. On this basis, trade receivables of $128,524,000 were considered impaired and were fully provided for. The individually impaired receivables mainly relate to wholesalers who were in unexpected difficult economic situations. All of the aforementioned impaired receivables balances were greater than 90 days old.

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

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
At start of year	128,524	110,705	-	3,619
Restated through opening retained earnings	5,470	-	-	-
	133,994	110,705	-	3,619
Business combinations	185,510	-	-	-
Amounts recovered during the year	(19,870)	(8,664)	-	-
Provided during the year	124,345	67,873	-	-
Written off during the year	(42,596)	(41,390)	-	(3,619)
At end of year	381,383	128,524	-	-

The creation and release of provision for impaired receivables have been included in administration expenses in profit and loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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

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3. Financial Risk Management (Continued)

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

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

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

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
			2018			
Long term liabilities	1,012,135	574,428	1,329,760	8,355,964	5,226,173	16,498,460
Trade payables	3,221,384	-	-	-	-	3,221,384
Due to affiliates	1,455,879	-	-	-	-	1,455,879
Other payables	497,734	-	-	-	-	497,734
	6,187,132	574,428	1,329,760	8,355,964	5,226,173	21,673,457
			2017			
Long term liabilities	130,349	1,052,383	1,031,489	2,171,953	43,806	4,429,980
Trade payables	1,921,358	-	-	-	-	1,921,358
Due to affiliates	4,169,943	-	-	-	-	4,169,943
Other payables	210,971	-	-	-	-	210,971
	6,432,621	1,052,383	1,031,489	2,171,953	43,806	10,732,252

	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
			2018			
Long term liabilities	479,219	227,617	339,270	4,270,438	2,519,000	7,835,544
Due to subsidiaries	7,298,750	-	-	-	-	7,298,750
Other payables	208,613	-	-	-	-	208,613
	7,986,582	227,617	339,270	4,270,438	2,519,000	15,342,907
			2017			
Long term liabilities	56,564	977,508	806,375	1,620,000	-	3,460,447
Due to subsidiaries	5,272,290	-	-	-	-	5,272,290
Due to affiliates	1,854,836	-	-	-	-	1,854,836
Other payables	178,261	-	-	-	-	178,261
	7,361,951	977,508	806,375	1,620,000	-	10,765,834

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

3. Financial Risk Management (Continued)

(c) Market risk

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

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

Currency risk

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

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities. The statement of financial position for the Group at 31 December 2018 includes aggregate net foreign assets/(liabilities) of (US$18,220,000) and £232,000 (2017 – aggregate net foreign assets of US$14,981,000 and £216,000); while the statement of financial position for the Company at 31 December 2018 includes aggregate net foreign assets of US$31,189,000, £157,000 (2017 – aggregate net foreign assets of US$26,443,000 and £48,000), in respect of such transactions.

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

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

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Effect on profit before taxation -				
US$				
4% devaluation (2017 – 4%)	(149,890)	17,168	101,062	76,404
2% revaluation (2017 – 2%)	73,875	(8,584)	(50,531)	(38,202)
Other currencies				
4% devaluation (2017 – 4%)	1,168	1,468	999	328
2% revaluation (2017 – 2%)	(584)	(734)	(499)	(164)
Effect on other items of equity -				
US$				
4% devaluation (2017 – 4%)	55,997	57,167	55,997	57,167
2% revaluation (2017 – 2%)	(27,999)	(28,583)	(27,999)	(28,583)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

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

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

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

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

Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity	Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity
2018	2018	2018	2017	2017	2017
JMD / USD	$'000	$'000	JMD / USD	$'000	$'000
		The Group			
+100/+100	(1,277)	-	+100/+100	(9,369)	-
-100/-100	1,277	-	-100/-100	4,684	-
		The Company			
+100/+100	(1,277)	-	+100/+100	(9,369)	-
-100/-100	1,277	-	-100/-100	4,684	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

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

The Group

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2018			
Financial assets							
Investments	-	-	-	-	-	1,414,445	1,414,445
Long term receivables	208,407	-	14,925	73,095	630,679	148,764	1,075,870
Trade and other receivables	-	-	-	-	-	4,565,268	4,565,268
Cash and bank	2,055,201	-	-	-	-	134	2,055,335
	2,263,608	-	14,925	73,095	630,679	6,128,611	9,110,918
Financial liabilities							
Long term liabilities	1,777,895	388,108	668,995	5,819,905	3,645,540	79,034	12,379,477
Payables	-	-	-	-	-	5,174,997	5,174,997
	1,777,895	388,108	668,995	5,819,905	3,645,540	5,254,031	17,554,474
Total interest repricing gap	485,713	(388,108)	(654,070)	(5,746,810)	(3,014,861)	874,580	(8,443,556)
				2017			
Financial assets							
Investments	-	-	-	-	-	1,369,574	1,369,574
Long term receivables	5,061	11,160	953,398	2,761,239	-	-	3,730,858
Trade and other receivables	-	-	-	-	-	5,992,104	5,992,104
Cash and bank	818,534	-	-	-	-	18,760	837,294
	823,595	11,160	953,398	2,761,239	-	7,380,438	11,929,830
Financial liabilities							
Long term liabilities	80,287	1,261,004	638,109	1,690,065	60,043	-	3,729,508
Payables	-	-	-	-	-	6,302,272	6,302,272
	80,287	1,261,004	638,109	1,690,065	60,043	6,302,272	10,031,780
Total interest repricing gap	743,308	(1,249,844)	315,289	1,071,174	(60,043)	1,078,166	1,898,050

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3. Financial Risk Management (Continued)

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

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2018			
Financial assets							
Investments	-	-	-	-	-	1,414,445	1,414,445
Long term receivables	207,723	-	-	2,038,631	587,739	762,829	3,596,922
Trade and other receivables	-	-	-	-	-	489,390	489,390
Due from subsidiaries	-	-	-	-	-	4,694,818	4,694,818
Cash and bank	703,340	-	-	-	-	74	703,414
	911,063	-	-	2,038,631	587,739	7,361,556	10,898,989
Financial liabilities							
Long term liabilities	399,736	167,063	38,113	2,998,374	2,191,498	78,331	5,873,115
Payables	-	-	-	-	-	208,613	208,613
Due to subsidiaries	-	-	-	-	-	7,298,750	7,298,750
	399,736	167,063	38,113	2,998,374	2,191,498	7,585,694	13,380,478
Total interest repricing gap	511,327	(167,063)	(38,113)	(959,743)	(1,603,759)	(224,138)	(2,481,489)
				2017			
Financial assets							
Investments	-	-	-	-	-	1,369,574	1,369,574
Long term receivables	3,720	11,160	935,618	2,622,863	-	-	3,573,361
Trade and other receivables	-	-	-	-	-	3,764,312	3,764,312
Due from subsidiaries	-	-	-	-	-	992,677	992,677
Cash and bank	477,230	-	-	-	-	74	477,304
	480,950	11,160	935,618	2,622,863	-	6,126,637	10,177,228
Financial liabilities							
Long term liabilities	25,774	1,205,693	463,598	1,214,104	-	-	2,909,169
Payables	-	-	-	-	-	2,033,097	2,033,097
Due to subsidiaries	-	-	-	-	-	5,272,290	5,272,290
	25,774	1,205,693	463,598	1,214,104	-	7,305,387	10,214,556
Total interest repricing gap	455,176	(1,194,533)	472,020	1,408,759	-	(1,178,750)	(37,328)

Price risk

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

Based on its holding of investments as at 31 December 2017 and 2018, there is no significant impact on the Group's stockholders' equity at either year end arising from changes in equity prices.

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3. Financial Risk Management (Continued)

(d) Capital management

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

(e) Fair value estimates

Fair values of financial instruments

Financial instruments classified in level 1

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

At 31 December 2018, the Group had quoted equity securities classified in Level 1 amounting to $14,547,000.

Financial instruments classified in level 2

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

At 31 December 2018, there were no financial instruments classified in Level 2.

Financial instruments classified in Level 3

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

At 31 December 2018, The Group had unquoted equity securities with a fair value of $1,399,898,000 (2017 – $1,369,574,000) classified as fair value through other comprehensive income and categorised as Level 3.

The movement in these instruments is as follows:

	2018 $'000	2017 $'000
At start of year	1,369,574	1,495,919
Fair value gains and losses	6,460	(80,899)
Foreign exchange gains and losses	23,864	(45,446)
At end of year	1,399,898	1,369,574

There were no transfers between levels during the year.

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

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Discount rate	11% (2017 - 12%)	If the discount rate increases the fair value decreases
Terminal growth rate	3%	If the terminal growth rate increases the fair value increases
Market participant minority discount	20%	If the market participant minority discount increases the fair value decreases

Discounted cash flow valuation techniques were used to value the unquoted equities.

3. Financial Risk Management (Continued)

(e) Fair value estimates

Fair values of biological assets

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

Livestock

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

Sugar cane

Estimates and judgements in determining the fair value of sugar cane relate to the market prices of sugar and molasses, and certain cane to sugar conversion efficiency metrics known as the Jamaica Recovery Cane Sugar (JRCS). Market prices of the sugar and molasses are obtained from Jamaica Cane Products Sales Limited, the authorised sales agent for sugar in Jamaica. The JRCS is determined by the Sugar Industry Authority.

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

	2018	2017
	$'000	$'000
Opening balance	292,628	236,343
Decreases due to sales	(44,981)	(49,705)
Total gains or losses for the period included in profit or loss	94,917	105,990
Closing balance	342,564	292,628
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Changes in fair value less estimated point of sale costs of livestock' and 'Other operating income'	94,917	105,990
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	76,509	68,946

The movement in the fair value of sugar cane is as follows:

	2018	2017
	$'000	$'000
Opening balance	508,745	513,198
Net cost of cane cultivation and value and cane harvested	(209,542)	(233,173)
Total gains or losses for the period included in profit or loss	140,100	228,720
Closing balance	439,303	508,745
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Change in fair value less cost to sell of sugar cane'	140,100	228,720
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(69,442)	(4,453)

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)
Fair values of biological assets (continued)
The following unobservable inputs were used in determined the fair value of the Group's livestock, using a market approach for valuation.

	Fair Value at 2018	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Dairy livestock price	\$17,000 - \$114,750 (\$79,263) per animal	The higher the market price, the higher the fair value.
Other livestock price	\$8,500 - \$99,623 (\$58,675) per animal	The higher the market price, the higher the fair value.

	Fair Value at 2017	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Dairy livestock price	\$11,050 - \$106,250 (\$73,297) per animal	The higher the market price, the higher the fair value.
Other livestock price	\$7,013 - \$99,623 (\$70,778) per animal	The higher the market price, the higher the fair value.

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

	Fair Value at 2018	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
JRCS	8.94	The higher the JRCS, the higher the fair value.

	Fair Value at 2017	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
JRCS	8.94	The higher the JRCS, the higher the fair value.

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

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, trade and other receivables (Note 23) and payables (Note 24).

The carrying values of long term receivables (Note 19) approximate their fair values, as these receivables are carried at amortised cost and the interest rates are reflective of current market rates for similar transactions.

The carrying values of long term loans (Note 27) approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

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

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

Post-employment benefit obligations
The present value of the pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (or income) for post-employment benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation. Other key assumptions for post-employment benefit obligations are based in part on current market conditions. Sensitivity disclosures in relation to changes in assumptions are disclosed in Note 20.

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

For the valuation of biological assets at the year end, if the price per animal had changed by 5% with all other variables constant, the fair value would change accordingly by $17,128,000.

Sugar cane
The Group measures its biological assets at fair value less costs to sell. In doing this valuation for cane, the Group first determines a price per tonne of cane, based on the established price per tonne of sugar, and certain cane to sugar conversion efficiency metrics, as established by the Sugar Industry Authority (SIA), the regulatory body which oversees the local sugar industry. This price per tonne of fully grown cane is used as the base for determining the fair value for the cane in each field, at the various stages in the cane harvest cycle. In valuing the cane for each cane field in each cane farm, the Group estimates each field's yield, by estimating the tonnes of cane to be reaped, per hectare of cane planted. The value of the cane considers the stage of growth of the cane, using certain assumptions regarding the relationship between the stage of growth of the cane and the cane's value. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the prices of sugar and the sugar conversion efficiency metrics (JRCS).

For the valuation of biological assets at the year end, if the sugar conversion efficiency metric had changed by 5%, with all other variables constant, the fair value would have changed accordingly by $28,787,000.

Fair value of unquoted equity securities
The fair value of securities not quoted in an active market are determined using valuation techniques. The Group exercises judgement and estimates on the quantity and quality of cashflow projections used. Where no market data is available, the Group values positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard for this purpose. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are reviewed by external experts. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the discount rate of 11%, terminal growth rate of 3% and a market participant minority discount of 20%.

For the valuation of unquoted ordinary shares at the year-end: if the discount rate had increased/decreased to 12%/10% with all other variables constant, the fair value would decrease/increase from US$4,940,000 to US$3,340,000/US$7,000,000; and if the terminal growth rate had increased/decreased to 3.5%/2.5% with all other variables constant, the fair value would increase/decrease from US$4,940,000 to US$5,690,000/US$4,280,000.

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

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

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

A 1% increase in the discount rates and a 1% reduction in revenue growth would result in a reduction in the value in use by $906,331,000 which would not result in an impairment of goodwill (Note 16).

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

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5. Business Segments

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

	2018			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	12,358,669	11,195,100	-	23,553,769
Inter-segment revenue	7,598,411	48,433	(7,646,844)	-
Total revenue	19,957,080	11,243,533	(7,646,844)	23,553,769
Segment result	1,654,717	391,911	-	2,046,628
Unallocated corporate income				125,280
Operating profit				2,171,908
Segment assets	12,317,938	7,841,549	-	20,159,487
Unallocated corporate assets				15,138,877
Total consolidated assets				35,298,364
Segment liabilities	5,347,363	6,984,778	-	12,332,141
Unallocated corporate liabilities				8,220,601
Total consolidated liabilities				20,552,742
Other segment items –				
Capital expenditure	1,725,136	8,237	-	1,733,373
Unallocated capital expenditure				83,433
Total capital expenditure				1,816,806
Depreciation	626,824	28,191	-	655,015
Unallocated depreciation				37,410
Total depreciation				692,425

	2017			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	9,636,861	6,874,345	-	16,511,206
Inter-segment revenue	4,975,998	-	(4,975,998)	-
Total revenue	14,612,859	6,874,345	(4,975,998)	16,511,206
Segment result	961,210	74,964	-	1,036,174
Unallocated corporate income				294,795
Operating profit				1,330,969
Segment assets	8,450,424	1,327,770	-	9,778,194
Unallocated corporate assets				10,229,862
Total consolidated assets				20,008,056
Segment liabilities	3,842,154	1,771,833	-	5,613,987
Unallocated corporate liabilities				5,384,257
Total consolidated liabilities				10,998,244
Other segment items –				
Capital expenditure	366,415	954	-	367,369
Unallocated capital expenditure				106,878
Total capital expenditure				474,247
Depreciation	439,782	6,005	-	445,787
Unallocated depreciation				32,435
Total depreciation				478,222

The Group's customers are mainly resident in, and operate from, Jamaica. Revenues of $1,252,349,000 (2017 - $1,296,710,000) were earned from customers resident in other countries.

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6. Finance and Other Operating Income

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Dividend income on quoted investments	680	400	680	400
(Loss)/gain on disposal of property, plant and equipment	(691)	(4,574)	3,995	(1,340)
Interest income from subsidiaries	-	-	248,838	-
Other interest income	155,327	352,789	87,118	347,690
Management fees	-	248,927	66,000	71,500
Net foreign exchange gains and losses	334,546	(36,409)	93,770	(50,758)
Rental income from subsidiaries	-	-	21,383	-
Other rental income	57,700	50,725	882	21,640
Other	297,864	141,245	5,397	4,131
	845,426	753,103	528,063	393,263

7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Advertising and promotion	356,595	163,477	9,991	21,526
Amortisation of intangible assets	131,017	1,694	-	-
Auditors' remuneration	40,312	23,071	11,616	6,249
Cost of inventories recognised as an expense	12,334,130	9,024,547	-	-
Delivery charges	296,701	171,191	-	393
Depreciation	692,425	478,222	37,410	32,435
Donations	31,752	36,886	31,752	36,886
Feed, chemicals and veterinary supplies	479,777	545,629	-	-
Fertilising	11,080	7,599	-	-
Impairment of investment in subsidiary	-	-	2,041,227	568,822
Insurance	301,888	179,294	23,477	20,393
Motor vehicle expenses	143,721	64,814	14,478	11,264
Net impairment losses on trade receivables	124,345	14,212	-	-
Non-recoverable GCT	197,421	270,463	41,703	61,410
Professional services	197,523	119,526	85,925	89,259
Raw and packaging material	653,605	622,678	-	-
Repairs and maintenance	620,819	399,657	13,396	37,566
Security	250,147	187,289	33,452	33,149
Staff costs (Note 8)	2,786,011	2,147,023	500,402	469,997
Supplies	28,671	23,029	843	429
Utilities	1,153,002	707,784	32,812	36,199
Other	1,396,345	745,255	125,319	87,989
	22,227,287	15,933,340	3,003,803	1,513,966

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8. Staff Costs

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Wages and salaries	2,103,126	1,625,313	369,274	336,656
Statutory contributions	231,523	173,156	35,732	33,925
Pension – defined benefit (Note 20)	3,600	10,600	3,600	10,600
Pension – defined contribution (Note 20)	51,020	32,302	10,728	8,142
Pension – defined contribution (Note 20)	2,867	2,722	-	-
Other post-employment benefits (Note 20)	11,800	12,700	11,800	12,700
Other	382,075	290,230	69,268	67,974
	2,786,011	2,147,023	500,402	469,997

9. Finance Costs

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Net foreign exchange gains and losses	(3,921)	(4,263)	-	-
Interest expense –				
Long term loans	713,037	265,926	275,911	184,433
Other	62,815	62,349	12,623	6,020
Amortisation of deferred financing fees	17,095	13,761	12,070	-
	789,026	337,773	300,604	190,453

10. Taxation Expense

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

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current taxation	281,209	244,469	-	-
Adjustment to prior year provision	8,613	(3,536)	-	(1,409)
	289,822	240,933	-	(1,409)
Deferred taxation (Note 28)	88,935	50,184	27,842	54,491
	378,757	291,117	27,842	53,082

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10. Taxation Expense (Continued)

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

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Profit/(loss) before taxation	1,440,812	938,960	(1,886,547)	(464,168)
Tax calculated at a tax rate of 25%	360,203	234,740	(471,637)	(116,042)
Adjusted for the effect of:				
Investment income not subject to tax	(31,324)	-	(31,324)	-
Adjustment to prior year provision	8,613	(3,536)	-	(1,409)
Employment tax credit	(90,584)	(61,854)	-	-
Expenses not deductible	34,784	29,124	523,364	165,762
Results of joint venture included net of tax	(14,483)	13,559	-	-
Tax losses of subsidiaries for which no deferred tax assets have been created	104,160	75,757	-	-
Other charges and credits	7,388	3,327	7,439	4,771
	378,757	291,117	27,842	53,082

A subsidiary is granted relief from taxation as Approved Farmers, under Section 36D of the Income Tax Act 1982, for a period of 10 years commencing in the year of assessment 2008. Consequently, profits of the subsidiary amounting to $Nil (2017 – $37,051,000) were not subject to tax.

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

	The Group		
	Before Tax	Tax Effect	After Tax
	$'000	$'000	$'000
		2018	
Currency translation gains and losses	4,579	-	4,579
Re-measurements of post-employment benefit obligations	13,200	(3,300)	9,900
Unrealised fair value gains and losses on investments	44,871	-	44,871
Other comprehensive income	62,650	(3,300)	59,350
		2017	
Re-measurements of post-employment benefit obligations	4,200	(1,050)	3,150
Unrealised fair value gains and losses on investments	(126,345)	-	(126,345)
Other comprehensive income	(122,145)	(1,050)	(123,195)

	The Company		
	Before Tax	Tax Effect	After Tax
	$'000	$'000	$'000
		2018	
Re-measurements of post-employment benefit obligations	13,200	(3,300)	9,900
Unrealised fair value gains and losses on investments	44,871	-	44,871
Other comprehensive income	58,071	(3,300)	54,771
		2017	
Re-measurements of post-employment benefit obligations	4,200	(1,050)	3,150
Unrealised fair value gains and losses on investments	(126,345)	-	(126,345)
Other comprehensive income	(122,145)	(1,050)	(123,195)

11. Net Profit Attributable to Stockholders of the Company

Dealt with as follows in the financial statements:

	2018	2017
	$'000	$'000
The Company	(1,914,389)	(517,250)
Reversal of impairment of subsidiary on consolidation	2,041,227	568,822
	126,838	51,572
Subsidiaries	997,257	737,707
Joint venture	57,930	(54,236)
	1,182,025	735,043

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

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

	2018	2017
Net profit attributable to stockholders ($'000)	1,182,025	735,043
Weighted average number of ordinary stock units ('000)	570,626	516,339
Basic earnings per stock unit ($)	2.07	1.42

The weighted average number of ordinary stock units for the year ended 31 December 2018 is calculated based on 516,339,000 stock units in issue for 9 months of the year and 733,488,000 units in issue for 3 months of the year.

The weighted average number of ordinary stock units for the year ended 31 December 2017 is calculated based on 516,339,000 stock units in issue for the entire year.

The Company has no dilutive potential ordinary shares.

13. Dividends

	2018	2017
	$'000	$'000
Interim dividends –		
60 cents per stock unit – 14 July 2017	-	309,839
35 cents per stock unit – 6 December 2017	-	180,739
50 cents per stock unit – 25 July 2018	258,486	-
45 cents per stock unit – 24 December 2018	329,809	-
	588,295	490,578

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14. Property, Plant and Equipment

	The Group					
	Freehold Land & Site Improvements $'000	Buildings $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
			2018			
Cost -						
At 1 January 2018	713,075	1,586,237	5,279,379	400,406	172,304	8,151,401
Business combinations	39,643	635,245	1,822,345	161,892	-	2,659,125
Additions	-	16,659	655,840	39,968	1,104,339	1,816,806
Disposals	-	(1,893)	(539,303)	(30,874)	(143,134)	(715,204)
Write-offs/Adjustments	-	-	(103)	-		(103)
Transfers	-	15,003	270,823	-	(285,826)	-
At 31 December 2018	752,718	2,251,251	7,488,981	571,392	847,683	11,912,025
Accumulated Depreciation -						
At 1 January 2018	-	588,848	3,108,897	351,787	-	4,049,532
Charge for the year	-	47,455	610,650	34,320	-	692,425
On disposals	-	(487)	(228,407)	(28,255)	-	(257,149)
Write-offs/Adjustments	-	636	(968)	290	-	(42)
At 31 December 2018	-	636,452	3,490,172	358,142	-	4,484,766
Net Book Value -						
At 31 December 2018	752,718	1,614,799	3,998,809	213,250	847,683	7,427,259
			2017			
Cost -						
At 1 January 2017	658,165	1,603,516	5,044,228	387,908	96,467	7,790,284
Additions	54,910	13,380	245,385	7,438	153,134	474,247
Disposals	-	(45,394)	(64,210)	(1,857)	-	(111,461)
Write-offs/Adjustments	-	-	(1,513)	-	(156)	(1,669)
Transfers	-	14,735	55,489	6,917	(77,141)	-
At 31 December 2017	713,075	1,586,237	5,279,379	400,406	172,304	8,151,401
Accumulated Depreciation -						
At 1 January 2017	-	596,772	2,761,228	315,997	-	3,673,997
Charge for the year	-	33,451	407,124	37,647	-	478,222
On disposals	-	(41,375)	(58,098)	(1,857)	-	(101,330)
Write-offs/Adjustments	-	-	(1,357)	-	-	(1,357)
At 31 December 2017	-	588,848	3,108,897	351,787	-	4,049,532
Net Book Value -						
At 31 December 2017	713,075	997,389	2,170,482	48,619	172,304	4,101,869

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14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements $'000	Buildings $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
			2018			
Cost -						
At 1 January 2018	163,199	505,750	206,027	36,324	12,720	924,020
Additions	-	-	17,415	32,887	33,131	83,433
Disposals	-	(1,424)	-	(15,537)	-	(16,961)
Transfers	-	10,134	12,560	-	(22,694)	-
At 31 December 2018	163,199	514,460	236,002	53,674	23,157	990,492
Accumulated Depreciation -						
At 1 January 2018	-	220,070	144,816	31,864	-	396,750
Charge for the year	-	8,714	19,587	9,109	-	37,410
Relieved on disposals	-	(194)	-	(15,537)	-	(15,731)
Adjustments	-	636	(918)	290	-	8
At 31 December 2018	-	229,226	163,485	25,726	-	418,437
Net Book Value -						
At 31 December 2018	163,199	285,234	72,517	27,948	23,157	572,055
			2017			
Cost -						
At 1 January 2017	108,289	525,839	176,169	36,324	15,339	861,960
Additions	54,910	6,187	22,885	-	22,896	106,878
Disposals	-	(39,513)	(5,305)	-	-	(44,818)
Transfers	-	13,237	12,278	-	(25,515)	-
At 31 December 2017	163,199	505,750	206,027	36,324	12,720	924,020
Accumulated Depreciation -						
At 1 January 2017	-	249,816	134,088	23,889	-	407,793
Charge for the year	-	8,428	16,032	7,975	-	32,435
Relieved on disposals	-	(38,174)	(5,304)	-	-	(43,478)
At 31 December 2017	-	220,070	144,816	31,864	-	396,750
Net Book Value -						
At 31 December 2017	163,199	285,680	61,211	4,460	12,720	527,270

Certain of the Group's property, plant and equipment have been pledged as security for its borrowings (Note 27).

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15. Intangible Assets

	The Group					
	Goodwill $'000	Distribution network $'000	Supplier relationships $'000	Trade name $'000	Brands $'000	Total $'000
Cost -						
At 1 January 2017 and 31 December 2017	-	-	-	-	73,407	73,407
Business combinations	4,794,911	2,090,000	1,340,000	404,000	1,159,870	9,788,781
At 31 December 2018	4,794,911	2,090,000	1,340,000	404,000	1,233,277	9,862,188
Accumulated Amortisation -						
At 1 January 2017	-	-	-	-	71,713	71,713
Charge for the year	-	-	-	-	1,694	1,694
At 31 December 2017	-	-	-	-	73,407	73,407
Charge for the year	-	-	26,875	4,388	99,754	131,017
At 31 December 2018	-	-	26,875	4,388	173,161	204,424
Net Book Value -						
At 31 December 2018	4,794,911	2,090,000	1,313,125	399,612	1,060,116	9,657,764
At 31 December 2017	-	-	-	-	-	-

At 31 December 2018, goodwill of $330,459,000 was allocated to Musson Holdings Limited, and $4,464,452,000 to Facey Commodity Company Limited. Musson Holdings Limited is in the manufacturing segment, while Facey Commodity Company Limited is in the Distribution segment.

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

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Musson Holdings Limited	4%	16.2%	1%	20.7%
Facey Commodity Company Limited	4%	6.8%	1%	16.0%

16. Investments

	The Group & The Company	
	2018 $'000	2017 $'000
Quoted equity securities denominated in Jamaican dollars	14,547	-
Unquoted equity securities denominated in Jamaican dollars	-	40
Unquoted equity securities denominated in US dollars	1,399,898	1,369,534
	1,414,445	1,369,574

Unquoted equity securities denominated in US dollars
The Company owns 42,214 (11.6% (2017 – 10.3%)) of the issued ordinary shares and 20,486 (34.1%) of the issued preference shares of Facey Group Limited, a related company over which the Company does not exercise significant influence. As the shares are unlisted, fair values were determined using cash flows discounted using a rate based on market interest rate and a risk premium specific to the unlisted security of 11% (2017 – 12%).

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17. Investment in Subsidiaries

	2018	2017
	$'000	$'000
Balance at 1 January	4,829,188	1,398,010
Acquisition of subsidiaries	7,349,669	-
Capitalisation of subsidiary	-	4,000,000
Impairment of subsidiary	(2,041,227)	(568,822)
Balance at 31 December	10,137,630	4,829,188

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent Company do not differ from the proportion of ordinary shares held.

During the year, the group acquired Musson Holdings Limited and Facey Commodity Holdings Limited (Note 33).

Effective 1 January 2017, the Company further capitalised Golden Grove Sugar Company Limited by $4,000,000 using intercompany balances owed to the Company by the subsidiary.

The Company recorded an impairment charge of $2,041,227,000 (2017 – $568,822,000) in relation to this subsidiary during the year.

The total non-controlling interest for the year of ($119,970,000) (2017 – ($87,200,000)) is entirely attributable to Golden Grove Sugar Company Limited. Summarised financial information for Golden Grove Sugar Company Limited, before intercompany eliminations, is as follows:

Summarised statement of comprehensive income

	2018	2017
	$'000	$'000
Revenue	1,117,658	1,382,775
Depreciation	(133,711)	(141,538)
Net loss	(416,559)	(302,777)

Summarised statement of financial position

	2018	2017
	$'000	$'000
Non-current assets	711,029	982,902
Current assets	1,283,356	984,027
Non-current liabilities	(108,944)	(292,917)
Intercompany balance owed to the Company	(949,383)	(262,681)
Other current liabilities	(326,295)	(379,539)
Net Assets	609,763	1,031,792

Summarised statement of cash flows

	2018	2017
	$'000	$'000
Cash flows from operating activities	(432,695)	(119,142)
Cash flows from investing activities	7,856	133,495
Intercompany financing provided by the Company	711,931	303,634
Other cash flows from financing activities	(302,916)	(317,943)
Cash and cash equivalents at end of year	2,859	18,683

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18. Investment in Joint Venture

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

The movement in investment in joint venture is as follows:

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	345,006	399,242	434,114	434,114
Share of results	57,930	(54,236)	-	-
Balance at the end of the year	402,936	345,006	434,114	434,114

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

	2018	2017
	$'000	$'000
Revenue	3,133,769	953,965
Depreciation	128,037	31,679
Net profit/(loss)	115,859	(108,472)

Summarised statement of financial position

	2018	2017
	$'000	$'000
Non-current assets:		
Property, plant and equipment	3,100,643	3,121,230
Deferred tax assets	10,439	37,580
	3,111,082	3,158,810
Current assets:		
Inventories	514,301	318,254
Cash and cash equivalents	138,784	143,677
Receivables and other current assets	1,022,972	205,512
	1,676,057	667,443
Non-current liabilities:		
Due to joint venture partners	(1,098,360)	-
Long term loan	(1,799,589)	-
	(2,897,949)	-
Current liabilities:		
Due to joint venture partners	(886,312)	(1,171,725)
Current portion of long term loan/short term loan	(102,400)	(1,875,006)
Payables and other current liabilities	(100,354)	(95,257)
	(1,089,066)	(3,141,988)
Net assets	800,124	684,265

Summarised statement of cash flows

	2018	2017
	$'000	$'000
Cash flows from operating activities	266,044	(710,240)
Cash flows from investing activities	(127,052)	(1,296,246)
Cash flows from financing activities	(136,078)	1,925,253

19. Long Term Receivables

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(a) Musson (Jamaica) Limited	-	188,565	-	188,565
(b) Facey Group Limited	207,723	346,102	207,723	346,102
(c) Facey Commodity Company Limited	-	559,756	-	559,756
(d) Musson International Dairies Limited	-	1,964,343	2,000,669	1,964,343
(e) Jamaica Grain and Cereals Limited	541,342	-	541,342	-
(f) Employee loans	162,432	-	84,359	-
(g) Bercyn Farms Limited –				
(i) Mobilisation loan for farming operations	14,925	26,757	-	-
(ii) Advance for replanting and farming operations	135,830	129,399	-	-
	1,062,252	3,214,922	2,834,093	3,058,766
Interest receivable	13,618	515,936	762,829	514,595
	1,075,870	3,730,858	3,596,922	3,573,361
Less: Current portion	(372,096)	(1,487,134)	(970,552)	(1,468,012)
	703,774	2,243,724	2,626,370	2,105,349

(a) This related party receivable was due in equal monthly installments of US$30,000 with the remaining principal receivable in full on 31 January 2020. The agreement attracted interest of 9% per annum. The loan was fully received during the year.

(b) This related party receivable of US$2,800,000 was scheduled to be received at maturity on 31 December 2018. The agreement attracts interest of 10% per annum, payable monthly.

(c) This related party receivable of US$4,533,000 was scheduled to be received at maturity on 31 December 2018. The agreement attracts interest of 10% per annum, payable monthly.

(d) This related party receivable of US$15,892,000 is repayable at maturity on 23 September 2020. The agreement attracts interest of 12% per annum, payable monthly. Musson International Dairies Limited was acquired during the year.

(e) This receivable from joint venture of US$4,300,000 is repayable at maturity on 31 December 2027. The agreement attracts interest of 3.07% per annum, payable annually. Prior to 31 December 2018, the balance was due at call and included in due from affiliates (Note 23).

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

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

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

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20. Post-employment Benefits

	The Group & The Company	
	2018	2017
	$'000	$'000
Asset/(Liability) recognised in the statement of financial position –		
Pension scheme	36,000	38,500
Medical benefits	(136,200)	(148,400)
Expense recognised in profit or loss –		
Pension scheme	3,600	10,600
Medical benefits	11,800	12,700
Gains and losses recognised in other comprehensive income –		
Pension scheme	(100)	6,800
Medical benefits	13,300	(2,600)

Pension schemes

In addition to the defined benefit pension scheme described below, employees of the Group hired on or after 1 January 2002 participate in an Individual Retirement Scheme operated by an independent insurance company. Employees participating in the scheme contribute up to 15% of pensionable earnings while the Company contributes 5%. The Group's and the Company's contribution for the year amounted to $51,020,000 (2017 – $32,302,000) and $10,728,000 (2017 – $8,142,000), respectively (Note 8).

On 1 January 2015, the fortnightly sugarcane employees of Golden Grove Sugar Company Limited commenced contributing to a defined contribution pension scheme. The pension scheme is administered by an independent insurance company. The subsidiary contributes 2% of the employee's basic salary. The subsidiary's contribution for the year amounted to $2,867,000 (2017 – $2,722,000).

Defined benefit plan

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

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2018.

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

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

	2018	2017
	$'000	$'000
Present value of funded obligations	(906,500)	(921,200)
Fair value of plan assets	998,300	994,000
Asset in the statement of financial position	91,800	72,800
Unrecognised asset due to limitation	(55,800)	(34,300)
	36,000	38,500

20. Post-employment Benefits (Continued)

Pension schemes (continued)

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

	2018 $'000	2017 $'000
Asset at beginning of year	38,500	40,300
Amounts recognised in profit or loss in the statement of comprehensive income	(3,600)	(10,600)
Amounts recognised in other comprehensive income	(100)	6,800
Contributions paid	1,200	2,000
Asset at end of year	36,000	38,500

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

	2018 $'000	2017 $'000
Balance at beginning of year	(921,200)	(896,700)
Current service cost	(5,000)	(10,700)
Interest cost	(70,500)	(76,500)
Re-measurements – experience gains and losses	(2,000)	(54,800)
Members' contributions	(2,100)	(3,200)
Benefits paid	94,300	120,700
Balance at end of year	(906,500)	(921,200)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $142,000,000 (2017 – $175,100,000) relating to active employees, and $763,500,000 (2017 – $746,100,000) relating to members in retirement.

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

	2018 $'000	2017 $'000
Balance at beginning of year	994,000	957,300
Interest income	74,600	78,300
Re-measurement – return on plan assets, excluding amounts included in interest income	20,700	73,900
Employer's contributions	1,200	2,000
Members' contributions	2,100	3,200
Benefits paid	(94,300)	(120,700)
Balance at end of year	998,300	994,000

The amounts recognised in profit or loss in the statement of comprehensive income is as follows:

	2018 $'000	2017 $'000
Current service cost	5,000	10,700
Interest costs	70,500	76,500
Interest income	(74,600)	(78,300)
Interest on effect of unrecognised asset due to limitation	2,700	1,800
Total, included in staff costs (Note 8)	3,600	10,600

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2019 amount to $2,000,000.

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20. Post-employment Benefits (Continued)

Pension schemes (continued)
Plan assets are comprised as follows:

	Quoted $'000	Unquoted $'000	Total $'000	%
		2018		
Debt securities:				
Government of Jamaica	-	251,816	251,816	25.2
Corporate	-	122,950	122,950	12.3
Real estate	-	72,068	72,068	7.2
Equity securities	394,280	-	394,280	39.5
Preference shares	68,118	-	68,118	6.8
Repurchase agreements	-	58,498	58,498	5.9
Other	-	30,570	30,570	3.1
	462,398	535,902	998,300	100
		2017		
Debt securities:				
Government of Jamaica	-	256,452	256,452	25.8
Corporate	-	93,436	93,436	9.4
Real estate	-	73,556	73,556	7.4
Equity securities	332,990	-	332,990	33.5
Preference shares	70,574	-	79,574	7.1
Repurchase agreement	-	95,424	95,424	9.6
Other	-	71,568	71,568	7.2
	403,564	590,436	994,000	100

At 31 December, the fund had investments with a fair value of $53,960,000 (2017 - $55,759,000) in the Company's own shares held as plan assets.

The significant actuarial assumptions used were a discount rate of 7.0% (2017 – 8.0%); future salary increases of 4.0% (2017 – 5.0%); and future pension increases of 1.5% (2017 – 2.25%). The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2018		2017	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5% (2017 - 1%)	(43,100)	47,300	(83,800)	101,900
Future salary increases	0.5% (2017 - 1%)	3,700	(3,600)	7,900	(7,100)
Expected pension increase	0.5% (2017 - 1%)	43,400	(39,800)	93,100	(78,300)

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. If the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $17,300,000/($17,600,000) (2017 – $17,200,000/($14,700,000)).

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

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20. Post-employment Benefits (Continued)

Other post-employment benefits

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

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

	2018 $'000	2017 $'000
Balance at beginning of year	(148,400)	(143,000)
Current service cost	(300)	(300)
Interest expense	(11,500)	(12,400)
Re-measurements – experience gains and losses	13,300	(2,600)
Benefits paid	10,700	9,900
Balance at end of year	(136,200)	(148,400)

The amounts recognised in the profit or loss in the statement of comprehensive income are as follows:

	2018 $'000	2017 $'000
Current service cost	300	300
Interest cost	11,500	12,400
Total, included in staff costs (Note 8)	11,800	12,700

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

	2018 $'000	2017 $'000
Liability at beginning of year	148,400	143,000
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	11,800	12,700
Amounts recognised in other comprehensive income	(13,300)	2,600
Contributions by employer	(10,700)	(9,900)
Liability at end of year	136,200	148,400

Expected employer contributions to the post-employment plan for the year ending 31 December 2019 amount to $10,000,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 5.5% (2017 – 7.5%) per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2018		2017	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(6,700)	7,300	(7,100)	7,700
Medical cost	0.5%	7,300	(6,700)	7,700	(7,100)

Further, if the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $5,600,000/($5,500,000) (2017 – $6,600,000/($6,400,000)).

20. Post-employment Benefits (Continued)

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

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

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

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

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

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and NCB Insurance Company Limited representatives who are the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries. The next triennial valuation is due to be completed as at 31 August 2020. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 10.7 years for the both the pension fund and for the post-employment medical benefits.

21. Biological Assets

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

	The Group	
	2018	2017
	$'000	$'000
Dairy livestock –		
2,966 (2017 – 2,700) Cows able to produce milk	192,662	148,692
2,081 (2017 – 2,103) Heifers being raised to produce milk in the future	146,389	140,766
Other livestock –		
136 (2017 – 144) Bulls raised for sale and reproduction	3,393	3,050
4 (2017 – 4) Horses	120	120
	342,564	292,628

7,970,048 litres (2017 – 7,223,412 litres) of milk with a fair value (less estimated point-of-sale costs) of $353,367,000 (2017 – $614,068,000) were produced during the period.

Sugar cane – classified as current assets in the statement of financial position
At year end, the Group had 85,620 tonnes (2017 – 96,104 tonnes) of sugar cane with a value of $439,303,000 (2017 – $508,745,000).

14,749 tonnes (2017 – 16,789 tonnes) of sugar and molasses with a fair value (less estimated point-of-sale costs) of $977,558,000 (2017 – $1,154,055,000) were produced during the period.

22. Inventories

	The Group	
	2018	2017
	$'000	$'000
Raw and packaging materials	1,824,447	1,099,904
Work in progress	44,917	33,243
Finished goods	821,701	242,201
Merchandise for resale	2,725,009	186,516
Goods in transit	705,513	610,899
Other	426,518	322,300
	6,548,105	2,495,063

The cost of inventories recognised as write-offs and included in direct expenses amounted to $29,317,000 (2017 - $32,866,000).

23. Trade and Other Receivables

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade receivables	3,385,640	1,367,616	-	-
Less: Provision for impairment	(381,383)	(128,524)	-	-
	3,004,257	1,239,092	-	-
Advances and prepayments	478,058	183,547	80,489	54,166
Due from affiliates	1,294,850	4,543,524	489,390	3,764,312
Other	266,161	209,488	-	-
	5,043,326	6,175,651	569,879	3,818,478

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24. Payables

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade payables	3,221,384	1,921,358		-
Accruals	869,027	505,235	59,258	234,870
Due to affiliates	1,455,879	4,169,943	-	1,854,836
Dividends payable	329,809	-	329,809	-
Other	497,734	210,971	208,613	178,261
	6,373,833	6,807,507	597,680	2,267,967

25. Share Capital

	2018	2017	2018	2017
	'000	'000	$'000	$'000
Authorised – ordinary shares	780,000	530,000	780,000	530,000
Issued and fully paid –				
Ordinary stock units	733,547	516,398	5,769,457	561,287
Treasury shares	(59)	(59)	(899)	(899)
	733,488	516,339	5,768,558	560,388

At an extraordinary general meeting of the Company on 9 April 2018, the Company's shareholders agreed to an increase in the authorised ordinary shares of the Company by the creation of 250,000,000 new ordinary shares. In October 2018, the Company issued 217,149,000 of these units at a fair value of $5,208,170,000 (net of transaction costs of $1,235,000) as part consideration for a business combination (Note 33).

In 2013 the Company purchased 59,000 of its shares at a fair value of $899,000.

26. Capital Reserves

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Revaluation surplus on assets carried at deemed cost	312,600	312,600	105,340	105,340
Fair value gains and losses on investments	181,733	136,862	181,733	136,862
Profits of subsidiaries capitalised	336,537	336,537	-	-
Redemption reserve	14,800	14,800	-	-
Realised gains on sale of investments	120,855	120,855	120,855	120,855
Currency translation gains and losses	4,579	-	-	-
Other realised surplus	22,230	22,230	20,289	20,289
	993,334	943,884	428,217	383,346

Included in capital reserves are fair value gains on investments representing the accumulated unrealised gains and losses on the revaluation of these investments. The movement in this reserve during the year is recognised in other comprehensive income.

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27. Long Term Liabilities

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(a) Tetra Pak – 8%	180,986	217,181	-	-
(b) Tetra Pak – 7.81%	49,024	51,746	-	-
(c) Sugar Industry Authority – 5%	18,981	22,296	-	-
(d) National Commercial Bank (Jamaica) Limited – 11.5%	280,909	515,001	-	-
(e) National Commercial Bank (Jamaica) Limited – 9.5%	1,630,680	-	-	-
(f) National Commercial Bank (Jamaica) Limited – 8.5%	371,421	-	-	-
(g) JMMB Merchant Bank Limited – 8.5%	300,000	-	300,000	-
(h) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	1,302,409	-	-	-
(i) CIBC FirstCaribbean International Bank Jamaica Limited – 6.8%	1,222,162	-	-	-
(j) Bonds – 10.5% for first 2 years, then WATBY + 2.75%	854,350	-	-	-
(k) Bonds – 8.25% for first 3 years, then WATBY + 2.25%	1,200,000	1,200,000	1,200,000	1,200,000
(l) Bonds – 7.5%	1,600,000	-	1,600,000	-
(m) Bonds – 7.25%	2,200,000	-	2,200,000	-
(n) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 3%	127,716	686,857	127,716	686,857
(o) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 3%	-	250,008	-	250,008
(p) Sygnus – 15%	503,848	-	-	-
(q) Eppley Limited – 8% to 12%	124,285	72,733	87,869	72,733
(r) Coconut Industry Board – 3%	368,698	360,869	368,698	360,869
(s) JMMB Merchant Bank Limited – 10%	-	220,000	-	220,000
(t) First Global Bank – 13%	-	100,000	-	100,000
(u) Eppley Limited 6.5%-8.7%	131,371	-	-	-
Deferred financing costs	(166,397)	(5,157)	(89,499)	-
	12,300,443	3,691,534	5,794,784	2,890,467
Interest payable	79,034	37,974	78,331	18,702
	12,379,477	3,729,508	5,873,115	2,909,169
Less: Current portion	(2,051,691)	(2,012,776)	(683,243)	(1,709,169)
	10,327,786	1,716,732	5,189,872	1,200,000

The movement in long term liabilities is as follows:

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at start of year	3,729,508	3,428,497	2,909,169	2,391,243
Business combination	5,889,954	-	-	-
Loans received	4,728,099	1,739,272	4,257,715	1,672,626
Loan principal repayments	(2,001,885)	(1,439,317)	(1,390,657)	(1,125,101)
Foreign exchange gains and losses	(24,354)	(35,267)	25,189	(32,889)
Deferred fees amortised (Note 9)	17,095	13,761	12,070	-
Interest charged and capitalised (Note 9)	3,169	-	-	-
Interest charged and expensed (Note 9)	713,037	265,926	275,911	184,433
Interest paid	(675,146)	(243,364)	(216,282)	(181,143)
Balance at end of year	12,379,477	3,729,508	5,873,115	2,909,169

27. Long Term Liabilities (Continued)

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

(a) US dollar denominated financing agreement from a supplier, repayable in 32 quarterly installments of US$96,000 commencing in 2015 and secured by property, plant and equipment acquired under the financing agreement.

(b) US dollar denominated financing agreement from a supplier, repayable in 32 quarterly installments of US$18,000 commencing in 2017 and secured by property, plant and equipment acquired under the financing agreement.

(c) Jamaican dollar denominated loan facility of $33,156,000 repayable over 10 years commencing in 2013 by way of annual deductions from proceeds of cane sales, contract work and earnings from harvesting operations, where applicable.

(d) Jamaican dollar denominated loan facility of $608,637,000, repayable in 13 quarterly installments of $46,818,000 commencing June 2017 and secured by the fixed and floating assets of Golden Grove Sugar Company Limited.

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

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

(g) Unsecured Jamaican dollar denominated loan facility of $300,000,000, repayable in 60 monthly installments of $6,155,000 (inclusive of interest) commencing January 2019.

(h) Unsecured Jamaican dollar denominated loan facility repayable in 28 quarterly installments of $48,237,000 commencing December 2018.

(i) Unsecured US dollar denominated loan facility repayable in 28 quarterly installments of US$357,000 commencing December 2018.

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

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

(l) Unsecured Jamaican dollar denominated Bonds issued in July 2018 for a period of 3 years, due in full at maturity.

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

(n) US dollar denominated annual revolving loan initially received in March 2015, secured by a promissory note issued by Seprod Limited.

(o) US dollar denominated annual revolving loan initially received in October 2017, secured by a promissory note issued by Seprod Limited.

(p) US dollar denominated monthly inventory factoring arrangement.

(q) Unsecured insurance premium financing repayable in 12 monthly instalments.

(r) Unsecured US dollar denominated loan received in November 2016, due in full at maturity in November 2018. The loan was renewed to mature in January 2019.

(s) Unsecured Jamaican dollar denominated revolving facility with each drawdown having a maximum tenor of 3 months.

(t) Unsecured Jamaican dollar denominated revolving facility with each drawdown having a maximum tenor of 1 year.

(u) Unsecured insurance premium financing repayable in 12 monthly installments.

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28. Deferred Taxation

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

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Deferred tax assets	702,772	19,237	-	-
Deferred tax liabilities	(1,523,501)	(242,242)	(132,006)	(100,864)
Net liabilities	(820,729)	(223,005)	(132,006)	(100,864)

These amounts include deferred tax assets/liabilities to be recovered within 12 months of $118,456,000/$168,180,000 (2017 – $3,180,000/$108,311,000) for the Group, and deferred tax liabilities of $165,459,000 (2017 – $116,854,000) for the Company.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at start of year	(223,005)	(171,771)	(100,864)	(45,323)
Business combination	(505,489)	-	-	-
Charged to profit or loss (Note 10)	(88,935)	(50,184)	(27,842)	(54,491)
Charged to other comprehensive income (Note 10)	(3,300)	(1,050)	(3,300)	(1,050)
Balance at end of year	(820,729)	(223,005)	(132,006)	(100,864)

The deferred tax charged to profit or loss comprises the following temporary differences:

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	(16,675)	4,709	(2,104)	(6,808)
Post-employment benefits	875	2,850	875	2,850
Tax losses carried forward	(50,036)	(1,513)	21,992	3,386
Interest receivable	(5,787)	(58,960)	(62,058)	(58,960)
Other	(17,312)	2,730	13,453	5,041
	(88,935)	(50,184)	(27,842)	(54,491)

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

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	(310,460)	(178,004)	(16,975)	(14,871)
Post-employment benefits	25,050	27,475	25,050	27,475
Tax losses carried forward	762,872	32,655	25,378	3,386
Interest receivable	(356)	(128,649)	(190,707)	(128,649)
Intangible assets recognised on business combinations	(1,248,467)	-	-	-
Other	(49,368)	23,518	25,248	11,795
	(820,729)	(223,005)	(132,006)	(100,864)

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits of the Company and certain subsidiaries amount to $7,149,766,000 (2017 – $4,091,367,000). Of those losses, no deferred tax assets have been created in respect of $4,098,280,000 (2017 – $3,960,749,000) as the Group is uncertain of its ability to utilise those losses in the future.

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29. Cash Generated from Operations

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Net profit/(loss)	1,062,055	647,843	(1,914,389)	(517,250)
Items not affecting cash resources:				
Amortisation of intangible assets	131,017	1,694	-	-
Depreciation	692,425	478,222	37,410	32,435
Net foreign exchange gain and losses	(159,996)	52,147	(91,861)	54,261
Net gains and losses on disposal of property, plant and equipment	691	4,574	(3,995)	1,340
Property, plant and equipment written off	61	312	8	-
Impairment of subsidiary	-	-	2,041,227	568,822
Interest income	(155,327)	(352,789)	(335,956)	(347,690)
Amortisation of deferred fees	17,095	13,761	12,070	-
Share of results of joint venture	(57,930)	54,236	-	-
Interest expense	775,852	328,275	288,534	190,453
Post-employment benefits	3,500	11,400	3,500	11,400
Dividend income	(680)	(400)	(680)	(400)
Taxation	378,757	291,117	27,842	53,082
	2,687,520	1,530,392	63,710	46,453
Changes in operating assets and liabilities:				
Inventories	(875,138)	(564,795)	-	-
Trade and other receivables	4,882,162	(2,183,741)	308,925	(1,719,802)
Biological assets	19,506	(51,832)	-	-
Due from subsidiaries	-	-	(1,304,202)	(666,764)
Due to subsidiaries	-	-	1,006,223	2,521,050
Payables	(5,263,177)	2,339,028	(979,859)	147,859
	1,450,873	1,069,052	(905,203)	328,796
Taxation paid	(366,500)	(243,421)	(507)	(81,529)
Cash provided by/(used in) operating activities	1,084,373	825,631	(905,710)	247,267

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30. Contingencies and Commitments

(a) A subsidiary has leased sugar cane lands from the Government of Jamaica for a period of 50 years with an option to renew for a further period of 25 years. The lease is fixed at a rate of US$53 per hectare per annum for the first 5 years, after which it will be renegotiated in accordance with the provisions of the lease contract. Based on the current rate of US$60 per hectare per annum, the annual lease cost to the subsidiary is US$92,000.

(b) At 31 December 2018, capital commitments were $369,962,000 (2017 - $251,159,000) for the Group.

31. Litigation, Claims, Assessments and Provisions

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

32. Related Party Transactions

The following transactions were carried out with or on behalf of related parties:

Sales and purchases of goods and services
During the year, the Group had sales of $3,683,121,000 (2017 – $3,540,561,000) to and purchases of $1,044,520,000 (2017 – $2,282,952,000) from Musson (Jamaica) Limited, T.Geddes Grant (Distributors) Limited and Jamaica Grain and Cereals Limited, as well as from Musson International Diaries Limited and Facey Commodity Company Limited prior to these entities becoming subsidiaries of the Group. The Chairman of the Company's Board of Directors is a major shareholder and Chairman of the Board of Directors of these entities. The resulting receivables and payables in respect of these and other transactions are included in Notes 23 and 24, respectively.

A subsidiary paid cess of $4,246,000 (2017 – $4,574,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

Key management compensation

	2018 $'000	2017 $'000
Wages and salaries	356,502	157,698
Statutory contributions	38,293	18,309
Other	22,355	530
	417,150	176,537
Directors' emoluments –		
Fees	8,226	8,479
Medical insurance premiums	7,635	8,429
Management remuneration (included above)	75,599	69,676

Advances and loans
Loans to related parties are disclosed in Note 19. Interest earned on these loans during the year amounted to $84,106,000 (2017 – $356,950,000).

33. Business Combinations

Transfer of Musson Holdings Limited into the Group

Effective 1 January 2018, the shares of Musson Holdings Limited were transferred to the Company at a nominal cost from a related party. Musson Holdings Limited is the parent company of Musson International Dairies Limited, Musson International Dairies Trinidad and Tobago Limited, and Musson International Dairies Republica Dominicana SRL. In February 2016, Musson Holdings Limited acquired the brands associated with the Jamaican dairy operations of Nestle Jamaica Limited. On that date, Musson International Dairies Limited acquired the key assets comprising those dairy operations and commenced its principal activity of producing and selling milk-based products from the plant located in Bog Walk, St. Catherine. Musson International Dairies Trinidad and Tobago Limited and Musson International Dairies Republica Dominicana SRL. were subsequently established to manage the distribution of the milk-based products in key export markets. The Company has been managing the operations carried out by these entities since inception in 2016.

These operations will significantly expand the Group's capacity for the processing of milk products and juices.

Musson Holdings Limited and its subsidiaries reported revenues, operating profit and net profit of $4,967,120,000, $695,403,000 and $148,772,000, respectively, for the year ended 31 December 2018.

Details of net assets acquired, purchase consideration and goodwill determined on a provisional basis, were as follows:

	$'000
Property, plant and equipment	2,375,739
Intangible assets	967,870
Deferred tax assets	69,778
Inventories	588,138
Trade and other receivables	670,084
Net balances due from the Group	691,075
Taxation recoverable	603
Cash and cash equivalents	157,920
Payables	(399,116)
Taxation payable	(26,906)
Long term liabilities	(2,649,821)
Loan payable to the Company	(2,533,856)
Deferred tax liabilities	(241,967)
	(330,459)

As the shares were transferred at a nominal amount, the fair values of net assets acquired amounting to $330,459,000 represents the goodwill on acquisition. Further, the acquired cash and cash equivalents of $157,920,000 represents the net cash inflow on acquisition.

33. Business Combinations (Continued)

Acquisition of Facey Commodity Holdings Limited

Effective 1 October 2018, the Group acquired the shares of Facey Commodity Holdings Limited, the holding company of Facey Commodity Company Limited, from a related party. The terms of the acquisition required that, prior to the acquisition date, Facey Commodity Holdings Limited and Facey Commodity Company Limited dispose of all businesses other than the distribution of consumer goods and pharmaceutical products in Jamaica. The consideration is consistent with an independent valuation and was settled by a mix of a cash payment and an issue of shares.

These operations will significantly expand the Group's distribution capability.

Facey Commodity Holdings Limited and its subsidiary reported revenues, operating profit and net profit of $4,388,200,000, $358,055,000 and $155,717,000, respectively, for the 3 months ended 31 December 2018.

Details of net assets acquired, purchase consideration and goodwill determined on a provisional basis, were as follows:

	$'000
Property, plant and equipment	283,386
Intangible assets	4,026,000
Inventories	2,589,766
Trade and other receivables	2,935,883
Taxation recoverable	6,631
Cash and cash equivalents	789,237
Payables	(4,105,157)
Taxation payable	(67,096)
Long term liabilities	(3,240,133)
Deferred tax liabilities	(333,300)
	2,885,217

The goodwill on acquisition was determined as follows:

	$'000
Cash paid forming part of the purchase consideration	2,141,499
Issue of shares forming part of the purchase consideration	5,208,170
Total purchase consideration	7,349,669
Fair values of net assets acquired	(2,885,217)
	4,464,452

The net cash outflow for the acquisition was follows:

	$'000
Cash paid forming part of the purchase consideration	2,141,499
Cash balances of the acquired business	(789,237)
	1,352,262

34. Post Balance Sheet Event

In April 2019, the Company increased its shareholding in Golden Grove Sugar Company Limited from 71.2% to 89% by acquiring the holding of another shareholder of the subsidiary.

Seprod Limited

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Independent auditor's report

To the Members of Seprod Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Seprod Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2019, 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

Seprod Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2019;
- 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 statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the consolidated and stand-alone financial statements, which include significant accounting policies.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

The Group consists of 16 legal entities located in Jamaica, St. Lucia, Trinidad and Tobago and the Dominican Republic, each of which is considered as a component for the audit scoping purposes. The accounting records for 10 of the legal entities are maintained at the Group head office, the remaining 6 entities' accounting records are kept at other offices in Jamaica. All entities within the Group are audited by PwC Jamaica and full scope audits were performed for all components.

Context

Consistent with the prior year, our key audit matter relates to the valuation of unquoted equity securities as this continues to involve significant levels of judgement by management and expert knowledge.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equity securities (Group and stand-alone) *Refer to notes 4 and 17 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.*	
Unquoted equity securities included within investments on the consolidated and stand-alone statement of financial position total $1.5 billion as at 31 December 2019, which represents 4.0% and 5.6% of total assets of the Group and Company, respectively. The unquoted equity securities relate to an investment in an affiliated company over which Seprod Limited does not exercise significant influence. These securities are not quoted in an active market. The fair value of these securities is determined using a valuation model based on discounted future cash flows. The magnitude of the balance, the complexity of the valuation model used and the use of management determined assumptions led us to focus on this balance. In particular we focused on management's judgements relating to the investee's future cash flows, terminal growth rates, discount rates and market participant minority discount. Management used an independent valuation expert to assist in the valuation process.	We updated our understanding and evaluated management's future cash flow forecasts, and the process by which they were determined, including testing the underlying calculations and comparing them to the latest Board approved budgets of the investee. We compared prior management budgets to actual results of the investee to evaluate the accuracy of managements forecast process. We tested the reasonableness of management's key assumptions as follows: • Compared long term growth rates in the forecasts to historical results and economic and industry forecasts. • Evaluated, with the assistance of our own valuation expert, management's assumptions concerning the selected growth rates, terminal growth rates, discount rates and market participant minority discount by reference to industry data. • Compared the key assumptions to externally derived data, where possible, including market expectations of investment return, projected economic growth and interest rates. • Sensitised management's planned growth rate in cash flows and changes in discount rates. As a result of our testing, no differences requiring adjustment were identified.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers
Chartered Accountants
Kingston, Jamaica
24 April 2020

Seprod Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Revenue	5	32,694,821	22,499,784
Direct expenses		(23,894,709)	(15,585,707)
Gross Profit		8,800,112	6,914,077
Finance and other operating income	6	1,313,817	841,184
Selling expenses		(449,963)	(708,646)
Administration and other operating expenses		(6,886,330)	(4,506,503)
Net impairment losses on trade receivables		24,999	(57,832)
Operating Profit		2,802,635	2,482,280
Finance costs	9	(1,472,947)	(789,026)
Share of results of joint venture	18	57,705	57,930
Profit before Taxation		1,387,393	1,751,184
Taxation	10	318,255	(378,757)
Net Profit from Continuing Operations		1,705,648	1,372,427
Net loss from discontinued operations	34	(732,314)	(310,372)
Net Profit		973,334	1,062,055
Other Comprehensive Income, net of taxes			
Item that may be reclassified to profit or loss –			
Currency translation gains and losses	10	18,101	4,579
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	(9,650)	9,900
Unrealized fair value gains and losses on investments	10	85,765	44,871
TOTAL COMPREHENSIVE INCOME		1,067,550	1,121,405
Net Profit from continuing operations is attributable to:			
Stockholders of the Company	12	1,705,648	1,372,427
Non-controlling interest		-	-
		1,705,648	1,372,427
Net Loss from discontinued operations is attributable to:			
Stockholders of the Company	12	(638,214)	(190,402)
Non-controlling interest		(94,100)	(119,970)
		(732,314)	(310,372)
Total Comprehensive Income is attributable to:			
Stockholders of the Company		1,161,650	1,241,375
Non-controlling interest		(94,100)	(119,970)
		1,067,550	1,121,405
Earnings per Stock Unit attributable to Stockholders of the Company	12		
Continuing operations		$2.33	$2.40
Discontinued operations		($0.87)	($0.33)
		$1.46	$2.07

Seprod Limited
Consolidated Statement of Financial Position
31 December 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Non-current Assets			
Property, plant and equipment	14	7,197,435	7,427,259
Right of use assets	15	1,040,734	-
Intangible assets	16	9,414,737	9,657,764
Investments	17	1,500,210	1,414,445
Investment in joint venture	19	454,070	402,936
Long term receivables	20	713,815	703,774
Post-employment benefit asset	21	35,100	36,000
Biological assets	22	409,370	342,564
Deferred tax assets	29	1,299,895	702,772
		22,065,366	20,687,514
Current Assets			
Inventories	23	6,914,312	6,548,105
Biological assets	22	286,549	439,303
Trade and other receivables	24	5,239,220	5,043,326
Current portion of long term receivables	20	17,500	372,096
Non-current assets held for sale	34	289,241	-
Taxation recoverable		210,060	152,685
Cash and bank balances		1,476,292	2,055,335
		14,433,174	14,610,850
Current Liabilities			
Payables	25	6,321,220	6,373,833
Current portion of long term liabilities	28	829,438	2,051,691
Current portion of lease obligation	15	67,731	-
Taxation payable		235,285	139,731
		7,453,674	8,565,255
Net Current Assets		6,979,500	6,045,595
		29,044,866	26,733,109
Equity Attributable to Stockholders of the Company			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	1,097,200	993,334
Retained earnings		8,104,479	8,983,102
		14,970,237	15,744,994
Non-controlling Interest		-	(999,372)
		14,970,237	14,745,622
Non-current Liabilities			
Post-employment benefit obligations	21	148,300	136,200
Long term liabilities	28	11,393,938	10,327,786
Lease obligation	15	1,105,372	-
Deferred tax liabilities	29	1,427,019	1,523,501
		14,074,629	11,987,487
		29,044,866	26,733,109

Approved for issue by the Board of Directors on 24 April 2020 and signed on its behalf by:

Paul B. Scott — Director

Richard Pandohie — Director

Seprod Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Equity Attributable to Stockholders of the Company					Non-controlling Interest	Total Equity
	Number of Shares	**Share Capital**	**Capital Reserve**	**Retained Earnings**	**Total**		
	'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2018	516,339	560,388	943,884	8,384,942	9,889,214	(879,402)	9,009,812
Effect of adoption of new accounting standards	-	-	-	(5,470)	(5,470)	-	(5,470)
	516,339	560,388	943,884	8,379,472	9,883,744	(879,402)	9,004,342
Profit for the year	-	-	-	1,182,025	1,182,025	(119,970)	1,062,055
Re-measurements on post-employment benefits	-	-	-	9,900	9,900	-	9,900
Currency translation gains and losses	-	-	4,579	-	4,579	-	4,579
Fair value gains on investments	-	-	44,871	-	44,871	-	44,871
Total comprehensive income	-	-	49,450	1,191,925	1,241,375	(119,970)	1,121,405
Transactions with owners:							
Issue of ordinary shares	217,149	5,208,170	-	-	5,208,170	-	5,208,170
Dividends declared (Note 13)	-	-	-	(588,295)	(588,295)	-	(588,295)
Balance at 31 December 2018	733,488	5,768,558	993,334	8,983,102	15,744,994	(999,372)	14,745,622
Effect of adoption of new accounting standards	-	-	-	(83,437)	(83,437)	-	(83,437)
	733,488	5,768,558	993,334	8,899,665	15,661,557	(999,372)	14,662,185
Profit for the year	-	-	-	1,067,434	1,067,434	(94,100)	973,334
Re-measurements on post-employment benefits	-	-	-	(9,650)	(9,650)	-	(9,650)
Currency translation gains and losses	-	-	18,101	-	18,101	-	18,101
Fair value gains on investments	-	-	85,765	-	85,765	-	85,765
Total comprehensive income	-	-	103,866	1,057,784	1,161,650	(94,100)	1,067,550
Transactions with owners:							
Acquisition of shareholding of non-controlling interests	-	-	-	(1,119,413)	(1,119,413)	1,093,472	(25,941)
Dividends declared (Note 13)	-	-	-	(733,557)	(733,557)	-	(733,557)
Balance at 31 December 2019	733,488	5,768,558	1,097,200	8,104,479	14,970,237	-	14,970,237

Seprod Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	30	2,526,180	1,084,373
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,223,804)	(1,816,806)
Proceeds on disposal of property, plant and equipment		209,462	457,364
Acquisition of shareholdings of non-controlling interests		(25,941)	-
Acquisition of subsidiaries		-	(1,194,342)
Issue of long term receivables		(27,949)	(175,031)
Repayment of long term receivables		274,723	971,706
Interest received		29,512	143,050
Dividends received		337	680
Cash used in investing activities		(763,660)	(1,613,379)
Cash Flows from Financing Activities			
Long term loans received		2,744,424	4,728,099
Long term loans repaid		(2,928,435)	(2,001,885)
Lease obligation		(87,419)	-
Dividends paid		(696,588)	(258,486)
Interest paid		(1,402,129)	(734,792)
Cash (used in)/provided by financing activities		(2,370,147)	1,732,936
(Decrease)/increase in cash and cash equivalents		(607,627)	1,203,930
Net effect of foreign currency translation on cash		28,584	14,111
Cash and cash equivalents at beginning of year		2,055,335	837,294
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,476,292	2,055,335

Seprod Limited

Statement of Comprehensive Income

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Group costs recovered from subsidiaries		900,769	889,797
Finance and other operating income	6	4,136,290	528,063
Administration expenses	7	(990,642)	(3,003,803)
Operating Profit/(Loss)		4,046,417	(1,585,943)
Finance costs	9	(552,494)	(300,604)
Profit/(Loss) before Taxation		3,493,923	(1,886,547)
Taxation	10	48,246	(27,842)
Net Profit/(Loss)	11	3,542,169	(1,914,389)
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits		(9,650)	9,900
Unrealised fair value gains and losses on investments		85,765	44,871
TOTAL COMPREHENSIVE INCOME		3,618,284	(1,859,618)

Seprod Limited
Statement of Financial Position
31 December 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Non-current Assets			
Property, plant and equipment	14	635,775	572,055
Investments	17	1,500,210	1,414,445
Investment in subsidiaries	18	7,863,313	10,137,630
Investment in joint venture	19	434,114	434,114
Long term receivables	20	1,557,957	2,626,370
Post-employment benefit assets	21	35,100	36,000
Deferred tax assets	29	27,548	-
		12,054,017	15,220,614
Current Assets			
Trade and other receivables	24	128,513	569,879
Current portion of long term receivables	20	3,118,881	970,552
Taxation recoverable		-	78,396
Due from subsidiaries		10,673,105	4,694,818
Cash and bank balances		199,738	703,414
		14,120,237	7,017,059
Current Liabilities			
Payables	25	866,628	597,680
Current portion of long term liabilities	28	198,981	683,243
Tax payable		32,780	-
Due to subsidiaries		6,399,130	7,298,750
Bank overdraft		309,774	-
		7,807,293	8,579,673
Net Current Assets/(Liabilities)		6,312,944	(1,562,614)
		18,366,961	13,658,000
Equity			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	513,982	428,217
Retained earnings		4,802,109	2,003,147
		11,084,649	8,199,922
Non-current Liabilities			
Post-employment benefit obligations	21	148,300	136,200
Long term liabilities	28	7,134,012	5,189,872
Deferred tax liabilities	29	-	132,006
		7,282,312	5,458,078
		18,366,961	13,658,000

Approved for issue by the Board of Directors on 24 April 2020 and signed on its behalf by:

Paul B. Scott Director

Richard Pandohie Director

Seprod Limited

Statement of Changes in Equity

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2018	516,339	560,388	383,346	4,495,931	5,439,665
Loss for the year	-	-	-	(1,914,389)	(1,914,389)
Re-measurements on post-employment benefits	-	-	-	9,900	9,900
Fair value gains on investments	-	-	44,871	-	44,871
Total comprehensive income	-	-	44,871	(1,904,489)	(1,859,618)
Transactions with owners:					
Issue of ordinary shares	217,149	5,208,170	-	-	5,208,170
Dividends declared (Note 13)	-	-	-	(588,295)	(588,295)
Balance at 31 December 2018	733,488	5,768,558	428,217	2,003,147	8,199,922
Profit for the year	-	-	-	3,542,169	3,542,169
Re-measurements on post-employment benefits	-	-	-	(9,650)	(9,650)
Fair value gains on investments	-	-	85,765	-	85,765
Total comprehensive income	-	-	85,765	3,532,519	3,618,284
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(733,557)	(733,557)
Balance at 31 December 2019	733,488	5,768,558	513,982	4,802,109	11,084,649

Seprod Limited

Statement of Cash Flows

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Cash used in operating activities	30	(195,511)	(905,710)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(142,323)	(83,433)
Proceeds on disposal of property, plant and equipment		49,338	5,225
Acquisition of shareholdings of non-controlling interests		(25,941)	-
Acquisition of subsidiaries		-	(2,141,499)
Issue of long term receivables		(1,062,577)	(84,359)
Repayment of long term receivables		275,284	953,706
Interest received		48,563	87,722
Dividends received		337	680
Cash used in investing activities		(857,319)	(1,261,958)
Cash Flows from Financing Activities			
Long term loans received		2,447,105	4,257,715
Long term loans repaid		(1,003,899)	(1,390,657)
Dividends paid		(696,588)	(258,486)
Interest paid		(535,822)	(228,905)
Cash provided by financing activities		210,796	2,379,667
(Decrease)/increase in cash and cash equivalents		(842,034)	211,999
Net effect of foreign currency translation on cash		28,584	14,111
Cash and cash equivalents at beginning of year		703,414	477,304
CASH AND CASH EQUIVALENTS AT END OF YEAR		(110,036)	703,414

1. Principal Activities and Operations

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

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

The Company's subsidiaries and its joint venture entity, their principal activities and their countries of incorporation and domicile are as follows:

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

Joint venture entity	Principal activity	Country of Incorporation and Domicile
Jamaica Grain and Cereals Limited	Manufacture and sale of corn and wheat products and cereals	Jamaica

The Group was restructured during the year as follows:

- Golden Grove Sugar Company Limited discontinued its sugar manufacturing operation, but continues its distribution of sugar and other commodities;
- The Company, then a 71.2% shareholder in Golden Grove Sugar Company Limited, acquired the remaining 28.8% shareholding in Golden Grove Sugar Company Limited from non-controlling interests;
- The Company transferred the entire shareholding of Golden Grove Sugar Company Limited to Caribbean Products Company Limited; and
- The Company transferred the entire shareholdings of Serge Island Dairies Limited and Serge Island Farms Limited to Musson Holdings Limited.

The interests in Facey Commodity Holdings Limited and Musson Holdings Limited were acquired in 2018 (Note 35).

At year end, all subsidiaries are effectively wholly owned by the Company (2018 – 28.8% of the shareholding of Golden Grove Sugar Company Limited was held by non-controlling interests).

Jamaica Grain and Cereals Limited, a former subsidiary, became a 50% joint venture in 2015 following the disposal of 50% interest in the entity and the joint sharing of decision making responsibility with the other shareholder.

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

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

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

IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Further, an interest expense on the lease liability and depreciation on the right-of-use asset will be presented in the statement of comprehensive income. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

The Group changed its accounting policy for leases (Note 2(q)) as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. The effect of adoption of IFRS 16 is disclosed in Note 36.

IFRIC 23, 'Uncertainty over income tax treatments' (effective for annual period beginning on or after 1 January 2019). This Interpretation clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The Interpretation had previously clarified that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. The Interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The interpretation had no significant impact on the Group's operations.

Amendment to IFRS 9, 'Financial Instruments', 'Prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2019). This amendment enables entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendment had no significant impact on the Group's operations.

Amendment to IAS 19, Employee benefits' (effective for annual periods beginning on or after 1 January 2019). This amendment requires an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement. Any reduction in a surplus is recognised in profit or loss as a part of past service cost or gain or loss on settlement regardless of whether that surplus was not previously recognised due to the impact of the asset ceiling. Any changes in the asset ceiling is recognised separately in other comprehensive income. The amendment had no significant impact on the Group's operations.

Seprod Limited

Notes to the Financial Statements
31 December 2019
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendment to IAS 28, 'Investment in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that IFRS 9 is not applied where long term interests in associates and joint ventures are accounted for using the equity method. The Group uses the equity method to account for long term interests in associates and joint ventures.

Annual Improvements 2015-2017, (effective for annual periods beginning on or after 1 January 2019). The IASB issued its Annual Improvements to IFRSs 2015-2017 cycle amending a number of standards, the following of which are relevant to the Group:

- *Amendment to IAS 12, 'Income taxes'* which clarifies that the income tax consequences of dividends on financial instruments should be recognised according to where the past transactions or events that generated distribution profits were recognised.
- *Amendment to IAS 23, 'Borrowing costs'* which clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
- *Amendment to IFRS 3, 'Business combinations'* which clarifies that an entity should remeasure its previously held interest in a joint operation at fair value when it obtains control of the business.
- *Amendment to IFRS 11, 'Joint arrangements'* clarifies that an entity should not remeasure its previously held interest in a joint operation at fair value when it obtains joint control of the business.

The improvements had no significant impact on the Group's operations.

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

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2019 or later periods, but were not effective at the date of the statement of financial position. The Group has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be immediately relevant to its operations, and has concluded as follows:

Amendments to IAS 1, 'Presentation of financial statements' and to IAS 8, 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2020). These amendments clarify that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendments also clarify the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The Group does not expect any significant impact from the adoption of these amendments.

Amendment to IFRS 3, 'Business combinations' (effective for annual periods beginning on or after 1 January 2020). This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The Group will apply this amendment to future business combinations.

Revised conceptual framework for financial reporting (effective for annual periods beginning on or after 1 January 2020). The revised framework will be used with immediate effect in standard-setting decisions; however no changes will be made to any of the current accounting standards. Entities that apply the conceptual framework in determining accounting policies will need to consider whether their accounting policies remain appropriate under the revised framework. The Group is currently assessing the impact of this revision.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Consolidation of subsidiaries

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

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

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

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

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

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

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions; i.e., as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of each investor. The Group has assessed the nature of its joint arrangement and has determined it to be a joint venture. The Group's interest in the joint venture is accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture, less any impairment.

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

Seprod Limited

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2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Sales of goods

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

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

Interest income

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

Dividend income

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

(d) Foreign currency translation

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

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

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

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

(e) Property, plant and equipment

Buildings, plant and equipment are recorded at cost or deemed cost, less accumulated depreciation and impairment losses. All other property, plant and equipment are carried at historical cost less accumulated depreciation, except land, which is not depreciated. Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

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

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

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit. Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred.

2. Significant Accounting Policies (Continued)

(f) Intangible assets

Goodwill

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

Distribution network

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

Supplier relationships, trade names and brands

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

(g) Impairment of non-financial assets

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

(h) Financial assets

Classification

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

Recognition and measurement

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

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

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

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

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

Impairment

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

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

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

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

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

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

Application of the Simplified Approach to trade receivables

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

(i) Biological assets

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

2. Significant Accounting Policies (Continued)

(j) Inventories

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

(k) Trade receivables

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

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

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

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

(m) Cash and cash equivalents

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

(n) Payables

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

(o) Borrowings

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

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

(p) Provisions

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

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

2. Significant Accounting Policies (Continued)

(q) Leases

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

Prior to 1 January 2019, leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. The Group adopted IFRS 16 as of 1 January 2019 applying the simplified approach and has elected not to restate comparative information in accordance with the transitional provisions of the standard. As a result, the comparative information provided continues to be in accordance with this previous accounting policy.

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

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

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

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(r) Income taxes

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

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

(s) Employee benefits

Pension obligations

Defined benefit plan

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

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

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

Defined contribution plan

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

Other post-employment benefits

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

Termination benefits

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

Profit share scheme

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

2. Significant Accounting Policies (Continued)

(t) Share capital

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

(u) Segment reporting

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

3. Financial Risk Management

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

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

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

Central treasury department

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

Audit Committee

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

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3. Financial Risk Management (Continued)

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Investments, at fair value through other comprehensive income	1,500,210	1,414,445	1,500,210	1,414,445
Long term receivables, at fair value through profit or loss	155,741	162,432	77,671	84,359
At cost or amortised cost –				
Long term receivables	575,574	913,438	4,599,077	3,512,563
Trade and other receivables	4,793,779	4,565,268	3,064	489,390
Due from subsidiaries	-	-	10,673,105	4,694,818
Cash and bank balances	1,476,292	2,055,335	199,738	703,414
	6,845,645	7,534,041	15,474,984	9,400,185
	8,501,596	9,110,918	17,052,865	10,898,989
Financial Liabilities				
At cost or amortised cost –				
Bank overdraft	-	-	309,774	-
Due to subsidiaries	-	-	6,399,130	7,298,750
Trade and other payables	5,043,009	5,174,997	302,607	208,613
Long term liabilities	12,223,376	12,379,477	7,332,993	5,873,115
Lease obligation	1,173,103	-	-	-
	18,439,488	17,554,474	14,344,504	13,380,478

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

(a) Credit risk

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

Investments

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

Long term receivables

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

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

Cash and bank balances

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

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables

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

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

	2019					
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	846,630	222,226	17,238	4,681	35,745	1,126,520
Retailers & wholesalers	264,116	73,674	12,079	(141)	46,441	396,169
Distributors	429,041	282,203	130,140	87,518	69,911	998,813
Manufacturers	96,296	19,849	12,292	20,264	23,021	171,722
Others	339,628	266,740	48,105	84,889	396,608	1,135,970
	1,975,711	864,692	219,854	197,211	571,726	3,829,194
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.51	0.74	2.06	4.62	57.09	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	10,026	6,403	4,518	9,102	326,410	356,459

	2018					
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	586,328	221,234	47,842	24,112	195,929	1,075,445
Retailers & wholesalers	596,140	111,394	26,944	10,752	97,543	842,773
Distributors	156,021	235,443	96,417	31,227	148,354	667,462
Manufacturers	64,361	9,719	2,048	-	6,068	82,196
Others	491,514	118,317	34,428	37,798	35,707	717,764
	1,894,364	696,107	207,679	103,889	483,601	3,385,640
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	1.22	1.43	2.71	22.97	66.04	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	22,589	9,920	5,623	23,866	319,385	381,383

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables (continued)

Prior to 1 January 2018, the Group established an allowance for impairment that represented its estimate of incurred losses in respect of trade receivables. On this basis, trade receivables of $128,524,000 were considered impaired and were fully provided for. The individually impaired receivables mainly relate to wholesalers who were in unexpected difficult economic situations. All of the aforementioned impaired receivables balances were greater than 90 days old.

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	381,383	128,524	-	-
Restated through opening retained earnings	-	5,470	-	-
	381,383	133,994	-	-
Business combinations	-	185,510	-	-
Amounts recovered during the year	(86)	(19,870)	-	-
Provided during the year	(24,999)	124,345	-	-
Written off during the year	161	(42,596)	-	-
At end of year	356,459	381,383	-	-

The creation and release of provision for impaired receivables have been included in administration expenses in profit and loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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

3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

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

Undiscounted contractual cash flows of financial liabilities

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

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
			2019			
Long term liabilities	80,783	309,909	1,298,317	9,828,740	4,360,750	15,878,499
Lease obligation	17,181	45,363	132,312	678,160	838,193	1,711,209
Trade and other payables	5,043,009	-	-	-	-	5,043,009
	5,140,973	355,272	1,430,629	10,506,900	5,198,943	22,632,717
			2018			
Long term liabilities	1,012,135	574,428	1,329,760	8,355,964	5,226,173	16,498,460
Trade and other payables	5,174,997	-	-	-	-	5,174,997
	6,187,132	574,428	1,329,760	8,355,964	5,226,173	21,673,457

	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
			2019			
Long term liabilities	76,030	75,417	594,795	6,524,191	2,359,500	9,629,933
Due to subsidiaries	6,399,130	-	-	-	-	6,399,130
Other payables	302,607	-	-	-	-	302,607
Bank overdraft	309,774	-	-	-	-	309,774
	7,087,541	75,417	594,795	6,524,191	2,359,500	16,641,444
			2018			
Long term liabilities	479,219	227,617	339,270	4,270,438	2,519,000	7,835,544
Due to subsidiaries	7,298,750	-	-	-	-	7,298,750
Other payables	208,613	-	-	-	-	208,613
	7,986,582	227,617	339,270	4,270,438	2,519,000	15,342,907

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

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3. Financial Risk Management (Continued)

(c) Market risk

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

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

Currency risk

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

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities. The statement of financial position for the Group at 31 December 2019 includes aggregate net foreign assets of US$4,670,000 and £253,000 (2018 – aggregate net foreign assets/(liabilities) of (US$18,220,000) and £232,000); while the statement of financial position for the Company at 31 December 2019 includes aggregate net foreign assets of US$31,747,000 and £166,000 (2018 – aggregate net foreign assets of US$31,189,000 and £157,000), in respect of such transactions.

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

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Effect on profit before taxation -				
US$				
6% devaluation (2018 – 4%)	(53,051)	(149,890)	158,915	101,062
4% revaluation (2018 – 2%)	35,367	73,875	(105,943)	(50,531)
Other currencies				
6% devaluation (2018 – 4%)	2,538	1,168	1,669	999
4% revaluation (2018 – 2%)	(1,692)	(584)	(1,112)	(499)
Effect on other items of equity -				
US$				
6% devaluation (2018 – 4%)	88,306	55,997	88,306	55,997
4% revaluation (2018 – 2%)	(58,870)	(27,999)	(58,870)	(27,999)

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3. Financial Risk Management (Continued)

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

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

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

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

Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity	Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity
2019	**2019**	**2019**	**2018**	**2018**	**2018**
JMD / USD	**$'000**	**$'000**	**JMD / USD**	**$'000**	**$'000**
		The Group			
+100/+100	(19,621)	-	+100/+100	(22,042)	-
-100/-100	19,621	-	-100/-100	22,042	-
		The Company			
+100/+100	-	-	+100/+100	(1,277)	-
-100/-100	-	-	-100/-100	1,277	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

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

	The Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
				2019			
Financial assets							
Investments	-	-	-	-	-	1,500,210	1,500,210
Long term receivables	-	-	-	93,445	620,370	17,500	731,315
Trade and other receivables	-	-	-	-	-	4,793,779	4,793,779
Cash and bank	1,476,158	-	-	-	-	134	1,476,292
	1,476,158	-	-	93,445	620,370	6,311,623	8,501,596
Financial liabilities							
Long term liabilities	1,522	1,007,999	621,963	7,477,580	3,052,080	62,232	12,223,376
Lease obligation	8,525	15,910	71,702	402,635	674,331	-	1,173,103
Payables	-	-	-	-	-	5,043,009	5,043,009
	10,047	1,023,909	693,665	7,880,215	3,726,411	5,105,241	18,439,488
Total interest repricing gap	1,466,111	(1,023,909)	(693,665)	(7,786,770)	(3,106,041)	1,206,382	(9,937,892)
				2018			
Financial assets							
Investments	-	-	-	-	-	1,414,445	1,414,445
Long term receivables	208,407	-	14,925	73,095	630,679	148,764	1,075,870
Trade and other receivables	-	-	-	-	-	4,565,268	4,565,268
Cash and bank	2,055,201	-	-	-	-	134	2,055,335
	2,263,608	-	14,925	73,095	630,679	6,128,611	9,110,918
Financial liabilities							
Long term liabilities	1,777,895	388,108	668,995	5,819,905	3,645,540	79,034	12,379,477
Payables	-	-	-	-	-	5,174,997	5,174,997
	1,777,895	388,108	668,995	5,819,905	3,645,540	5,254,031	17,554,474
Total interest repricing gap	485,713	(388,108)	(654,070)	(5,746,810)	(3,014,861)	874,580	(8,443,556)

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3. Financial Risk Management (Continued)

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

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
	2019						
Financial assets							
Investments	-	-	-	-	-	1,500,210	1,500,210
Long term receivables	-	46,818	2,152,989	968,815	589,142	919,074	4,676,838
Trade and other receivables	-	-	-	-	-	3,064	3,064
Due from subsidiaries	-	-	-	-	-	10,673,105	10,673,105
Cash and bank	199,664	-	-	-	-	74	199,738
	199,664	46,818	2,152,989	968,815	589,142	13,095,527	17,052,955
Financial liabilities							
Long term liabilities	1,522	3,138	156,157	4,957,494	2,176,518	38,164	7,332,993
Payables	-	-	-	-	-	302,607	302,607
Due to subsidiaries	-	-	-	-	-	6,399,130	6,399,130
Bank overdraft	309,774	-	-	-	-	-	309,774
	311,296	3,138	156,157	4,957,494	2,176,518	6,739,901	14,344,504
Total interest repricing gap	(111,632)	43,680	1,996,832	(3,988,679)	(1,587,376)	6,355,626	2,708,451
	2018						
Financial assets							
Investments	-	-	-	-	-	1,414,445	1,414,445
Long term receivables	207,723	-	-	2,038,631	587,739	762,829	3,596,922
Trade and other receivables	-	-	-	-	-	489,390	489,390
Due from subsidiaries	-	-	-	-	-	4,694,818	4,694,818
Cash and bank	703,340	-	-	-	-	74	703,414
	911,063	-	-	2,038,631	587,739	7,361,556	10,898,989
Financial liabilities							
Long term liabilities	399,736	167,063	38,113	2,998,374	2,191,498	78,331	5,873,115
Payables	-	-	-	-	-	208,613	208,613
Due to subsidiaries	-	-	-	-	-	7,298,750	7,298,750
	399,736	167,063	38,113	2,998,374	2,191,498	7,585,694	13,380,478
Total interest repricing gap	511,327	(167,063)	(38,113)	(959,743)	(1,603,759)	(224,138)	(2,481,489)

Price risk

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

Based on its holding of investments as at 31 December 2018 and 2019, there is no significant impact on the Group's stockholders' equity at either year end arising from changes in equity prices.

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3. Financial Risk Management (Continued)

(d) Capital management

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

(e) Fair value estimates

Fair values of financial instruments

Financial instruments classified in level 1

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

At 31 December 2019, the Group had quoted equity securities classified in Level 1 amounting to $28,492,000.

Financial instruments classified in level 2

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

At 31 December 2019, there were no financial instruments classified in Level 2.

Financial instruments classified in Level 3

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

At 31 December 2019, The Group had unquoted equity securities with a fair value of $1,471,718,000 (2018 – $1,399,898,000) classified as fair value through other comprehensive income and categorised as Level 3.

The movement in these instruments is as follows:

	2019 $'000	2018 $'000
At start of year	1,399,898	1,369,574
Fair value gains and losses	33,272	6,460
Foreign exchange gains and losses	38,548	23,864
At end of year	1,471,718	1,399,898

There were no transfers between levels during the year.

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

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Discount rate	11%	If the discount rate increases the fair value decreases
Terminal growth rate	3%	If the terminal growth rate increases the fair value increases
Market participant minority discount	20%	If the market participant minority discount increases the fair value decreases

Discounted cash flow valuation techniques were used to value the unquoted equities.

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3. Financial Risk Management (Continued)

(e) Fair value estimates

Fair values of biological assets

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

Livestock

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

Sugar cane

Up to the discontinuation of the sugar manufacturing operations in July 2019, estimates and judgements in determining the fair value of sugar cane related to the market prices of sugar and molasses, and certain cane to sugar conversion efficiency metrics known as the Jamaica Recovery Cane Sugar (JRCS). Market prices of the sugar and molasses were obtained from Jamaica Cane Products Sales Limited, the authorised sales agent for sugar in Jamaica. The JRCS is determined by the Sugar Industry Authority.

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

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

	2019	2018
	$'000	$'000
Opening balance	342,564	292,628
Decreases due to sales	(66,234)	(44,981)
Total gains or losses for the period included in profit or loss	115,860	94,917
Other	17,180	-
Closing balance	409,370	342,564
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Changes in fair value less estimated point of sale costs of livestock' and 'Other operating income'	115,860	94,917
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	114,478	76,509

The movement in the fair value of sugar cane is as follows:

	2019	2018
	$'000	$'000
Opening balance	439,303	508,745
Net cost of cane cultivation and value and cane harvested	(179,804)	(209,542)
Total gains or losses for the period included in profit or loss	27,050	140,100
Closing balance	286,549	439,303
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Change in fair value less cost to sell of sugar cane'	27,050	140,100
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(152,754)	(69,442)

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

Fair values of biological assets (continued)

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

Fair Value at 2019

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$29,750-$119,000 ($88,086) per animal	The higher the market price, the higher the fair value.
Other livestock price	$9,350-$110,500 ($77,559) per animal	The higher the market price, the higher the fair value.

Fair Value at 2018

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$17,000 - $114,750 ($79,263) per animal	The higher the market price, the higher the fair value.
Other livestock price	$8,500 - $99,623 ($58,675) per animal	The higher the market price, the higher the fair value.

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

Fair Value at 2019

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Price of fodder being substituted	$4,000 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

Fair Value at 2018

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
JRCS	8.94	The higher the JRCS, the higher the fair value.

Fair values of other financial assets and liabilities

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

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

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

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

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

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

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

Post-employment benefit obligations
The present value of the pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (or income) for post-employment benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation. Other key assumptions for post-employment benefit obligations are based in part on current market conditions. Sensitivity disclosures in relation to changes in assumptions are disclosed in Note 20.

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

For the valuation of biological assets at the year end, if the price per animal had changed by 5% with all other variables constant, the fair value would change accordingly by $20,469,000.

Sugar cane
The sugar cane in the fields at 31 December 2019 will be used as a substitute for components of animal feed. In doing the valuation for sugar cane, the Group first determines a price per tonne of cane based on the prices per tonne of the components of animal feed that will be substituted. This price per tonne of fully grown cane is used as the base for determining the fair value for the cane in each field, at the various stages in the cane harvest cycle. In valuing the cane for each cane field in each cane farm, the Group estimates each field's yield, by estimating the tonnes of cane to be reaped, per hectare of cane planted. The value of the cane considers the stage of growth of the cane, using certain assumptions regarding the relationship between the stage of growth of the cane and the cane's value. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the prices per tonne of the components of animal feed that will be substituted.

For the valuation of biological assets at the year end, if the sugar conversion efficiency metric had changed by 5%, with all other variables constant, the fair value would have changed accordingly by $14,327,000.

Fair value of unquoted equity securities
The fair value of securities not quoted in an active market are determined using valuation techniques. The Group exercises judgement and estimates on the quantity and quality of cashflow projections used. Where no market data is available, the Group values positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard for this purpose. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are reviewed by external experts. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the discount rate of 11%, terminal growth rate of 3% and a market participant minority discount of 20%.

For the valuation of unquoted ordinary shares at the year-end: if the discount rate had increased/decreased to 12%/10% with all other variables constant, the fair value would decrease/increase from US$5,000,000 to US$3,390,000/US$7,080,000; and if the terminal growth rate had increased/decreased to 3.5%/2.5% with all other variables constant, the fair value would increase/decrease from US$5,000,000 to US$5,750,000/US$4,340,000.

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

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

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

A 1% increase in the discount rates and a 1% reduction in revenue growth would result in a reduction in the value in use by $1,767,000 which would not result in an impairment of goodwill.

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

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5. Business Segments

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

	2019			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	8,477,207	24,217,614	-	32,694,821
Inter-segment revenue	10,995,769	100,956	(11,096,725)	-
Total revenue	19,472,976	24,318,570	(11,096,725)	32,694,821
Segment result	1,890,340	1,004,229	-	2,894,569
Unallocated corporate income				(91,934)
Operating profit				2,802,635
Segment assets	12,472,914	9,877,645	-	22,350,559
Unallocated corporate assets				14,147,981
Total consolidated assets				36,498,540
Segment liabilities	5,391,207	6,125,156	-	11,516,363
Unallocated corporate liabilities				10,011,940
Total consolidated liabilities				21,528,303
Other segment items –				
Capital expenditure	996,228	85,253	-	1,081,481
Unallocated capital expenditure				142,323
Total capital expenditure				1,223,804
Depreciation	531,161	228,638	-	759,799
Unallocated depreciation				44,214
Total depreciation				804,013

	2018			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	11,304,684	11,195,100	-	22,499,784
Inter-segment revenue	7,598,411	48,433	(7,646,844)	-
Total revenue	18,903,095	11,243,533	(7,646,844)	22,499,784
Segment result	1,965,089	391,911	-	2,357,000
Unallocated corporate income				125,280
Operating profit				2,482,280
Segment assets	12,317,938	7,841,549	-	20,159,487
Unallocated corporate assets				15,138,877
Total consolidated assets				35,298,364
Segment liabilities	5,347,363	6,984,778	-	12,332,141
Unallocated corporate liabilities				8,220,601
Total consolidated liabilities				20,552,742
Other segment items –				
Capital expenditure	1,725,136	8,237	-	1,733,373
Unallocated capital expenditure				83,433
Total capital expenditure				1,816,806
Depreciation	493,113	28,191	-	521,304
Unallocated depreciation				37,410
Total depreciation				558,714

The Group's customers are mainly resident in, and operate from, Jamaica. Revenues of $1,350,366,000 (2018 - $1,252,349,000) were earned from customers resident in other countries.

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6. Finance and Other Operating Income

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Dividend income on quoted investments	337	680	337	680
Gain/(loss) on disposal of property, plant and equipment	17,272	(691)	19,474	3,995
Interest income from subsidiaries	-	-	179,861	248,838
Other interest income	33,394	155,327	24,947	87,118
Management fees	-	-	16,500	66,000
Net foreign exchange gains and losses	863,012	334,546	168,183	93,770
Rental income from subsidiaries	-	-	47,433	21,383
Other rental income	36,345	57,700	833	882
Gain on Group restructuring	-	-	3,688,214	-
Other	363,457	293,622	(9,492)	5,397
	1,313,817	841,184	4,136,290	528,063

7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Advertising and promotion	631,527	356,595	12,176	9,991
Amortisation of intangible assets	243,027	131,017	-	-
Auditors' remuneration	48,335	40,312	8,528	11,616
Cost of inventories recognised as an expense	20,138,860	11,711,854	-	-
Delivery charges	584,185	296,701	164	-
Depreciation of property, plant and equipment	632,170	558,714	44,214	37,410
Depreciation of right of use assets	171,843	-	-	-
Donations	31,613	31,752	31,613	31,752
Feed, chemicals and veterinary supplies	415,823	479,777	-	-
Fertilising	6,462	11,080	-	-
Impairment of investment in subsidiary	-	-	-	2,041,227
Insurance	380,855	287,541	26,665	23,477
Motor vehicle expenses	57,560	135,690	14,748	14,478
Net impairment losses on trade receivables	(24,999)	57,832	-	-
Non-recoverable GCT	90,191	153,955	30,985	41,703
Professional services	180,550	179,408	92,209	85,925
Raw and packaging material	562,189	653,605	-	-
Repairs and maintenance	884,664	562,442	9,266	13,396
Security	220,923	223,334	45,241	33,452
Staff costs (Note 8)	3,727,198	2,600,977	519,917	500,402
Supplies	10,700	7,879	1,881	843
Utilities	1,154,213	1,024,093	31,749	32,812
Other	1,058,114	1,354,130	121,286	125,319
	31,206,003	20,858,688	990,642	3,003,803

8. Staff Costs

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	2,873,359	1,949,874	379,605	369,274
Statutory contributions	316,139	215,854	40,851	35,732
Pension – defined benefit (Note 21)	3,400	3,600	3,400	3,600
Pension – defined contribution (Note 21)	68,917	51,020	8,993	10,728
Other post-employment benefits (Note 21)	9,300	11,800	9,300	11,800
Other	456,083	368,829	77,768	69,268
	3,727,198	2,600,977	519,917	500,402

9. Finance Costs

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Net foreign exchange gains and losses	45,603	(3,921)	27,712	-
Interest expense –				
Long term liabilities	1,137,049	713,037	450,410	275,911
Lease obligation	100,240	-	-	-
Other	148,038	62,815	45,245	12,623
Amortisation of deferred financing fees	42,017	17,095	29,127	12,070
	1,472,947	789,026	552,494	300,604

10. Taxation Expense

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Current taxation	346,875	281,209	108,158	-
Adjustment to prior year provision	(298)	8,613	-	-
	346,577	289,822	108,158	-
Deferred taxation (Note 29)	(664,832)	88,935	(156,404)	27,842
	(318,255)	378,757	(48,246)	27,842

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10. Taxation Expense (Continued)

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Profit/(loss) before taxation	1,387,393	1,751,184	3,493,923	(1,886,547)
Tax calculated at a tax rate of 25%	346,849	437,796	873,481	(471,637)
Adjusted for the effect of:				
Investment income not subject to tax	(33,182)	(31,324)	(955,236)	(31,324)
Adjustment to prior year provision	(298)	8,613	-	-
Employment tax credit	(87,453)	(90,584)	-	-
Expenses not deductible	135,060	34,784	41,265	523,364
Results of joint venture included net of tax	(14,426)	(14,483)	-	-
Recognition of previously unrecognised tax losses	(673,191)	-	-	-
Other charges and credits	8,386	33,955	(7,756)	7,439
	(318,255)	378,757	(48,246)	27,842

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

	The Group		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
		2019	
Currency translation gains and losses	18,101	-	18,101
Re-measurements of post-employment benefit obligations	(12,800)	3,150	(9,650)
Unrealised fair value gains and losses on investments	85,765	-	85,765
Other comprehensive income	91,066	3,150	94,216
		2018	
Currency translation gains and losses	4,579	-	4,579
Re-measurements of post-employment benefit obligations	13,200	(3,300)	9,900
Unrealised fair value gains and losses on investments	44,871	-	44,871
Other comprehensive income	62,650	(3,300)	59,350

	The Company		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
		2019	
Re-measurements of post-employment benefit obligations	(12,800)	3,150	(9,650)
Unrealised fair value gains and losses on investments	85,765	-	85,765
Other comprehensive income	72,965	3,150	76,115
		2018	
Re-measurements of post-employment benefit obligations	13,200	(3,300)	9,900
Unrealised fair value gains and losses on investments	44,871	-	44,871
Other comprehensive income	58,071	(3,300)	54,771

11. Net Profit Attributable to Stockholders of the Company

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

	2019 $'000	2018 $'000
The Company	3,542,169	(1,914,389)
Reversal of gains on Group restructuring on consolidation	(3,688,214)	-
Reversal of impairment of subsidiary on consolidation	-	2,041,227
	(146,045)	126,838
Subsidiaries	1,155,774	997,257
Joint venture	57,705	57,930
	1,067,434	1,182,025

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

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

	2019 $'000	2018 $'000
Net profit attributable to stockholders of the Company		
Continuing operations	1,705,648	1,372,427
Discontinued operations	(638,214)	(190,402)
	1,067,434	1,182,025
Weighted average number of ordinary stock units ('000)	733,488	570,626
Basic earnings per stock unit ($)		
Continuing operations	2.33	2.40
Discontinued operations	(0.87)	(0.33)
	1.46	2.07

The weighted average number of ordinary stock units for the year ended 31 December 2019 is calculated based on 733,488,000 stock units in issue for the entire year.

The weighted average number of ordinary stock units for the year ended 31 December 2018 is calculated based on 516,339,000 stock units in issue for 9 months of the year and 733,488,000 units in issue for 3 months of the year.

The Company has no dilutive potential ordinary shares.

13. Dividends Declared

	2019 $'000	2018 $'000
Interim dividends –		
50 cents per stock unit – 25 July 2018	-	258,486
45 cents per stock unit – 24 December 2018	-	329,809
50 cents per stock unit – 17 July 2019	366,779	-
50 cents per stock unit – 16 December 2019	366,778	-
	733,557	588,295

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14. Property, Plant and Equipment

	The Group					
	Freehold Land & Site Improvements $'000	**Buildings $'000**	**Plant, Equipment & Furniture $'000**	**Motor Vehicles $'000**	**Work in Progress $'000**	**Total $'000**
			2019			
Cost -						
At 1 January 2019	752,718	2,251,251	7,488,981	571,392	847,683	11,912,025
Change in accounting policy (Note 15)	-	-	-	(183,956)	-	(183,956)
Transfer to assets held for sale	(13,000)	(91,528)	(1,156,974)	(183,561)	-	(1,445,063)
Additions	-	148,809	380,353	60,369	588,769	1,178,300
Disposals	(3,118)	(36,265)	(452,531)	(110,292)	-	(602,206)
Write-offs/Adjustments	-	-	-	-	(8,373)	(8,373)
Transfers	-	297,308	162,950	-	(460,258)	-
At 31 December 2019	736,600	2,569,575	6,422,779	153,952	967,821	10,850,727
Accumulated Depreciation -						
At 1 January 2019	-	636,452	3,490,172	358,142	-	4,484,766
Change in accounting policy (Note 15)	-	-	-	(40,874)	-	(40,874)
Transfer to assets held for sale	-	(20,424)	(901,837)	(183,561)	-	(1,105,822)
Charge for the year	-	51,299	643,014	34,670	-	728,983
On disposals	-	(9,208)	(298,707)	(105,770)	-	(413,685)
Write-offs/Adjustments	-	-	(76)	-	-	(76)
At 31 December 2019	-	658,199	2,932,566	62,607	-	3,653,292
Net Book Value -						
At 31 December 2019	736,600	1,911,456	3,490,213	91,345	967,821	7,197,435
			2018			
Cost -						
At 1 January 2018	713,075	1,586,237	5,279,379	400,406	172,304	8,151,401
Business combinations	39,643	635,245	1,822,345	161,892	-	2,659,125
Additions	-	16,659	655,840	39,968	1,104,339	1,816,806
Disposals	-	(1,893)	(539,303)	(30,874)	(143,134)	(715,204)
Write-offs/Adjustments	-	-	(103)	-		(103)
Transfers	-	15,003	270,823	-	(285,826)	-
At 31 December 2018	752,718	2,251,251	7,488,981	571,392	847,683	11,912,025
Accumulated Depreciation -						
At 1 January 2018	-	588,848	3,108,897	351,787	-	4,049,532
Charge for the year	-	47,455	610,650	34,320	-	692,425
On disposals	-	(487)	(228,407)	(28,255)	-	(257,149)
Write-offs/Adjustments	-	636	(968)	290	-	(42)
At 31 December 2018	-	636,452	3,490,172	358,142	-	4,484,766
Net Book Value -						
At 31 December 2018	752,718	1,614,799	3,998,809	213,250	847,683	7,427,259

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14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements $'000	**Buildings $'000**	**Plant, Equipment & Furniture $'000**	**Motor Vehicles $'000**	**Work in Progress $'000**	**Total $'000**
			2019			
Cost -						
At 1 January 2019	163,199	514,460	236,002	53,674	23,157	990,492
Additions	-	-	13,742	12,775	115,806	142,323
Disposals	(3,118)	(35,860)	-	(6,683)	-	(45,661)
Write-offs/Adjustments	-	-	-	-	(4,601)	(4,601)
Transfers	-	93,309	35,077	-	(128,386)	-
At 31 December 2019	160,081	571,909	284,821	59,766	5,976	1,082,553
Accumulated Depreciation -						
At 1 January 2019	-	229,226	163,485	25,726	-	418,437
Charge for the year	-	8,942	21,120	14,152	-	44,214
Relieved on disposals	-	(9,114)	-	(6,683)	-	(15,797)
Adjustments	-	-	(76)	-	-	(76)
At 31 December 2019	-	229,054	184,529	33,195	-	446,778
Net Book Value -						
At 31 December 2019	160,081	342,855	100,292	26,571	5,976	635,775
			2018			
Cost -						
At 1 January 2018	163,199	505,750	206,027	36,324	12,720	924,020
Additions	-	-	17,415	32,887	33,131	83,433
Disposals	-	(1,424)	-	(15,537)	-	(16,961)
Transfers	-	10,134	12,560	-	(22,694)	-
At 31 December 2018	163,199	514,460	236,002	53,674	23,157	990,492
Accumulated Depreciation -						
At 1 January 2018	-	220,070	144,816	31,864	-	396,750
Charge for the year	-	8,714	19,587	9,109	-	37,410
Relieved on disposals	-	(194)	-	(15,537)	-	(15,731)
Adjustments	-	636	(918)	290	-	8
At 31 December 2018	-	229,226	163,485	25,726	-	418,437
Net Book Value -						
At 31 December 2018	163,199	285,234	72,517	27,948	23,157	572,055

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

The Group's motor vehicles acquired under lease arrangements with a net book value of $143,082,000 were reclassified as right of use assets (Note 15) following a change in accounting policy for leases on adoption of IFRS 16.

Property, plant and equipment for the Group with a net book value of $339,241,000 were reclassified as assets held for sale (Note 34) following the closure of the sugar manufacturing operations and subsequent advertising of said assets for sale. Depreciation charge for the year on these assets, prior to their reclassification, amounted to $96,813,000. This depreciation charge is included in the loss from discontinued operations in the statement of comprehensive income.

15. Right of Use Assets and Related Lease Obligation

Prior to 1 January 2019, leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. The Group adopted IFRS 16 as of 1 January 2019 applying the simplified approach and has elected not to restate comparative information in accordance with the transitional provisions of the standard. As a result, the comparative information provided continues to be in accordance with this previous accounting policy.

As of 1 January 2019, leases are recognised as right of use assets and a corresponding liability at the date at which the leased assets are available for use by the Group. The movement in the right of use assets is as follows:

	The Group		
	Buildings $'000	**Motor Vehicles $'000**	**Total $'000**
		2019	
Gross amount –			
Transferred from property, plant and equipment (Note 14)	-	183,956	183,956
Assets recognized on change in accounting policy	1,342,214	-	1,342,214
Additions	45,504	-	45,504
Disposals	-	(3,863)	(3,863)
At 31 December 2019	1,387,718	180,093	1,567,811
Accumulated Depreciation –			
Transferred from property, plant and equipment (Note 14)	-	40,874	40,874
On assets recognized on change in accounting policy	314,554	-	314,554
Charge for the year	136,253	35,590	171,843
On disposals	-	(194)	(194)
At 31 December 2019	450,807	76,270	527,077
Net Book Value –			
At 31 December 2019	936,911	103,823	1,040,734
At 1 January 2019	1,027,660	143,082	1,170,742

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

	The Group	
	2019 $'000	**1 January 2019 $'000**
Current obligations	67,731	91,554
Non-current obligations	1,105,372	1,168,968
	1,173,103	1,260,522

Total lease payments for 2019 in respect of right of use assets amounted to $234,161,000.

Interest expense for 2019 in relation to the lease obligation amounted to $100,240,000 (Note 9).

16. Intangible Assets

	The Group					
	Goodwill $'000	Distribution network $'000	Supplier relationships $'000	Trade name $'000	Brands $'000	Total $'000
Cost -						
At 1 January 2018	-	-	-	-	73,407	73,407
Business combinations	4,794,911	2,090,000	1,340,000	404,000	1,159,870	9,788,781
At 31 December 2018 and 31 December 2019	4,794,911	2,090,000	1,340,000	404,000	1,233,277	9,862,188
Accumulated Amortisation -						
At 1 January 2018	-	-	-	-	73,407	73,407
Charge for the year	-	-	26,875	4,388	99,754	131,017
At 31 December 2018	-	-	26,875	4,388	173,161	204,424
Charge for the year	-	-	112,632	20,848	109,547	243,027
At 31 December 2019	-	-	139,507	25,236	282,708	447,451
Net Book Value -						
At 31 December 2019	4,794,911	2,090,000	1,200,493	378,764	950,569	9,414,737
At 31 December 2018	4,794,911	2,090,000	1,313,125	399,612	1,060,116	9,657,764

Goodwill of $330,459,000 is allocated to Musson Holdings Limited, and $4,464,452,000 to Facey Commodity Company Limited. Musson Holdings Limited is in the manufacturing segment, while Facey Commodity Company Limited is in the Distribution segment.

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

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Musson Holdings Limited	4%	16.2%	1%	20.7%
Facey Commodity Company Limited	4%	6.8%	1%	16.0%

17. Investments

	The Group & The Company	
	2019 $'000	2018 $'000
Quoted equity securities denominated in Jamaican dollars	28,492	14,547
Unquoted equity securities denominated in US dollars	1,471,718	1,399,898
	1,500,210	1,414,445

Unquoted equity securities denominated in US dollars
The Company owns 42,214 (11.6%) of the issued ordinary shares and 20,486 (34.1%) of the issued preference shares of Facey Group Limited, a related company over which the Company does not exercise significant influence. As the shares are unlisted, fair values were determined using cash flows discounted using a rate based on market interest rate and a risk premium specific to the unlisted security.

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18. Investment in Subsidiaries

	2019	2018
	$'000	$'000
Balance at 1 January	10,137,630	4,829,188
Acquisition of subsidiaries	-	7,349,669
Acquisition of non-controlling interests	25,941	-
Transfer of subsidiaries under Group restructuring	(2,300,258)	-
Impairment of subsidiary	-	(2,041,227)
Balance at 31 December	7,863,313	10,137,630

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

The balance for investment in subsidiaries was affected by the following Group restructuring activities during the year:
- The Company, then a 71.2% shareholder in Golden Grove Sugar Company Limited, acquired the remaining 28.8% shareholding in Golden Grove Sugar Company Limited from non-controlling interests for a consideration of $25,941,000;
- The Company then transferred the entire shareholding of Golden Grove Sugar Company Limited to Caribbean Products Company Limited for a consideration equivalent to the nominal value of the original investment; and
- The Company transferred the entire shareholdings of Serge Island Dairies Limited and Serge Island Farms Limited to Musson Holdings Limited for a consideration equivalent to the nominal value of the original investment.

In 2018, the Group acquired Facey Commodity Holdings Limited and Musson Holdings Limited (Note 35).

The non-controlling interest for 2018 and for 2019 up to its acquisition by the Company is entirely in respect of Golden Grove Sugar Company Limited. Summarised financial information (before intercompany eliminations) for Golden Grove Sugar Company Limited up to the acquisition by the Company of non-controlling interests, is as follows:

Summarised statement of comprehensive income for the 6-months ending (2018 – year ending):

	June 2019	Dec 2018
	$'000	$'000
Revenue	1,089,014	1,117,658
Depreciation	(64,963)	(133,711)
Net loss	(326,510)	(416,559)

Summarised statement of financial position as at:

	June 2019	Dec 2018
	$'000	$'000
Non-current assets	646,393	711,029
Current assets	1,095,794	1,283,356
Non-current liabilities	(60,984)	(108,944)
Intercompany balance owed to the Company	(883,113)	(949,383)
Other current liabilities	(514,838)	(326,295)
Net Assets	283,252	609,763

Summarised statement of cash flows for the 6-months ending (2018 – year ending):

	June 2019	Dec 2018
	$'000	$'000
Cash flows from operating activities	244,807	(432,695)
Cash flows from investing activities	9,940	7,856
Intercompany financing provided by the Company	(108,862)	711,931
Other cash flows from financing activities	(57,772)	(302,916)
Cash and cash equivalents at end of period	90,972	2,859

19. Investment in Joint Venture

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

The movement in investment in joint venture is as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	402,936	345,006	434,114	434,114
Effect of adoption of a new accounting policy	(6,571)	-	-	-
Share of results	57,705	57,930	-	-
Balance at the end of the year	454,070	402,936	434,114	434,114

The summarised financial information for the joint venture is as follows:

Summarised statement of comprehensive income

	2019	**2018**
	$'000	**$'000**
Revenue	3,768,874	3,133,769
Depreciation	141,707	128,037
Net profit	115,410	115,859

Summarised statement of financial position

	2019	**2018**
	$'000	**$'000**
Property, plant and equipment and other non-current assets	2,996,167	3,111,082
Current assets:		
Inventories	1,063,998	514,301
Cash and cash equivalents	228,316	138,784
Receivables and other current assets	671,487	1,022,972
	1,963,801	1,676,057
Non-current liabilities:		
Due to joint venture partners	(1,140,092)	(1,098,360)
Long term loan	(1,668,475)	(1,799,589)
Other non-current liabilities	(148,922)	-
	(2,957,489)	(2,897,949)
Current liabilities:		
Due to joint venture partners	(845,114)	(886,312)
Current portion of long term loan	(171,534)	(102,400)
Payables and other current liabilities	(83,439)	(100,354)
	(1,100,087)	(1,089,066)
Net assets	902,392	800,124

Summarised statement of cash flows

	2019	**2018**
	$'000	**$'000**
Cash flows from operating activities	387,273	266,044
Cash flows from investing activities	(31,163)	(127,052)
Cash flows from financing activities	(266,578)	(136,078)

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20. Long Term Receivables

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
(a) Facey Group Limited	-	207,723	-	207,723
(b) Facey Commodity Company Limited	-	-	922,122	-
(c) Musson International Dairies Limited	-	-	2,106,171	2,000,669
(d) Golden Grove Funding Limited	-	-	93,636	-
(e) Jamaica Grain and Cereals Limited	558,074	541,342	558,074	541,342
(f) Employee loans	155,741	162,432	77,761	84,359
(g) Bercyn Farms Limited –				
(i) Mobilisation loan for farming operations	-	14,925	-	-
(ii) Advance for replanting and farming operations	-	135,830	-	-
	713,815	1,062,252	3,757,764	2,834,093
Interest receivable	17,500	13,618	919,074	762,829
	731,315	1,075,870	4,676,838	3,596,922
Less: Current portion	(17,500)	(372,096)	(3,118,881)	(970,552)
	713,815	703,774	1,557,957	2,626,370

(a) This related party receivable of US$2,800,000 was scheduled to be received at maturity on 31 December 2018 but was received during the year. The agreement attracted interest of 10% per annum, payable monthly.

(b) This related party receivable of J$922,122,000 is scheduled to be received at maturity on 26 September 2024. The agreement attracts interest of 8% per annum, payable monthly.

(c) This related party receivable of US$15,892,000 is repayable at maturity on 23 September 2020. The agreement attracts interest of 6% per annum.

(d) This related party receivable is in respect of a bank loan that was originally payable by Golden Grove Funding Limited, but the liability was restructured and the direct obligation transferred to the Company.

Resulting from the debt restructuring, Golden Grove Funding Limited now has a liability to the Company (originally, with a balance of J$140,455,000 at the point of restructuring) and the Company has the direct obligation to the bank (Note 28(d)). The agreement attracts interest of 6% per annum, payable quarterly, with the last payment due on 30 September 2020.

(e) This receivable from joint venture of US$4,300,000 is repayable at maturity on 31 December 2027. The agreement attracts interest of 3.07% per annum, payable annually.

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

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

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

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

21. Post-employment Benefits

	The Group & The Company	
	2019	**2018**
	$'000	**$'000**
Asset/(Liability) recognised in the statement of financial position –		
Pension scheme	35,100	36,000
Medical benefits	(148,300)	(136,200)
Expense recognised in profit or loss –		
Pension scheme	3,400	3,600
Medical benefits	9,300	11,800
Gains and losses recognised in other comprehensive income –		
Pension scheme	1,400	(100)
Medical benefits	(14,200)	13,300

Pension schemes

In addition to the defined benefit pension scheme described below, employees of the Group hired on or after 1 January 2002 participate in an Individual Retirement Scheme operated by an independent insurance company. Employees participating in the scheme contribute up to 15% of pensionable earnings while the Company contributes 5%. The Group's and the Company's contribution for the year amounted to $68,917,000 (2018 – $51,020,000) and $8,993,000 (2018 – $10,728,000), respectively (Note 8).

On 1 January 2015, the fortnightly sugarcane employees of Golden Grove Sugar Company Limited commenced contributing to a defined contribution pension scheme. The pension scheme is administered by an independent insurance company. The subsidiary contributes 2% of the employee's basic salary. The subsidiary's contribution for the year, up to the discontinuation of the operations in July 2019, amounted to $1,921,000 (2018 – $2,867,000).

Defined benefit plan

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

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2019.

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

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

	2019	**2018**
	$'000	**$'000**
Present value of funded obligations	(881,100)	(906,500)
Fair value of plan assets	1,158,700	998,300
Asset in the statement of financial position	277,600	91,800
Unrecognised asset due to limitation	(242,500)	(55,800)
	35,100	36,000

21. Post-employment Benefits (Continued)

Pension schemes (continued)

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

	2019 $'000	2018 $'000
Asset at beginning of year	36,000	38,500
Amounts recognised in profit or loss in the statement of comprehensive income	(3,400)	(3,600)
Amounts recognised in other comprehensive income	1,400	(100)
Contributions paid	1,100	1,200
Asset at end of year	35,100	36,000

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

	2019 $'000	2018 $'000
Balance at beginning of year	(906,500)	(921,200)
Current service cost	(4,100)	(5,000)
Interest cost	(61,600)	(70,500)
Re-measurements – experience gains and losses	28,400	(2,000)
Members' contributions	(2,000)	(2,100)
Benefits paid	64,700	94,300
Balance at end of year	(881,100)	(906,500)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $162,600,000 (2018 – $142,000,000) relating to active employees, and $718,500,000 (2018 – $763,500,000) relating to members in retirement.

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

	2019 $'000	2018 $'000
Balance at beginning of year	998,300	994,000
Interest income	66,200	74,600
Re-measurement – return on plan assets, excluding amounts included in interest income	155,800	20,700
Employer's contributions	1,100	1,200
Members' contributions	2,000	2,100
Benefits paid	(64,700)	(94,300)
Balance at end of year	1,158,700	998,300

The amounts recognised in profit or loss in the statement of comprehensive income is as follows:

	2019 $'000	2018 $'000
Current service cost	4,100	5,000
Interest costs	61,600	70,500
Interest income	(66,200)	(74,600)
Interest on effect of unrecognised asset due to limitation	3,900	2,700
Total, included in staff costs (Note 8)	3,400	3,600

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2020 amount to $2,000,000.

21. Post-employment Benefits (Continued)

Pension schemes (continued)

Plan assets are comprised as follows:

	Quoted $'000	Unquoted $'000	Total $'000	%
		2019		
Government of Jamaica debt securities	-	264,556	264,556	23
Corporate debt securities	-	136,863	136,863	12
Real estate	-	39,925	39,925	3
Ordinary shares	546,880	150	547,030	47
Preference shares	-	69,670	69,670	6
Repurchase agreement	-	64,565	64,565	6
Other	-	36,091	36,091	3
	546,880	611,820	1,158,700	100
		2018		
Government of Jamaica debt securities	-	251,816	251,816	25
Corporate debt securities	-	122,950	122,950	12
Real estate	-	72,068	72,068	7
Ordinary shares	394,280	-	394,280	40
Preference shares	-	68,118	68,118	7
Repurchase agreement	-	58,498	58,498	6
Other	-	30,570	30,570	3
	394,280	604,020	998,300	100

Ordinary shares include shares in the Company with a fair value of $60,461,000 (2018 - $53,960,000).

The significant actuarial assumptions used were a discount rate of 7.5% (2018 – 7.0%); future salary increases of 5.0% (2018 – 4.0%); and future pension increases of 1.75% (2018 – 1.5%). The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2019		2018	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(40,400)	44,100	(43,100)	47,300
Future salary increases	0.5%	3,600	(3,600)	3,700	(3,600)
Expected pension increase	0.5%	40,400	37,200	43,400	(39,800)

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. If the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $16,600,000/($16,900,000) (2018 – $17,300,000/($17,600,000)).

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

21. Post-employment Benefits (Continued)

Other post-employment benefits

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

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

	2019	**2018**
	$'000	**$'000**
Balance at beginning of year	(136,200)	(148,400)
Current service cost	(100)	(300)
Interest expense	(9,200)	(11,500)
Re-measurements – experience gains and losses	(14,200)	13,300
Benefits paid	11,400	10,700
Balance at end of year	(148,300)	(136,200)

The amounts recognised in the profit or loss in the statement of comprehensive income are as follows:

	2019	**2018**
	$'000	**$'000**
Current service cost	100	300
Interest cost	9,200	11,500
Total, included in staff costs (Note 8)	9,300	11,800

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

	2019	**2018**
	$'000	**$'000**
Liability at beginning of year	136,200	148,400
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	9,300	11,800
Amounts recognised in other comprehensive income	14,200	(13,300)
Contributions by employer	(11,400)	(10,700)
Liability at end of year	148,300	136,200

Expected employer contributions to the post-employment plan for the year ending 31 December 2020 amount to $11,000,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 6.5% (2018 – 5.5%) per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2019		**2018**	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**	**$'000**	**$'000**
Discount rate	0.5%	(7,400)	8,100	(6,700)	7,300
Medical cost	0.5%	8,100	(7,400)	7,300	(6,700)

Further, if the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $6,400,000/($6,200,000) (2018 – $5,600,000/($5,500,000)).

21. Post-employment Benefits (Continued)

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

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

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

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

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

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and NCB Insurance Company Limited representatives who are the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries. The next triennial valuation is due to be completed as at 31 August 2020. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 10.5 years for the pension fund and 11 years for the post-employment medical benefits.

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22. Biological Assets

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

	The Group	
	2019	2018
	$'000	$'000
Dairy livestock –		
2,886 (2018 – 2,966) Cows able to produce milk	222,115	192,662
2,138 (2018 – 2,081) Heifers being raised to produce milk in the future	165,597	146,389
Other livestock –		
97 (2018 – 136) Bulls raised for sale and reproduction	4,358	3,393
4 (2018 – 4) Horses	120	120
Other	17,180	-
	409,370	342,564

7,690,379 litres (2018 – 7,970,048 litres) of milk with a fair value (less estimated point-of-sale costs) of $692,734,000 (2018 – $353,367,000) were produced during the period.

Sugar cane – classified as current assets in the statement of financial position
At year end, the Group had 79,955 tonnes (2018 – 85,620 tonnes) of sugar cane with a value of $286,549,000 (2018 – $439,303,000).

12,721 tonnes (2018 – 14,749 tonnes) of sugar and molasses with a fair value (less estimated point-of-sale costs) of $918,118,000 (2018 – $977,558,000) were produced during the period. The sugar manufacturing operations were discontinued in July 2019 and the sugar cane will be repurposed for animal feed.

23. Inventories

	The Group	
	2019	2018
	$'000	$'000
Raw and packaging materials	1,699,022	1,824,447
Work in progress	51,440	44,917
Finished goods	606,753	821,701
Merchandise for resale	2,854,422	2,725,009
Goods in transit	1,141,582	705,513
Other	561,093	426,518
	6,914,312	6,548,105

The cost of inventories recognised as write-offs and included in direct expenses amounted to $6,095,000 (2018 - $29,317,000).

24. Trade and Other Receivables

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables	3,829,194	3,385,640	-	-
Less: Provision for impairment	(356,459)	(381,383)	-	-
	3,472,735	3,004,257	-	-
Advances and prepayments	445,441	478,058	125,449	80,489
Due from affiliates	795,644	1,294,850	3,064	489,390
Other	525,400	266,161	-	-
	5,239,220	5,043,326	128,513	569,879

25. Payables

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	4,385,162	3,221,384	-	-
Accruals	911,433	869,027	197,243	59,258
Due to affiliates	205,492	1,455,879	89,429	-
Dividends payable	366,778	329,809	366,778	329,809
Other	452,355	497,734	213,178	208,613
	6,321,220	6,373,833	866,628	597,680

26. Share Capital

	2019	**2018**	**2019**	**2018**
	'000	**'000**	**$'000**	**$'000**
Authorised – ordinary shares	780,000	780,000	780,000	780,000
Issued and fully paid –				
Ordinary stock units	733,547	733,547	5,769,457	5,769,457
Treasury shares	(59)	(59)	(899)	(899)
	733,488	733,488	5,768,558	5,768,558

At an extraordinary general meeting of the Company on 9 April 2018, the Company's shareholders agreed to an increase in the authorised ordinary shares of the Company by the creation of 250,000,000 new ordinary shares. In October 2018, the Company issued 217,149,000 of these units at a fair value of $5,208,170,000 (net of transaction costs of $1,235,000) as part consideration for a business combination (Note 35).

In 2013 the Company purchased 59,000 of its shares at a fair value of $899,000.

27. Capital Reserves

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Revaluation surplus on assets carried at deemed cost	312,600	312,600	105,340	105,340
Fair value gains and losses on investments	267,498	181,733	267,498	181,733
Profits of subsidiaries capitalised	336,537	336,537	-	-
Redemption reserve	14,800	14,800	-	-
Realised gains on sale of investments	120,855	120,855	120,855	120,855
Currency translation gains and losses	22,680	4,579	-	-
Other realised surplus	22,230	22,230	20,289	20,289
	1,097,200	993,334	513,982	428,217

Included in capital reserves are fair value gains on investments representing the accumulated unrealised gains and losses on the revaluation of these investments. The movement in this reserve during the year is recognised in other comprehensive income.

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28. Long Term Liabilities

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
(a) Tetra Pak – 8%	-	180,986	-	-
(b) Tetra Pak – 7.81%	-	49,024	-	-
(c) Sugar Industry Authority – 5%	18,981	18,981	-	-
(d) National Commercial Bank (Jamaica) Limited – 6%	140,455	280,909	140,455	-
(e) National Commercial Bank (Jamaica) Limited – 7%	1,506,361	1,630,680	-	-
(f) National Commercial Bank (Jamaica) Limited – 8.5%	363,188	371,421	-	-
(g) JMMB Merchant Bank Limited – 8.5%	249,711	300,000	249,711	300,000
(h) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	1,109,721	1,302,409	-	-
(i) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 4%	1,077,722	1,222,162	-	-
(j) Bonds – 7.5%	1,600,000	1,600,000	1,600,000	1,600,000
(k) Bonds – 8.25% for first 3 years, then WATBY + 2.25%	1,200,000	1,200,000	1,200,000	1,200,000
(l) Bonds – 7.25%	2,000,000	-	2,000,000	-
(m) Bonds – 7.25%	2,200,000	2,200,000	2,200,000	2,200,000
(n) Bonds – 10.5% for first 2 years, then WATBY + 2.75%	854,350	854,350	-	-
(o) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 3%	-	127,716	-	127,716
(p) Sygnus – 15%	-	503,848	-	-
(q) Eppley Limited – 8% to 12%	-	124,285	-	87,869
(r) Coconut Industry Board – 3%	-	368,698	-	368,698
(s) Eppley Limited 6.5%-8.7%	-	131,371	-	-
Deferred financing costs	(159,345)	(166,397)	(95,337)	(89,499)
	12,161,144	12,300,443	7,294,829	5,794,784
Interest payable	62,232	79,034	38,164	78,331
	12,223,376	12,379,477	7,332,993	5,873,115
Less: Current portion	(829,438)	(2,051,691)	(198,981)	(683,243)
	11,393,938	10,327,786	7,134,012	5,189,872

The movement in long term liabilities is as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	12,379,477	3,729,508	5,873,115	2,909,169
Business combination	-	5,889,954	-	-
Transfer to lease obligation	(130,373)	-	-	-
Loans received	2,744,424	4,728,099	2,447,105	4,257,715
Loan principal repayments	(2,928,435)	(2,001,885)	(1,003,899)	(1,390,657)
Foreign exchange gains and losses	133,068	(24,354)	27,712	25,189
Deferred fees amortised (Note 9)	42,017	17,095	29,127	12,070
Interest charged and capitalised (Note 9)	38,333	3,169	-	-
Interest charged and expensed (Note 9)	1,137,049	713,037	450,410	275,911
Interest paid	(1,192,184)	(675,146)	(490,577)	(216,282)
Balance at end of year	12,223,376	12,379,477	7,332,993	5,873,115

28. Long Term Liabilities (Continued)

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

(a) US dollar denominated financing agreement from a supplier, repayable in 32 quarterly installments of US$96,000 commencing in 2015 and secured by property, plant and equipment acquired under the financing agreement. Repaid during the year.

(b) US dollar denominated financing agreement from a supplier, repayable in 32 quarterly installments of US$18,000 commencing in 2017 and secured by property, plant and equipment acquired under the financing agreement. Repaid during the year.

(c) Jamaican dollar denominated loan facility of $33,156,000 repayable over 10 years commencing in 2013 by way of annual deductions from proceeds of cane sales, contract work and earnings from harvesting operations, where applicable.

(d) Jamaican dollar denominated loan facility of $608,637,000, repayable in 13 quarterly installments of $46,818,000 commencing June 2017 and secured by the fixed and floating assets of Golden Grove Sugar Company Limited. Obligation transferred from Golden Grove Sugar Company Limited to the Company during the year.

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

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

(g) Unsecured Jamaican dollar denominated loan facility of $300,000,000, repayable in 60 monthly installments of $6,155,000 (inclusive of interest) commencing January 2019.

(h) Unsecured Jamaican dollar denominated loan facility repayable in 28 quarterly installments of $48,237,000 commencing December 2018.

(i) Unsecured US dollar denominated loan facility repayable in 28 quarterly installments of US$357,000 commencing December 2018.

(j) Unsecured Jamaican dollar denominated Bonds issued in July 2018 for a period of 3 years, due in full at maturity.

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

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

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

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

(o) US dollar denominated annual revolving loan initially received in March 2015, secured by a promissory note issued by Seprod Limited. Repaid during the year.

(p) US dollar denominated monthly inventory factoring arrangement. Repaid during the year.

(q) Unsecured insurance premium financing repayable in 12 monthly instalments. Repaid during the year.

(r) Unsecured US dollar denominated loan received in November 2016, due in full at maturity in November 2018. Renewed to mature in January 2019. Repaid during the year.

(s) Unsecured insurance premium financing repayable in 12 monthly installments. Repaid during the year.

29. Deferred Taxation

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	1,299,895	702,772	27,548	-
Deferred tax liabilities	(1,427,019)	(1,523,501)	-	(132,006)
Net liabilities	(127,124)	(820,729)	27,548	(132,006)

These amounts include deferred tax assets/liabilities to be recovered within 12 months of $126,909,000/$39,414,000 (2018 – $118,456,000/$168,180,000) for the Group, and deferred tax assets of $10,503,000,000 (2018 – liabilities of $165,459,000) for the Company.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	(820,729)	(223,005)	(132,006)	(100,864)
Business combination	-	(505,489)	-	-
Effect of adoption of new accounting policy	25,623	-	-	-
Credited/charged to profit or loss (Note 10)	664,832	(88,935)	156,404	(27,842)
Credited/charged to other comprehensive income (Note 10)	3,150	(3,300)	3,150	(3,300)
Balance at end of year	(127,124)	(820,729)	27,548	(132,006)

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(15,439)	(16,675)	5,720	(2,104)
Right of use assets, net of related obligation	7,469	-	-	-
Post-employment benefits	100	875	100	875
Tax losses carried forward	529,026	(50,036)	(25,378)	21,992
Interest receivable	(5,603)	(5,787)	184,748	(62,058)
Other	149,279	(17,312)	(8,786)	13,453
	664,832	(88,935)	156,404	(27,842)

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(325,899)	(310,460)	(11,255)	(16,975)
Right of use assets, net of related obligation	33,092	-	-	-
Post-employment benefits	28,300	25,050	28,300	25,050
Tax losses carried forward	1,291,898	762,872	-	25,378
Interest receivable	(5,959)	(356)	(5,959)	(190,707)
Intangible assets recognised on business combinations	(1,248,467)	(1,248,467)	-	-
Other	99,911	(49,368)	16,462	25,248
	(127,124)	(820,729)	27,548	(132,006)

29. Deferred Taxation (Continued)

Subject to agreement with the Tax Administration Jamaica, losses available for offset against future profits of the Company and certain subsidiaries amount to $7,512,662,000 (2018 – $7,149,766,000).

This includes tax losses of a subsidiary amounting to $4,595,791,000 (2018 – $4,182,541,000). Historically, no deferred tax assets have been created in respect of the tax losses of this subsidiary due to the Group's uncertainty regarding its ability to utilize those losses in the future. Following the Group restructuring during the year as outlined in Note 1, this subsidiary that was previously unprofitable commenced earning profits and is projected to earn profits in the future. Consequently and based on its forecasts, at the point of restructuring the Group recognized deferred tax assets of $562,680,000 at the rate of 25% in respect of a portion of the subsidiary's total tax losses brought forward as at that date.

At 31 December 2019, no deferred tax assets have been created in respect of the remaining tax losses of the subsidiary amounting to $2,297,895,000 (2018 – $4,182,541,000).

30. Cash Generated from Operations

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net profit/(loss)	973,334	1,062,055	3,542,169	(1,914,389)
Items not affecting cash resources:				
Amortisation of intangible assets	243,027	131,017	-	-
Depreciation	900,826	692,425	44,214	37,410
Net foreign exchange gain and losses	73,609	(159,996)	(137,250)	(91,861)
Net gains and losses on disposal of property, plant and equipment	(17,272)	691	(19,474)	(3,995)
Property, plant and equipment written off	8,297	61	4,525	8
Gain on Group restructuring	-	-	(3,688,214)	-
Impairment of subsidiary	-	-	-	2,041,227
Impairment of assets held for sale	50,000	-	-	-
Impairment of long term receivables	132,538	-	-	-
Interest income	(33,394)	(155,327)	(204,808)	(335,956)
Amortisation of deferred fees	42,017	17,095	29,127	12,070
Share of results of joint venture	(57,705)	(57,930)	-	-
Interest expense	1,385,327	775,852	495,655	288,534
Post-employment benefits	200	3,500	200	3,500
Dividend income	(337)	(680)	(337)	(680)
Taxation	(318,255)	378,757	(48,246)	27,842
	3,382,212	2,687,520	17,561	63,710
Changes in operating assets and liabilities:				
Inventories	(366,207)	(875,138)	-	-
Trade and other receivables	(195,894)	4,882,162	441,366	308,925
Biological assets	85,948	19,506	-	-
Due from subsidiaries	-	-	(3,834,313)	(1,304,202)
Due to subsidiaries	-	-	2,944,878	1,006,223
Payables	(71,481)	(5,263,177)	231,979	(979,859)
	2,834,578	1,450,873	(198,529)	(905,203)
Taxation paid	(308,398)	(366,500)	3,018	(507)
Cash provided by/(used in) operating activities	2,526,180	1,084,373	(195,511)	(905,710)

31. Contingencies and Commitments

(a) A subsidiary has leased sugar cane lands from the Government of Jamaica for a period of 50 years with an option to renew for a further period of 25 years. The lease is fixed at a rate of US$53 per hectare per annum for the first 5 years, after which it will be renegotiated in accordance with the provisions of the lease contract. Based on the current rate of US$60 per hectare per annum, the annual lease cost to the subsidiary is US$92,000.

(b) At 31 December 2019, capital commitments were $Nil (2018 - $369,962,000) for the Group.

32. Litigation, Claims, Assessments and Provisions

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

33. Related Party Transactions

Sales and purchases of goods and services
During the year, the Group had sales of $150,480,000 (2018 – $3,683,121,000) to and purchases of $1,240,159,000 (2018 – $1,044,520,000) from Musson (Jamaica) Limited, T. Geddes Grant (Distributors) Limited and Jamaica Grain and Cereals Limited, as well as from Facey Commodity Company Limited prior to this entity becoming a subsidiary of the Group during 2018. The resulting receivables and payables in respect of these and other transactions are included in Notes 24 and 25, respectively.

A subsidiary paid cess of $15,935,000 (2018 – $4,246,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

Key management compensation

	2019 $'000	2018 $'000
Wages and salaries	406,021	356,502
Statutory contributions	26,968	38,293
Other	26,955	22,355
	459,944	417,150
Directors' emoluments –		
Fees	8,377	8,226
Medical insurance premiums	6,704	7,635
Management remuneration (included above)	159,387	87,599

Advances and loans
Loans to related parties are disclosed in Note 19. Interest earned on these loans by the Group amounted to $27,283,000 (2018 – $84,106,000).

34. Assets Held for Sale and Discontinued Operations

In July 2019, the Group discontinued the sugar manufacturing operations carried on by Golden Grove Sugar Company Limited and advertised for sale certain assets directly for use in sugar manufacturing. The associated assets were reclassified from property, plant and equipment to assets held for sale in the statement of financial position (Note 15). The carrying value of assets held for sale was determined as follows:

	2019 $'000	2018 $'000
Net book value transferred from property plant and equipment	339,241	-
Impairment charge	(50,000)	-
Net carrying value in the statement of financial position	289,241	-

The results of the sugar manufacturing operations for 2019 (as well as the comparative information for 2018) have been presented as a single item on the statement of comprehensive income as a net loss from discontinued operation. The details of the net loss from discontinued operation is as follows:

	2019 $'000	2018 $'000
Revenue	1,227,134	1,053,985
Direct expenses	(1,488,064)	(912,493)
Gross (loss)/profit	(260,930)	141,492
Other operating income	16,596	4,242
Impairment charge –		
Assets held for sale	(50,000)	-
Long term receivables	(132,538)	-
Trade and other receivables	-	(66,513)
Administration and other operating expenses	(305,442)	(389,593)
Operating loss	(732,314)	(310,372)
Finance costs	-	-
Loss before taxation	(732,314)	(310,372)
Taxation	-	-
Net loss from discontinued operations	(732,314)	(310,372)

The cash flows from the discontinued operations is as follows:

	2019 $'000	2018 $'000
Net cashflow from operating activities	(596,489)	(203,050)
Net cashflow from investing activities	22,000	(708,379)
Net cashflow from financing activities	-	-
Net cashflow from discontinued operations	(574,489)	(911,429)

35. Business Combinations (Prior Year)

Acquisition of Facey Commodity Holdings Limited

Effective 1 October 2018, the Group acquired the shares of Facey Commodity Holdings Limited, the holding company of Facey Commodity Company Limited, from a related party. The terms of the acquisition required that, prior to the acquisition date, Facey Commodity Holdings Limited and Facey Commodity Company Limited dispose of all businesses other than the distribution of consumer goods and pharmaceutical products in Jamaica. The consideration is consistent with an independent valuation and was settled by a mix of a cash payment and an issue of shares.

These operations have significantly expanded the Group's distribution capability.

Facey Commodity Holdings Limited and its subsidiary reported revenues, operating profit and net profit of $4,388,200,000, $358,055,000 and $155,717,000, respectively, for the 3 months ended 31 December 2018.

The acquisition was booked provisionally during the prior year and finalized without amendment during 2019. Details of net assets acquired, purchase consideration and goodwill were as follows:

	$'000
Property, plant and equipment	283,386
Intangible assets	4,026,000
Inventories	2,589,766
Trade and other receivables	2,935,883
Taxation recoverable	6,631
Cash and cash equivalents	789,237
Payables	(4,105,157)
Taxation payable	(67,096)
Long term liabilities	(3,240,133)
Deferred tax liabilities	(333,300)
	2,885,217

The goodwill on acquisition was determined as follows:

	$'000
Cash paid forming part of the purchase consideration	2,141,499
Issue of shares forming part of the purchase consideration	5,208,170
Total purchase consideration	7,349,669
Fair values of net assets acquired	(2,885,217)
	4,464,452

The net cash outflow for the acquisition was follows:

	$'000
Cash paid forming part of the purchase consideration	2,141,499
Cash balances of the acquired business	(789,237)
	1,352,262

35. Business Combinations (Prior Year) (Continued)

Transfer of Musson Holdings Limited into the Group

Effective 1 January 2018, the shares of Musson Holdings Limited were transferred to the Company at a nominal cost from a related party. Musson Holdings Limited is the parent company of Musson International Dairies Limited, Musson International Dairies Trinidad and Tobago Limited, and Musson International Dairies Republica Dominicana SRL. In February 2016, Musson Holdings Limited acquired the brands associated with the Jamaican dairy operations of Nestle Jamaica Limited. On that date, Musson International Dairies Limited acquired the key assets comprising those dairy operations and commenced its principal activity of producing and selling milk-based products from the plant located in Bog Walk, St. Catherine. Musson International Dairies Trinidad and Tobago Limited and Musson International Dairies Republica Dominicana SRL. were subsequently established to manage the distribution of the milk-based products in key export markets. The Company has been managing the operations carried out by these entities since inception in 2016.

These operations have significantly expanded the Group's capacity for the processing of milk products and juices.

Musson Holdings Limited and its subsidiaries reported revenues, operating profit and net profit of $4,967,120,000, $695,403,000 and $148,772,000, respectively, for the year ended 31 December 2018.

The acquisition was booked provisionally during the prior year and finalized without amendment during 2019. Details of net assets acquired, purchase consideration and goodwill were as follows:

	$'000
Property, plant and equipment	2,375,739
Intangible assets	967,870
Deferred tax assets	69,778
Inventories	588,138
Trade and other receivables	670,084
Net balances due from the Group	691,075
Taxation recoverable	603
Cash and cash equivalents	157,920
Payables	(399,116)
Taxation payable	(26,906)
Long term liabilities	(2,649,821)
Loan payable to the Company	(2,533,856)
Deferred tax liabilities	(241,967)
	(330,459)

36. Effect of Change in Accounting Policy

As indicated in note 2(q), the Group has adopted IFRS 16, Leases retrospectively from 1 January 2019, but has not restated comparative information for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.8%. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying IFRS 16, the Group has used the following practical expedients permitted by the standard: (i) applying a single discount rate to a portfolio of leases with reasonably similar characteristics; and (ii) using hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made in applying IAS 17 and Interpretation 4, Determining whether an Arrangement contains a Lease.

Seprod Limited

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(expressed in Jamaican dollars unless otherwise indicated)

36. Effect of Change in Accounting Policy (Continued)

Lease obligation for the Group on adoption of the accounting policy was measured as follows:

	$'000
Operating lease commitments for buildings as at 1 January 2019	968,581
Discounted using the lessee's incremental borrowing rate of at the date of initial application	614,796
Adjustments for the effect of extension and termination clauses	515,353
	1,130,149
Finance lease obligations for motor vehicles recognised as at 1 January 2019	130,373
Lease obligation recognised as at 1 January 2019	1,260,522
Of which are:	
Current	91,554
Non-current	1,168,968
	1,260,522

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Leased motor vehicles were previously classified as finance leases under property, plant and equipment and were reclassified to right-of-use assets at 1 January 2019. The effect of adoption of IFRS 16 on the Group's summarised opening statement of financial position was as follows:

	At 31 December 2018 $'000	Effect of adoption $'000	At 1 January 2019 $'000
Property, plant and equipment	7,427,259	(143,082)	7,284,177
Right of use assets	-	1,170,742	1,170,742
Investment in joint venture	402,936	(6,571)	396,365
Deferred tax assets	702,772	25,623	728,395
Other non-current assets	12,154,547	-	12,154,547
	20,687,514	1,046,712	21,734,226
Current assets	14,610,850	-	14,610,850
Current portion of lease obligation	-	91,554	91,554
Other current liabilities	8,565,255	-	8,565,255
	8,565,255	91,554	8,656,809
Net current assets	6,045,595	(91,554)	5,954,041
	26,733,109	955,158	27,688,267
Retained earnings	8,983,102	(83,437)	8,899,665
Other items of equity	5,762,520	-	5,762,520
	14,745,622	(83,437)	14,662,185
Non-current borrowings	10,327,786	(130,373)	10,197,413
Non-current portion of lease obligation	-	1,168,968	1,168,968
Other non-current liabilities	1,659,701	-	1,659,701
	11,987,487	1,038,595	13,026,082
	26,733,109	955,158	27,688,267

37. Post Balance Sheet Event

Subsequent to the end of the financial year, the World Health Organization (WHO) has declared the coronavirus, COVID-19, to be a global pandemic. The pandemic has resulted in a significant downturn in commercial activity as there is currently no cure or vaccine, and the means most recommended to manage contagion is "social distancing". Schools have therefore been temporarily closed, entertainment and sporting events which typically generate high revenues and profits have been either cancelled or suspended, and global travel restrictions have been implemented, all of which will have global economic consequences. Management has implemented several measures in anticipation of these global consequences, inclusive of securing additional lines of credit to protect the Group against possible cash flow challenges.

The Group has experienced an overall increase in revenues since the declaration by the WHO and the confirmation of the first case of the coronavirus in Jamaica in March 2020. Based on the nature of the Group's activities, management is of the view that the Group's revenues and profitability will be sustained during the period impacted by the coronavirus and beyond. Consequently, management continues to believe that the going concern presumption remains appropriate for these financial statements and that the Group will continue to be able to meet its obligations as they fall due.

Seprod Limited

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Independent auditor's report

To the Members of Seprod Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Seprod Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2020, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

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

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2020;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

The Group consists of the Company and 15 other legal entities located in Jamaica, St. Lucia, Barbados, Trinidad and Tobago and the Dominican Republic, each of which is considered as a component for audit scoping purposes. The accounting records for 10 of the legal entities are maintained at the Group head office, the remaining 6 entities' accounting records are kept at other offices in Jamaica. All entities within the Group are audited by PwC Jamaica and full scope audits were performed for all components.

Consistent with the prior year, the key audit matter relates to the valuation of unquoted equity securities as this continues to involve significant levels of judgement by management and expert knowledge.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equity securities (Group and Company) *Refer to notes 2(h), 4 and 17 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* Unquoted equity securities included within investments on the consolidated and stand-alone statements of financial position total $1.685 billion as at 31 December 2020, which represents 4.4% and 4.8% of total assets of the Group and Company, respectively. The unquoted equity securities relate to an investment in an affiliated company over which Seprod Limited does not exercise significant influence. These securities are not quoted in an active market. The fair value of these securities is determined using a valuation model based on discounted future cash flows. We focused on this area because of the magnitude of the balance, the complexity of the valuation model used and the use of management determined assumptions, including the challenges involved in determining the impact of COVID-19 on those assumptions. The key assumptions were assessed by management as being: • investee's future cash flows; • terminal growth rates; • discount rates; and • market participant minority discount. Management used an independent valuation expert to assist in the valuation process.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: Updated our understanding and evaluated management's future cash flow forecasts, and the process by which they were determined, including testing the underlying calculations and comparing them to the latest Board approved budgets of the investee. Compared prior management budgets to actual results of the investee to evaluate the accuracy of management's forecast process. Tested management's key assumptions, including the impact of COVID-19, as follows: • compared forecasted long-term growth rates to historical results and economic and industry forecasts; • evaluated management's assumptions concerning the selected growth rates, terminal growth rates, discount rates and market participant minority discount by reference to relevant industry data; • compared the key assumptions to externally derived data, where available, including market expectations of investment return, projected economic growth and interest rates; and • sensitised management's planned growth rate in cash flows and changes in discount rates. Based on the results of the procedures performed, management's valuation of unquoted equity securities was, in our view, not unreasonable.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
31 March 2021

Seprod Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue	5	37,737,080	32,694,821
Direct expenses		(27,252,457)	(23,894,709)
Gross Profit		10,484,623	8,800,112
Finance and other operating income	6	2,495,683	1,313,817
Selling expenses		(469,543)	(449,963)
Administration and other operating expenses		(7,798,526)	(6,886,330)
Net impairment gains and losses on trade receivables		(31,094)	24,999
Operating Profit		4,681,143	2,802,635
Finance costs	9	(1,266,038)	(1,472,947)
Share of results of joint venture	19	(5,239)	57,705
Profit before Taxation		3,409,866	1,387,393
Taxation	10	(560,976)	318,255
Net Profit from Continuing Operations		2,848,890	1,705,648
Net profit/(loss) from discontinued operations	34	23,026	(732,314)
Net Profit		2,871,916	973,334
Other Comprehensive Income, net of taxes			
Item that may be reclassified to profit or loss –			
Currency translation gains and losses	10	(113,979)	18,101
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	6,675	(9,650)
Unrealized fair value gains and losses on investments	10	203,050	85,765
TOTAL COMPREHENSIVE INCOME		2,967,662	1,067,550
Net Profit from continuing operations is attributable to:			
Stockholders of the Company	12	2,848,890	1,705,648
Non-controlling interest		-	-
		2,848,890	1,705,648
Net Profit/(Loss) from discontinued operations is attributable to:			
Stockholders of the Company	12	23,026	(638,214)
Non-controlling interest		-	(94,100)
		23,026	(732,314)
Total Comprehensive Income is attributable to:			
Stockholders of the Company		2,967,662	1,161,650
Non-controlling interest		-	(94,100)
		2,967,662	1,067,550
Earnings per Stock Unit attributable to Stockholders of the Company	12		
Continuing operations		$3.89	$2.33
Discontinued operations		$0.03	($0.87)
		$3.92	$1.46

Seprod Limited

Consolidated Statement of Financial Position

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non-current Assets			
Property, plant and equipment	14	6,958,333	7,197,435
Right of use assets	15	397,489	1,040,734
Intangible assets	16	9,172,622	9,414,737
Investments	17	1,703,260	1,500,210
Investment in joint venture	19	448,831	454,070
Long term receivables	20	720,862	713,815
Post-employment benefit asset	21	25,100	35,100
Biological assets	22	411,220	409,370
Deferred tax assets	29	1,202,975	1,299,895
		21,040,692	22,065,366
Current Assets			
Inventories	23	7,563,688	6,914,312
Biological assets	22	276,185	286,549
Trade and other receivables	24	5,518,363	5,239,220
Current portion of long term receivables	20	408,050	17,500
Non-current assets held for sale	34	285,761	289,241
Taxation recoverable		201,239	210,060
Cash and bank balances		2,785,996	1,476,292
		17,039,282	14,433,174
Current Liabilities			
Payables	25	5,733,019	6,321,220
Current portion of long term liabilities	28	3,664,323	829,438
Current portion of lease obligation	15	168,399	67,731
Taxation payable		313,545	235,285
		9,879,286	7,453,674
Net Current Assets		7,159,996	6,979,500
		28,200,688	29,044,866
Equity Attributable to Stockholders of the Company			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	1,186,271	1,097,200
Retained earnings		9,938,198	8,104,479
		16,893,027	14,970,237
Non-current Liabilities			
Post-employment benefit obligations	21	134,300	148,300
Long term liabilities	28	9,399,959	11,393,938
Lease obligation	15	239,901	1,105,372
Deferred tax liabilities	29	1,533,501	1,427,019
		11,307,661	14,074,629
		28,200,688	29,044,866

Approved for issue by the Board of Directors on 31 March 2021 and signed on its behalf by:

Paul B. Scott — Director

Richard Pandohie — Director

Seprod Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Equity Attributable to Stockholders of the Company					Non-controlling Interest	Total Equity
	Number of Shares	**Share Capital**	**Capital Reserve**	**Retained Earnings**	**Total**		
	'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2019	733,488	5,768,558	993,334	8,983,102	15,744,994	(999,372)	14,745,622
Effect of adoption of new accounting standards	-	-	-	(83,437)	(83,437)	-	(83,437)
	733,488	5,768,558	993,334	8,899,665	15,661,557	(999,372)	14,662,185
Profit for the year	-	-	-	1,067,434	1,067,434	(94,100)	973,334
Re-measurements on post-employment benefits	-	-	-	(9,650)	(9,650)	-	(9,650)
Currency translation gains and losses	-	-	18,101	-	18,101	-	18,101
Fair value gains on investments	-	-	85,765	-	85,765	-	85,765
Total comprehensive income	-	-	103,866	1,057,784	1,161,650	(94,100)	1,067,550
Transactions with owners:							
Acquisition of shareholding of non-controlling interests	-	-	-	(1,119,413)	(1,119,413)	1,093,472	(25,941)
Dividends declared (Note 13)	-	-	-	(733,557)	(733,557)	-	(733,557)
Balance at 31 December 2019	733,488	5,768,558	1,097,200	8,104,479	14,970,237	-	14,970,237
Profit for the year	-	-	-	2,871,916	2,871,916	-	2,871,916
Re-measurements on post-employment benefits	-	-	-	6,675	6,675	-	6,675
Currency translation gains and losses	-	-	(113,979)	-	(113,979)	-	(113,979)
Fair value gains on investments	-	-	203,050	-	203,050	-	203,050
Total comprehensive income	-	-	89,071	2,878,591	2,967,662	-	2,967,662
Transactions with owners:							
Dividends declared (Note 13)	-	-	-	(1,044,872)	(1,044,872)	-	(1,044,872)
Balance at 31 December 2020	733,488	5,768,558	1,186,271	9,938,198	16,893,027	-	16,893,027

Seprod Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	30	3,186,711	2,526,180
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(531,423)	(1,223,804)
Net proceeds on disposal of property, plant and equipment		(10,610)	209,462
Acquisition of shareholdings of non-controlling interests		-	(25,941)
Issue of long term receivables		(660,007)	(27,949)
Repayment of long term receivables		280,437	274,723
Interest received		93,436	29,512
Dividends received		40	337
Cash used in investing activities		(828,127)	(763,660)
Cash Flows from Financing Activities			
Long term loans received		3,221,787	2,744,424
Long term loans repaid		(2,518,468)	(2,928,435)
Lease obligation		(201,325)	(87,419)
Dividends paid		(611,650)	(696,588)
Interest paid		(1,004,049)	(1,402,129)
Cash used in financing activities		(1,113,705)	(2,370,147)
Increase/(decrease) in cash and cash equivalents		1,244,879	(607,627)
Net effect of foreign currency translation on cash		64,825	28,584
Cash and cash equivalents at beginning of year		1,476,292	2,055,335
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,785,996	1,476,292

Seprod Limited

Company Statement of Comprehensive Income

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Group costs recovered from subsidiaries		1,062,679	900,769
Finance and other operating income	6	1,423,486	4,136,290
Administration expenses	7	(1,174,209)	(990,642)
Operating Profit		1,311,956	4,046,417
Finance costs	9	(601,728)	(552,494)
Profit before Taxation		710,228	3,493,923
Taxation	10	11,895	48,246
Net Profit	11	722,123	3,542,169
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits		6,675	(9,650)
Unrealised fair value gains and losses on investments		203,050	85,765
TOTAL COMPREHENSIVE INCOME		931,848	3,618,284

Seprod Limited

Company Statement of Financial Position

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non-current Assets			
Property, plant and equipment	14	705,267	635,775
Investments	17	1,703,260	1,500,210
Investment in subsidiaries	18	7,863,313	7,863,313
Investment in joint venture	19	434,114	434,114
Long term receivables	20	3,843,628	1,557,957
Post-employment benefit assets	21	25,100	35,100
Deferred tax assets	29	37,218	27,548
		14,611,900	12,054,017
Current Assets			
Trade and other receivables	24	213,392	128,513
Current portion of long term receivables	20	1,505,449	3,118,881
Tax recoverable		61,053	-
Due from subsidiaries		17,780,648	10,673,105
Cash and bank balances		570,715	199,738
		20,131,257	14,120,237
Current Liabilities			
Payables	25	412,545	866,628
Current portion of long term liabilities	28	3,023,730	198,981
Tax payable		-	32,780
Due to subsidiaries		14,703,404	6,399,130
Bank overdraft		-	309,774
		18,139,679	7,807,293
Net Current Assets		1,991,578	6,312,944
		16,603,478	18,366,961
Equity			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	717,032	513,982
Retained earnings		4,486,035	4,802,109
		10,971,625	11,084,649
Non-current Liabilities			
Post-employment benefit obligations	21	134,300	148,300
Long term liabilities	28	5,497,553	7,134,012
		5,631,853	7,282,312
		16,603,478	18,366,961

Approved for issue by the Board of Directors on 31 March 2021 and signed on its behalf by:

Paul B. Scott — Director

Richard Pandohie — Director

Seprod Limited
Company Statement of Changes in Equity
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares ‘000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2019	733,488	5,768,558	428,217	2,003,147	8,199,922
Profit for the year	-	-	-	3,542,169	3,542,169
Re-measurements on post-employment benefits	-	-	-	(9,650)	(9,650)
Fair value gains on investments	-	-	85,765	-	85,765
Total comprehensive income	-	-	85,765	3,532,519	3,618,284
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(733,557)	(733,557)
Balance at 31 December 2019	733,488	5,768,558	513,982	4,802,109	11,084,649
Profit for the year	-	-	-	722,123	722,123
Re-measurements on post-employment benefits	-	-	-	6,675	6,675
Fair value gains on investments	-	-	203,050	-	203,050
Total comprehensive income	-	-	203,050	728,798	931,848
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(1,044,872)	(1,044,872)
Balance at 31 December 2020	733,488	5,768,558	717,032	4,486,035	10,971,625

Seprod Limited
Company Statement of Cash Flows
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Cash provided by/(used in) operating activities	30	995,906	(195,511)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(158,964)	(142,323)
Net proceeds on disposal of property, plant and equipment		(25,865)	49,338
Acquisition of shareholdings of non-controlling interests		-	(25,941)
Issue of long term receivables		(660,007)	(1,062,577)
Repayment of long term receivables		346,092	275,284
Interest received		143,812	48,563
Dividends received		40	337
Cash used in investing activities		(354,892)	(857,319)
Cash Flows from Financing Activities			
Long term loans received		1,681,499	2,447,105
Long term loans repaid		(524,026)	(1,003,899)
Dividends paid		(611,650)	(696,588)
Interest paid		(570,911)	(535,822)
Cash (used in)/provided by financing activities		(25,088)	210,796
Increase/(decrease) in cash and cash equivalents		615,926	(842,034)
Net effect of foreign currency translation on cash		64,825	28,584
Cash and cash equivalents at beginning of year		(110,036)	703,414
CASH AND CASH EQUIVALENTS AT END OF YEAR		570,715	(110,036)

Seprod Limited

Notes to the Financial Statements

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations

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

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

The Company's subsidiaries (all wholly owned) and its joint venture entity, their principal activities and their countries of incorporation and domicile are as follows:

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

Joint venture entity	**Principal activity**	**Country of Incorporation and Domicile**
Jamaica Grain and Cereals Limited	Manufacture and sale of corn and wheat products and cereals	Jamaica

The Group was restructured during 2019 as follows:

- Golden Grove Sugar Company Limited discontinued its sugar manufacturing operation, but continues its distribution of sugar and other commodities;
- The Company, then a 71.2% shareholder in Golden Grove Sugar Company Limited, acquired the remaining 28.8% shareholding in Golden Grove Sugar Company Limited from non-controlling interests (thereby making Golden Grove Sugar Company Limited a wholly owned subsidiary);
- The Company transferred the entire shareholding of Golden Grove Sugar Company Limited to Caribbean Products Company Limited; and
- The Company transferred the entire shareholdings of Serge Island Dairies Limited and Serge Island Farms Limited to Musson Holdings Limited.

Jamaica Grain and Cereals Limited, a former wholly owned subsidiary, became a 50% joint venture in 2015 following the disposal of 50% interest in the entity and the joint sharing of decision making responsibility with the other shareholder.

Seprod Limited

Notes to the Financial Statements

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

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

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

Amendments to IAS 1, 'Presentation of financial statements' and to IAS 8, 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2020). These amendments clarify that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole. The amendments also clarify the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendments had no significant impact on the Group's financial statements.

Amendment to IFRS 3, 'Business combinations' (effective for annual periods beginning on or after 1 January 2020). This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. There were no business combinations during the year. The Group will apply this amendment to future business combinations.

Amendments to IFRS 7, 'Financial Instruments: Disclosures', IFRS 9, 'Financial Instruments' and IAS 39, 'Financial Instruments: Recognition and Measurement' (effective for annual periods beginning on or after 1 January 2020). These amendments provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. The amendments had no impact on the Group's financial statements as the Group currently does not engage in hedging transactions.

Revised conceptual framework for financial reporting (effective for annual periods beginning on or after 1 January 2020). The revised framework will be used with immediate effect in standard-setting decisions; however no changes will be made to any of the current accounting standards. Key changes to standard-setting decisions include: (i) increasing the prominence of stewardship in the objective of financial reporting, (ii) reinstating prudence as a component of neutrality, (iii) defining a reporting entity, which may be a legal entity, or a portion of an entity (iv) revising the definitions of an asset and a liability, (v) removing the probability threshold for recognition and adding guidance on derecognition (vi) adding guidance on different measurement basis, and (vii) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The Group has determined that its accounting policies remain appropriate under the revised framework.

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods, but were not effective at the date of the statement of financial position. The Group has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be immediately relevant to its operations, and has concluded as follows:

Amendment to IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 June 2020). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. This amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. The amendment had no impact on the Group's financial statements as the Group did not receive rent concessions.

Amendment to IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2022). This amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date, such as the receipt of a waiver or a breach of covenant. The amendment further clarifies the reference to the 'settlement' of a liability. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

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

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

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

Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022). The IASB issued its Annual Improvements to IFRSs 2018-2020 cycle amending a number of standards, the following of which are relevant to the Group: *IFRS 9, 'Financial Instruments'* to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; *IFRS 16, 'Leases'*, in which illustrative example 13 was amended to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives; and *IAS 41, 'Agriculture'* to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 (this amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis). It is not anticipated that the improvements will have a significant impact on the Group's financial statements.

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

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Consolidation of subsidiaries

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

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

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

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

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

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

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions; i.e., as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of each investor. The Group has assessed the nature of its joint arrangement and has determined it to be a joint venture. The Group's interest in the joint venture is accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture, less any impairment.

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

2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Sales of goods

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

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

Interest income

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

Dividend income

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

(d) Foreign currency translation

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

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

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

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

(e) Property, plant and equipment

Buildings, plant and equipment are recorded at cost or deemed cost, less accumulated depreciation and impairment losses. All other property, plant and equipment are carried at historical cost less accumulated depreciation, except land, which is not depreciated. Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

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

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

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit. Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred.

2. Significant Accounting Policies (Continued)

(f) Intangible assets

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

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

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

(g) Impairment of non-financial assets

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

(h) Financial assets

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

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

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

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

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

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2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

Impairment

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

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

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

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

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

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

Application of the Simplified Approach to trade receivables

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

(i) Biological assets

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

2. Significant Accounting Policies (Continued)

(j) Inventories

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

(k) Trade receivables

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

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

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

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

(m) Cash and cash equivalents

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

(n) Payables

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

(o) Borrowings

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

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

(p) Provisions

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

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

2. Significant Accounting Policies (Continued)

(q) Leases

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

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

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

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

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

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

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

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

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

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2. Significant Accounting Policies (Continued)

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

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

(s) Employee benefits
Pension obligations

Defined benefit plan

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

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

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

Defined contribution plan

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

Other post-employment benefits

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

Termination benefits

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

Profit share scheme

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

2. Significant Accounting Policies (Continued)

(t) Share capital

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

(u) Segment reporting

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

3. Financial Risk Management

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

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

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

Central treasury department

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

Audit Committee

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

3. Financial Risk Management (Continued)

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Financial Assets				
Investments, at fair value through other comprehensive income	1,703,260	1,500,210	1,703,260	1,500,210
Long term receivables, at fair value through profit or loss	139,732	155,741	75,421	77,671
At cost or amortised cost –				
Long term receivables	989,180	575,574	5,273,656	4,599,077
Trade and other receivables	5,068,186	4,793,779	80,097	3,064
Due from subsidiaries	-	-	17,780,648	10,673,105
Cash and bank balances	2,785,996	1,476,292	570,715	199,738
	8,843,362	6,845,645	23,705,116	15,474,984
	10,686,354	8,501,596	25,483,797	17,052,865
Financial Liabilities				
At cost or amortised cost –				
Bank overdraft	-	-	-	309,774
Due to subsidiaries	-	-	14,703,404	6,399,130
Trade and other payables	5,094,320	5,043,009	331,850	302,607
Long term liabilities	13,064,282	12,223,376	8,521,283	7,332,993
Lease obligation	408,300	1,173,103	-	-
	18,566,902	18,439,488	23,556,537	14,344,504

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

(a) Credit risk

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

Investments

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

Long term receivables

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

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

Cash and bank balances

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

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables

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

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

	2020					
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	1,025,814	172,359	8,583	2,073	36,779	1,245,608
Retailers & wholesalers	386,381	25,819	8,587	323	60,966	482,076
Distributors	499,770	327,624	107,175	114,449	139,530	1,188,548
Manufacturers	67,549	43,857	8,526	13,117	12,036	145,085
Others	444,416	214,466	101,749	127,275	424,285	1,312,191
	2,423,930	784,125	234,620	257,237	673,596	4,373,508
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.93	1.87	4.79	10.66	46.26	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	22,472	14,693	11,244	27,430	311,633	387,473

	2019					
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	846,630	222,226	17,238	4,681	35,745	1,126,520
Retailers & wholesalers	264,116	73,674	12,079	(141)	46,441	396,169
Distributors	429,041	282,203	130,140	87,518	69,911	998,813
Manufacturers	96,296	19,849	12,292	20,264	23,021	171,722
Others	339,628	266,740	48,105	84,889	396,608	1,135,970
	1,975,711	864,692	219,854	197,211	571,726	3,829,194
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.51	0.74	2.06	4.62	57.09	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	10,026	6,403	4,518	9,102	326,410	356,459

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables (continued)

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	356,459	381,383	-	-
Amounts recovered during the year	-	(86)	-	-
Provided during the year	31,094	(24,999)	-	-
Written off during the year	(80)	161	-	-
At end of year	387,473	356,459	-	-

The creation and release of provision for impaired receivables have been included in administration expenses in profit and loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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

3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

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

Undiscounted contractual cash flows of financial liabilities

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

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
	2020					
Long term liabilities	164,398	227,685	4,019,094	9,905,424	1,428,336	15,744,937
Lease obligation	16,743	33,486	150,687	223,011	55,908	479,835
Trade and other payables	5,094,320	-	-	-	-	5,094,320
	5,275,461	261,171	4,169,781	10,128,435	1,484,244	21,319,092
	2019					
Long term liabilities	80,783	309,909	1,298,317	9,828,740	4,360,750	15,878,499
Lease obligation	17,181	45,363	132,312	678,160	838,193	1,711,209
Trade and other payables	5,043,009	-	-	-	-	5,043,009
	5,140,973	355,272	1,430,629	10,506,900	5,198,943	22,632,717

	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
	2020					
Long term liabilities	117,296	33,172	3,312,073	6,587,689	-	10,050,230
Due to subsidiaries	14,703,404	-	-	-	-	14,703,404
Other payables	331,850	-	-	-	-	331,850
	15,152,550	33,172	3,312,073	6,587,689	-	25,085,484
	2019					
Long term liabilities	76,030	75,417	594,795	6,524,191	2,359,500	9,629,933
Due to subsidiaries	6,399,130	-	-	-	-	6,399,130
Other payables	302,607	-	-	-	-	302,607
Bank overdraft	309,774	-	-	-	-	309,774
	7,087,541	75,417	594,795	6,524,191	2,359,500	16,641,444

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

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3. Financial Risk Management (Continued)

(c) Market risk

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

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

Currency risk

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

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities.

The statement of financial position for the Group at 31 December 2020 includes aggregate net foreign assets of US$2,640,000, Euro$20,000, £154,000 and Canadian$1,000 (2019 – aggregate net foreign assets of US$4,670,000 and £253,000); while the statement of financial position for the Company at 31 December 2020 includes aggregate net foreign assets of US$40,221,000, Euro$20,000, £97,000 and Canadian$1,000 (2019 – aggregate net foreign assets of US$31,747,000 and £166,000), in respect of such transactions.

The above amounts include financial investments of US$11,970,000 (2019 – US$11,340,000) in respect of which foreign exchange gains and losses are reported in other comprehensive income.

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

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Effect on profit before taxation -				
US$				
6% devaluation (2019 – 6%)	(81,318)	(53,051)	237,684	158,915
2% revaluation (2019 – 4%)	27,106	35,367	(79,228)	(105,943)
Other currencies				
6% devaluation (2019 – 6%)	1,938	2,538	1,302	1,669
2% revaluation (2019 – 4%)	(646)	(1,692)	(434)	(1,112)
Effect on other items of equity -				
US$				
6% devaluation (2019 – 6%)	101,100	88,306	101,100	88,306
2% revaluation (2019 – 4%)	(33,700)	(58,870)	(33,700)	(58,870)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

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

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

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

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

Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity	Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity
2020	**2020**	**2020**	**2019**	**2019**	**2019**
JMD / USD	**$'000**	**$'000**	**JMD / USD**	**$'000**	**$'000**
		The Group			
+100/+100	(25,108)	-	+100/+100	(19,621)	-
-100/-100	25,108	-	-100/-100	19,621	-
		The Company			
+100/+100	(16,565)	-	+100/+100	-	-
-100/-100	16,565	-	-100/-100	-	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

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

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2020			
Financial assets							
Investments	-	-	-	-	-	1,703,260	1,703,260
Long term receivables	-	-	408,050	115,557	605,305	-	1,128,912
Trade and other receivables	-	-	-	-	-	5,068,186	5,068,186
Cash and bank	2,777,678	-	-	-	-	8,318	2,785,996
	2,777,678	-	408,050	115,557	605,305	6,779,764	10,686,354
Financial liabilities							
Long term liabilities	37,854	991,049	2,603,439	8,915,503	484,456	31,981	13,064,282
Lease obligation	14,033	28,067	126,300	190,814	49,086	-	408,300
Payables	-	-	-	-	-	5,094,320	5,094,320
	51,887	1,019,116	2,729,739	9,106,317	533,542	5,126,301	18,566,902
Total interest repricing gap	2,725,791	(1,019,116)	(2,321,689)	(8,990,760)	71,763	1,653,463	(7,880,548)
				2019			
Financial assets							
Investments	-	-	-	-	-	1,500,210	1,500,210
Long term receivables	-	-	-	93,445	620,370	17,500	731,315
Trade and other receivables	-	-	-	-	-	4,793,779	4,793,779
Cash and bank	1,476,158	-	-	-	-	134	1,476,292
	1,476,158	-	-	93,445	620,370	6,311,623	8,501,596
Financial liabilities							
Long term liabilities	1,522	1,007,999	621,963	7,477,580	3,052,080	62,232	12,223,376
Lease obligation	8,525	15,910	71,702	402,635	674,331	-	1,173,103
Payables	-	-	-	-	-	5,043,009	5,043,009
	10,047	1,023,909	693,665	7,880,215	3,726,411	5,105,241	18,439,488
Total interest repricing gap	1,466,111	(1,023,909)	(693,665)	(7,786,770)	(3,106,041)	1,206,382	(9,937,892)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2020			
Financial assets							
Investments	-	-	-	-	-	1,703,260	1,703,260
Long term receivables	-	-	395,188	3,238,323	605,305	1,110,261	5,349,077
Trade and other receivables	-	-	-	-	-	80,097	80,097
Due from subsidiaries	-	-	-	-	-	17,780,648	17,780,648
Cash and bank	562,457	-	-	-	-	8,258	570,715
	562,457	-	395,188	3,238,323	605,305	20,682,524	25,483,797
Financial liabilities							
Long term liabilities	4,774	9,650	2,977,325	5,497,553	-	31,981	8,521,283
Payables	-	-	-	-	-	331,850	331,850
Due to subsidiaries	-	-	-	-	-	14,703,404	14,703,404
	4,774	9,650	2,977,325	5,497,553	-	15,067,235	23,556,537
Total interest repricing gap	557,683	(9,650)	(2,582,137)	(2,259,230)	605,305	5,615,289	1,927,260
				2019			
Financial assets							
Investments	-	-	-	-	-	1,500,210	1,500,210
Long term receivables	-	46,818	2,152,989	968,815	589,142	919,074	4,676,838
Trade and other receivables	-	-	-	-	-	3,064	3,064
Due from subsidiaries	-	-	-	-	-	10,673,105	10,673,105
Cash and bank	199,664	-	-	-	-	74	199,738
	199,664	46,818	2,152,989	968,815	589,142	13,095,527	17,052,955
Financial liabilities							
Long term liabilities	1,522	3,138	156,157	4,957,494	2,176,518	38,164	7,332,993
Payables	-	-	-	-	-	302,607	302,607
Due to subsidiaries	-	-	-	-	-	6,399,130	6,399,130
Bank overdraft	309,774	-	-	-	-	-	309,774
	311,296	3,138	156,157	4,957,494	2,176,518	6,739,901	14,344,504
Total interest repricing gap	(111,632)	43,680	1,996,832	(3,988,679)	(1,587,376)	6,355,626	2,708,451

Price risk

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

Based on its holding of investments as at 31 December 2019 and 2020, there is no significant impact on the Group's stockholders' equity at either year end arising from changes in equity prices.

3. Financial Risk Management (Continued)

(d) Capital management

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

(e) Fair value estimates

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

Financial instruments classified in level 1

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

At 31 December 2020, the Group had quoted equity securities classified in Level 1 amounting to $18,258,000 (2019 – $28,492,000).

Financial instruments classified in level 2

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

The Group has no financial instruments classified in Level 2.

Financial instruments classified in Level 3

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

At 31 December 2020, The Group had unquoted equity securities with a fair value of $1,685,002,000 (2019 – $1,471,718,000) classified as fair value through other comprehensive income and categorised as Level 3.

The movement in these instruments is as follows:

	2020 **$'000**	**2019** **$'000**
At start of year	1,471,718	1,399,898
Fair value gains and losses	88,684	33,272
Foreign exchange gains and losses	124,600	38,548
At end of year	1,685,002	1,471,718

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

Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Discount rate	11%	If the discount rate increases the fair value decreases
Terminal growth rate	3%	If the terminal growth rate increases the fair value increases
Market participant minority discount	20%	If the market participant minority discount increases the fair value decreases

There were no transfers between levels during the year.

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

Fair values of biological assets

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

Livestock

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

Forage

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

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

	2020	2019
	$'000	$'000
Opening balance	409,370	342,564
Decreases due to sales	(94,787)	(66,234)
Total gains or losses for the period included in profit or loss	96,637	115,860
Other	-	17,180
Closing balance	411,220	409,370
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	96,637	115,860
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	53,358	114,478

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

	2020	2019
	$'000	$'000
Opening balance	286,549	439,303
Value received for cane on partial surrender of leased lands	(36,266)	-
Net cultivation cost and value harvested	-	(179,804)
Total gains or losses for the period included in profit or loss	25,902	27,050
Closing balance	276,185	286,549
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	25,902	27,050
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	25,902	(152,754)

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)
Fair values of biological assets (continued)
The following unobservable inputs were used in determined the fair value of the Group's livestock, using a market approach for valuation.

	Fair Value at 2020	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Dairy livestock price	$34,000- $136,500 ($95,675) per animal	The higher the market price, the higher the fair value.
Other livestock price	$11,050- $114,750 ($95,698) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

	Fair Value at 2019	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Dairy livestock price	$29,750-$119,000 ($88,086) per animal	The higher the market price, the higher the fair value.
Other livestock price	$9,350-$110,500 ($77,559) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

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

	Fair Value at 2020	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Price of fodder being substituted	$7,000 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

	Fair Value at 2019	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Price of fodder being substituted	$4,800 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

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

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

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

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

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

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

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

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

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

For the valuation of biological assets at the year end, if the price per animal had changed by 5% with all other variables constant, the fair value would change accordingly by $20,114,000/($19,610,000).

Forage
The sugar cane in the fields at 31 December 2020 will be used primarily as a substitute for components of animal feed. In doing the valuation for sugar cane, the Group first determines a price per tonne of cane based on the prices per tonne of the components of animal feed that will be substituted. This price per tonne of fully grown cane is used as the base for determining the fair value for the cane in each field, at the various stages in the cane harvest cycle. In valuing the cane for each cane field in each cane farm, the Group estimates each field's yield, by estimating the tonnes of cane to be reaped, per hectare of cane planted. The value of the cane considers the stage of growth of the cane, using certain assumptions regarding the relationship between the stage of growth of the cane and the cane's value. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the prices per tonne of the components of animal feed that will be substituted.

For the valuation of biological assets at the year end, if the price of hay had changed by 5%, with all other variables constant, the fair value would have changed accordingly by $13,809,000.

Fair value of unquoted equity securities
The fair value of securities not quoted in an active market are determined using valuation techniques. The Group exercises judgement and estimates on the quantity and quality of cashflow projections used. Where no market data is available, the Group values positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard for this purpose. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are reviewed by external experts. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the discount rate of 11%, terminal growth rate of 3% and a market participant minority discount of 20% and investee's future cash flows.

For the valuation of unquoted ordinary shares at the year-end: if the discount rate had increased/decreased to 12%/10% with all other variables constant, the fair value would decrease/increase from US$5,800,000 to US$4,230,000/US$7,830,000; and if the terminal growth rate had increased/decreased to 3.5%/2.5% with all other variables constant, the fair value would increase/decrease from US$5,800,000 to US$6,590,000/US$5,110,000.

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

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

A 1% increase in the discount rates and a 1% reduction in revenue growth would result in a reduction in the value in use by $1,784,000 which would not result in an impairment of goodwill.

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

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5. Business Segments

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

	2020			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	9,104,390	28,632,690	-	37,737,080
Inter-segment revenue	19,111,914	-	(19,111,914)	-
Total revenue	28,216,304	28,632,690	(19,111,914)	37,737,080
Segment result	2,075,608	1,872,223	-	3,947,831
Unallocated corporate income				733,312
Operating profit				4,681,143
Segment assets	12,815,259	9,858,190	-	22,673,449
Unallocated corporate assets				15,406,525
Total consolidated assets				38,079,974
Segment liabilities	5,390,169	5,311,163	-	10,701,332
Unallocated corporate liabilities				10,485,615
Total consolidated liabilities				21,186,947
Other segment items –				
Capital expenditure	311,508	60,951	-	372,459
Unallocated capital expenditure				158,964
Total capital expenditure				531,423
Depreciation	629,756	184,047	-	813,803
Unallocated depreciation				49,898
Total depreciation				863,701

	2019			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	8,477,207	24,217,614	-	32,694,821
Inter-segment revenue	10,995,769	100,956	(11,096,725)	-
Total revenue	19,472,976	24,318,570	(11,096,725)	32,694,821
Segment result	1,890,340	1,004,229	-	2,894,569
Unallocated corporate income				(91,934)
Operating profit				2,802,635
Segment assets	12,472,914	9,877,645	-	22,350,559
Unallocated corporate assets				14,147,981
Total consolidated assets				36,498,540
Segment liabilities	5,391,207	6,125,156	-	11,516,363
Unallocated corporate liabilities				10,011,940
Total consolidated liabilities				21,528,303
Other segment items –				
Capital expenditure	996,228	85,253	-	1,081,481
Unallocated capital expenditure				142,323
Total capital expenditure				1,223,804
Depreciation	531,161	228,638	-	759,799
Unallocated depreciation				44,214
Total depreciation				804,013

The Group's customers are mainly resident in, and operate from, Jamaica. Revenues of $2,187,592,000 (2019 - $1,350,366,000) were earned from customers resident in other countries.

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6. Finance and Other Operating Income

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Dividend income on quoted investments	40	337	40	337
Gain on disposal of property, plant and equipment	753,939	17,272	747,812	19,474
Interest income from subsidiaries	-	-	276,149	179,861
Other interest income	75,936	33,394	58,850	24,947
Management fees	-	-	-	16,500
Net foreign exchange gains and losses	1,173,314	863,012	242,451	168,183
Rental income from subsidiaries	-	-	34,797	47,433
Other rental income	80,118	36,345	46,183	833
Gain on Group restructuring	-	-	-	3,688,214
Other	412,336	363,457	17,204	(9,492)
	2,495,683	1,313,817	1,423,486	4,136,290

7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Advertising and promotion	518,897	631,527	14,804	12,176
Amortisation of intangible assets	242,115	243,027	-	-
Auditors' remuneration	40,718	48,335	8,744	8,528
Cost of inventories recognised as an expense	23,657,591	20,138,860	-	-
Delivery charges	667,707	584,185	55	164
Depreciation of property, plant and equipment	723,511	632,170	49,898	44,214
Depreciation of right of use assets	140,190	171,843	-	-
Donations	44,138	31,613	44,138	31,613
Feed, chemicals and veterinary supplies	458,794	415,823	-	-
Fertilising	3,805	6,462	-	-
Insurance	390,960	380,855	21,407	26,665
Motor vehicle expenses	31,066	57,560	7,601	14,748
Net impairment losses on trade receivables	31,094	(24,999)	-	-
Non-recoverable GCT	86,135	90,191	17,339	30,985
Professional services	163,610	180,550	102,373	92,209
Raw and packaging material	498,167	562,189	-	-
Repairs and maintenance	1,028,182	884,664	21,159	9,266
Security	207,796	220,923	44,664	45,241
Staff costs (Note 8)	4,128,496	3,727,198	667,704	519,917
Supplies	15,123	10,700	6,488	1,881
Utilities	1,161,831	1,154,213	31,034	31,749
Other	1,311,694	1,058,114	136,801	121,286
	35,551,620	31,206,003	1,174,209	990,642

8. Staff Costs

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	3,218,347	2,873,359	506,152	379,605
Statutory contributions	355,268	316,139	48,957	40,851
Pension – defined benefit (Note 21)	5,300	3,400	5,300	3,400
Pension – defined contribution (Note 21)	83,104	68,917	13,538	8,993
Other post-employment benefits (Note 21)	10,900	9,300	10,900	9,300
Other	455,577	456,083	82,857	77,768
	4,128,496	3,727,198	667,704	519,917

9. Finance Costs

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Net foreign exchange gains and losses	137,127	45,603	2,628	27,712
Interest expense –				
Long term liabilities	883,450	1,137,049	543,814	450,410
Lease obligation	106,354	100,240	-	-
Other	90,348	148,038	20,914	45,245
Amortisation of deferred financing fees	48,759	42,017	34,372	29,127
	1,266,038	1,472,947	601,728	552,494

10. Taxation Expense

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current taxation	396,999	346,875	-	108,158
Adjustment to prior year provision	(37,200)	(298)	-	-
	359,799	346,577	-	108,158
Deferred taxation (Note 29)	201,177	(664,832)	(11,895)	(156,404)
	560,976	(318,255)	(11,895)	(48,246)

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10. Taxation Expense (Continued)

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	3,409,866	1,387,393	710,228	3,493,923
Tax calculated at a tax rate of 25%	852,466	346,849	177,557	873,481
Adjusted for the effect of:				
Investment income not subject to tax	(261,771)	(33,182)	(261,526)	(955,236)
Adjustment to prior year provision	(37,200)	(298)	-	-
Employment tax credit	(53,744)	(87,453)	-	-
Expenses not deductible	143,710	135,060	55,073	41,265
Results of joint venture included net of tax	1,310	(14,426)	-	-
Recognition of previously unrecognised tax losses	(145,805)	(673,191)	-	-
Other charges and credits	62,010	8,386	17,001	(7,756)
	560,976	(318,255)	(11,895)	(48,246)

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

	The Group		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
		2020	
Currency translation gains and losses	(113,979)	-	(113,979)
Re-measurements of post-employment benefit obligations	8,900	(2,225)	6,675
Unrealised fair value gains and losses on investments	203,050	-	203,050
Other comprehensive income	97,971	(2,225)	95,746
		2019	
Currency translation gains and losses	18,101	-	18,101
Re-measurements of post-employment benefit obligations	(12,800)	3,150	(9,650)
Unrealised fair value gains and losses on investments	85,765	-	85,765
Other comprehensive income	91,066	3,150	94,216

	The Company		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
		2020	
Re-measurements of post-employment benefit obligations	8,900	(2,225)	6,675
Unrealised fair value gains and losses on investments	203,050	-	203,050
Other comprehensive income	211,950	(2,225)	209,725
		2019	
Re-measurements of post-employment benefit obligations	(12,800)	3,150	(9,650)
Unrealised fair value gains and losses on investments	85,765	-	85,765
Other comprehensive income	72,965	3,150	76,115

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11. Net Profit Attributable to Stockholders of the Company

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

	2020	2019
	$'000	$'000
The Company	722,123	3,542,169
Reversal of gains on Group restructuring on consolidation	-	(3,688,214)
	722,123	(146,045)
Subsidiaries	2,155,032	1,155,774
Joint venture	(5,239)	57,705
	2,871,916	1,067,434

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

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

	2020	2019
	$'000	$'000
Net profit attributable to stockholders of the Company		
Continuing operations	2,848,890	1,705,648
Discontinued operations	23,026	(638,214)
	2,871,916	1,067,434
Weighted average number of ordinary stock units ('000)	733,488	733,488
Basic earnings per stock unit ($)		
Continuing operations	3.89	2.33
Discontinued operations	0.03	(0.87)
	3.92	1.46

The Company has no dilutive potential ordinary shares.

13. Dividends Declared

	2020	2019
	$'000	$'000
Interim dividends –		
50 cents per stock unit – 17 July 2019	-	366,779
50 cents per stock unit – 16 December 2019	-	366,778
142 cents per stock unit – 17 September 2020	1,044,872	-
	1,044,872	733,557

On 17 September 2020, the Company declared an interim dividend payable on 16 October 2020 as follows:

(i) Shareholders owning at least 20,000 shares received cash at a rate of $0.30 per share, as well as 15,447,465 shares in the Eppley Caribbean Property Fund – Value Fund (CPFV Shares) at a ratio of 0.02171 CPFV Shares for every share held in the Company (the Company had previously received the CPFV Shares as proceeds for the sale of a property to Eppley Caribbean Property Fund – Value Fund); and

(ii) Shareholders owning less than 20,000 shares received cash at a rate of $0.30 per share, as well as cash in lieu of an allocation of CPFV Shares at a ratio of 0.02171 CPFV Shares (valued based on the closing price of CPFV Shares on the Jamaica Stock Exchange as at 17 September 2020) for every share held in the Company.

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14. Property, Plant and Equipment

	The Group					
	Freehold Land & Site Improvements $'000	Buildings $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
			2020			
Cost -						
At 1 January 2020	736,600	2,569,575	6,422,779	153,952	967,821	10,850,727
Additions	-	3,779	63,646	87,935	376,063	531,423
Disposals	(3,563)	(152,491)	(32,717)	(23,244)	-	(212,015)
Write-offs/Adjustments	-	-	722	-	(17,329)	(16,607)
Transfers	-	40,482	1,007,259	-	(1,047,741)	-
At 31 December 2020	733,037	2,461,345	7,461,689	218,643	278,814	11,153,528
Accumulated Depreciation -						
At 1 January 2020	-	658,199	2,932,566	62,607	-	3,653,292
Charge for the year	-	57,305	621,981	44,225	-	723,511
On disposals	-	(129,731)	(32,515)	(19,744)	-	(181,990)
Write-offs/Adjustments	-	-	382	-	-	382
At 31 December 2020	-	585,693	3,522,414	87,088	-	4,195,195
Net Book Value -						
At 31 December 2020	733,037	1,875,652	3,939,275	131,555	278,814	6,958,333
			2019			
Cost -						
At 1 January 2019	752,718	2,251,251	7,488,981	571,392	847,683	11,912,025
Change in accounting policy (Note 15)	-	-	-	(183,956)	-	(183,956)
Transfer to assets held for sale	(13,000)	(91,528)	(1,156,974)	(183,561)	-	(1,445,063)
Additions	-	148,809	380,353	60,369	588,769	1,178,300
Disposals	(3,118)	(36,265)	(452,531)	(110,292)	-	(602,206)
Write-offs/Adjustments	-	-	-	-	(8,373)	(8,373)
Transfers	-	297,308	162,950	-	(460,258)	-
At 31 December 2019	736,600	2,569,575	6,422,779	153,952	967,821	10,850,727
Accumulated Depreciation -						
At 1 January 2019	-	636,452	3,490,172	358,142	-	4,484,766
Change in accounting policy (Note 15)	-	-	-	(40,874)	-	(40,874)
Transfer to assets held for sale	-	(20,424)	(901,837)	(183,561)	-	(1,105,822)
Charge for the year	-	51,299	643,014	34,670	-	728,983
On disposals	-	(9,208)	(298,707)	(105,770)	-	(413,685)
Write-offs/Adjustments	-	-	(76)	-	-	(76)
At 31 December 2019	-	658,199	2,932,566	62,607	-	3,653,292
Net Book Value -						
At 31 December 2019	736,600	1,911,456	3,490,213	91,345	967,821	7,197,435

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14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements $'000	Buildings $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
			2020			
Cost -						
At 1 January 2020	160,081	571,909	284,821	59,766	5,976	1,082,553
Additions	-	-	8,154	12,821	137,989	158,964
Disposals	(3,563)	(152,491)	(30,371)	-	-	(186,425)
Write-offs/Adjustments	-	-	-	-	(13,251)	(13,251)
Transfers	-	2,505	6,320	-	(8,825)	-
At 31 December 2020	156,518	421,923	268,924	72,587	121,889	1,041,841
Accumulated Depreciation -						
At 1 January 2020	-	229,054	184,529	33,195	-	446,778
Charge for the year	-	9,776	24,621	15,501	-	49,898
Relieved on disposals	-	(129,731)	(30,371)	-	-	(160,102)
At 31 December 2020	-	109,099	178,779	48,696	-	336,574
Net Book Value -						
At 31 December 2020	156,518	312,824	90,145	23,891	121,889	705,267
			2019			
Cost -						
At 1 January 2019	163,199	514,460	236,002	53,674	23,157	990,492
Additions	-	-	13,742	12,775	115,806	142,323
Disposals	(3,118)	(35,860)	-	(6,683)	-	(45,661)
Write-offs/Adjustments	-	-	-	-	(4,601)	(4,601)
Transfers	-	93,309	35,077	-	(128,386)	-
At 31 December 2019	160,081	571,909	284,821	59,766	5,976	1,082,553
Accumulated Depreciation -						
At 1 January 2019	-	229,226	163,485	25,726	-	418,437
Charge for the year	-	8,942	21,120	14,152	-	44,214
Relieved on disposals	-	(9,114)	-	(6,683)	-	(15,797)
Adjustments	-	-	(76)	-	-	(76)
At 31 December 2019	-	229,054	184,529	33,195	-	446,778
Net Book Value -						
At 31 December 2019	160,081	342,855	100,292	26,571	5,976	635,775

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

During 2019, the Group's motor vehicles acquired under lease arrangements with a net book value of $143,082,000 were reclassified as right of use assets (Note 15) following a change in accounting policy for leases on adoption of IFRS 16.

During 2019, property, plant and equipment for the Group with a net book value of $339,241,000 were reclassified as assets held for sale (Note 34) following the closure of the sugar manufacturing operations and subsequent advertising of said assets for sale. Depreciation charge for the year on these assets, prior to their reclassification, amounted to $96,813,000. This depreciation charge is included in the loss from discontinued operations in the statement of comprehensive income.

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15. Right of Use Assets and Related Lease Obligation

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

	The Group		
	Buildings $'000	Motor Vehicles $'000	Total $'000
		2020	
Gross amount –			
At 1 January 2020	1,387,718	180,093	1,567,811
Additions	304,697	-	304,697
Modification	(653,508)	-	(653,508)
Disposals	-	(3,245)	(3,245)
At 31 December 2020	1,038,907	176,848	1,215,755
Accumulated Depreciation –			
At 1 January 2020	450,807	76,270	527,077
Charge for the year	107,361	32,829	140,190
Modification	152,298	-	152,298
On disposals	-	(1,299)	(1,299)
At 31 December 2020	710,466	107,800	818,266
Net Book Value –			
At 31 December 2020	328,441	69,048	397,489
		2019	
Gross amount –			
Transferred from property, plant and equipment (Note 14)	-	183,956	183,956
Assets recognized on change in accounting policy	1,342,214	-	1,342,214
Additions	45,504	-	45,504
Disposals	-	(3,863)	(3,863)
At 31 December 2019	1,387,718	180,093	1,567,811
Accumulated Depreciation –			
Transferred from property, plant and equipment (Note 14)	-	40,874	40,874
On assets recognized on change in accounting policy	314,554	-	314,554
Charge for the year	136,253	35,590	171,843
On disposals	-	(194)	(194)
At 31 December 2019	450,807	76,270	527,077
Net Book Value –			
At 31 December 2019	936,911	103,823	1,040,734

15. Right of Use Assets and Related Lease Obligation (Continued)

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

	The Group	
	2020	**2019**
	$'000	**$'000**
Current obligations	168,399	67,731
Non-current obligations	239,901	1,105,372
	408,300	1,173,103

The movement in the lease obligation is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Balance at start of year	1,173,103	-
Liabilities recognized on change in accounting policy	-	1,130,149
Transfer from long term liabilities	-	130,373
Additions	304,697	45,504
Modification	(978,155)	-
Foreign exchange gains and losses	3,626	(1,559)
Interest charged and expensed (Note 9)	106,354	100,240
Lease payments	(201,325)	(231,604)
Balance at end of year	408,300	1,173,103

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16. Intangible Assets

	The Group					
	Goodwill $'000	Distribution network $'000	Supplier relationships $'000	Trade name $'000	Brands $'000	Total $'000
Cost -						
At 31 December 2019 and 31 December 2020	4,794,911	2,090,000	1,340,000	404,000	1,233,277	9,862,188
Accumulated Amortisation -						
At 1 January 2019	-	-	26,875	4,388	173,161	204,424
Charge for the year	-	-	112,632	20,848	109,547	243,027
At 31 December 2019	-	-	139,507	25,236	282,708	447,451
Charge for the year	-	-	111,972	20,256	109,887	242,115
At 31 December 2020	-	-	251,479	45,492	392,595	689,566
Net Book Value -						
At 31 December 2020	4,794,911	2,090,000	1,088,521	358,508	840,682	9,172,622
At 31 December 2019	4,794,911	2,090,000	1,200,493	378,764	950,569	9,414,737

Goodwill of $330,459,000 is allocated to Musson Holdings Limited, and $4,464,452,000 to Facey Commodity Company Limited. Musson Holdings Limited is in the manufacturing segment, while Facey Commodity Company Limited is in the Distribution segment.

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

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Musson Holdings Limited	10%	16.2%	6%	20%
Facey Commodity Company Limited	7%	7%	1%	16%

17. Investments

	The Group & The Company	
	2020 $'000	2019 $'000
Quoted equity securities denominated in Jamaican dollars	18,258	28,492
Unquoted equity securities denominated in US dollars	1,685,002	1,471,718
	1,703,260	1,500,210

Unquoted equity securities denominated in US dollars
The Company owns 42,214 (11.6%) of the issued ordinary shares and 20,486 (34.1%) of the issued preference shares of Facey Group Limited, a related company over which the Company does not exercise significant influence. As the shares are unlisted, fair values were determined using cash flows discounted using a rate based on market interest rate and a risk premium specific to the unlisted security.

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18. Investment in Subsidiaries

	2020 $'000	2019 $'000
Balance at 1 January	7,863,313	10,137,630
Acquisition of non-controlling interests	-	25,941
Transfer of subsidiaries under Group restructuring	-	(2,300,258)
Balance at 31 December	7,863,313	7,863,313

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

The balance for investment in subsidiaries was affected by the following Group restructuring activities during 2019:

- The Company, then a 71.2% shareholder in Golden Grove Sugar Company Limited, acquired the remaining 28.8% shareholding in Golden Grove Sugar Company Limited from non-controlling interests for a consideration of $25,941,000;
- The Company then transferred the entire shareholding of Golden Grove Sugar Company Limited to Caribbean Products Company Limited for a consideration equivalent to the nominal value of the original investment; and
- The Company transferred the entire shareholdings of Serge Island Dairies Limited and Serge Island Farms Limited to Musson Holdings Limited for a consideration equivalent to the nominal value of the original investment.

The non-controlling interest for 2019 up to its acquisition by the Company is entirely in respect of Golden Grove Sugar Company Limited. Summarised financial information (before intercompany eliminations) for Golden Grove Sugar Company Limited up to the acquisition by the Company of non-controlling interests in June 2019, is as follows:

Summarised statement of comprehensive income for the 6-months ending 30 June 2019:

	June 2019 $'000
Revenue	1,089,014
Depreciation	(64,963)
Net loss	(326,510)

Summarised statement of financial position as at 30 June 2019:

	June 2019 $'000
Non-current assets	646,393
Current assets	1,095,794
Non-current liabilities	(60,984)
Intercompany balance owed to the Company	(883,113)
Other current liabilities	(514,838)
Net Assets	283,252

Summarised statement of cash flows for the 6-months ending 30 June 2019:

	June 2019 $'000
Cash flows from operating activities	244,807
Cash flows from investing activities	9,940
Intercompany financing provided by the Company	(108,862)
Other cash flows from financing activities	(57,772)
Cash and cash equivalents at end of period	90,972

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19. Investment in Joint Venture

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

The movement in investment in joint venture is as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	454,070	402,936	434,114	434,114
Effect of adoption of a new accounting policy	-	(6,571)	-	-
Share of results	(5,239)	57,705	-	-
Balance at the end of the year	448,831	454,070	434,114	434,114

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

	2020	2019
	$'000	**$'000**
Revenue	4,224,474	3,768,874
Depreciation	140,642	141,707
Net profit	(10,478)	115,410

Summarised statement of financial position

	2020	2019
	$'000	**$'000**
Property, plant and equipment and other non-current assets	3,007,716	3,111,822
Current assets:		
Inventories	815,389	1,063,998
Cash and cash equivalents	389,424	228,316
Receivables and other current assets	505,094	556,498
	1,709,907	1,848,812
Non-current liabilities:		
Due to joint venture partners	(1,226,784)	(1,140,092)
Long term loan	(1,537,359)	(1,668,475)
Other non-current liabilities	(158,961)	(148,922)
	(2,923,104)	(2,957,489)
Current liabilities:		
Due to joint venture partners	(693,972)	(880,781)
Current portion of long term loan	(136,533)	(136,533)
Payables and other current liabilities	(72,100)	(83,439)
	(902,605)	(1,100,753)
Net assets	891,914	902,392

Summarised statement of cash flows

	2020	2019
	$'000	**$'000**
Cash flows from operating activities	555,832	387,273
Cash flows from investing activities	(32,513)	(31,163)
Cash flows from financing activities	(362,211)	(266,578)

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20. Long Term Receivables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
(a) Facey Commodity Company Limited	-	-	922,212	922,212
(b) Musson International Dairies Limited	-	-	2,252,003	2,106,081
(c) Golden Grove Funding Limited	-	-	-	93,636
(d) Jamaica Grain and Cereals Limited	605,305	558,074	605,305	558,074
(e) Musson (Jamaica) Limited	383,875	-	383,875	-
(f) Employee loans	139,732	155,741	75,421	77,761
(g) Bercyn Farms Limited –				
(i) Mobilisation loan for farming operations	-	-	-	-
(ii) Advance for replanting and farming operations	-	-	-	-
	1,128,912	713,815	4,238,816	3,757,764
Interest receivable	-	17,500	1,110,261	919,074
	1,128,912	731,315	5,349,077	4,676,838
Less: Current portion	(408,050)	(17,500)	(1,505,449)	(3,118,881)
	720,862	713,815	3,843,628	1,557,957

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

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

(c) This related party receivable was in respect of a bank loan that was originally payable by Golden Grove Funding Limited, but the liability was restructured and the direct obligation transferred to the Company.

Resulting from the debt restructuring, Golden Grove Funding Limited now has a liability to the Company (originally, with a balance of J$140,455,000 at the point of restructuring) and the Company has the direct obligation to the bank (Note 28(d)). The agreement attracted interest of 6% per annum, payable quarterly, with the last payment due on 30 September 2020.

(d) This receivable from joint venture of US$4,300,000 is repayable at maturity on 31 December 2027. The agreement attracts interest of 3.07% per annum, payable annually.

(e) This related party receivable is denominated in US dollars and scheduled to be received in 2021. The agreement attracts interest of 8% per annum, payable monthly.

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

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

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

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

During the year, $14,312,000 of these receivables were recovered.

21. Post-employment Benefits

	The Group & The Company	
	2020	**2019**
	$'000	**$'000**
Asset/(Liability) recognised in the statement of financial position –		
Pension scheme	25,100	35,100
Medical benefits	(134,300)	(148,300)
Expense recognised in profit or loss –		
Pension scheme	5,300	3,400
Medical benefits	10,900	9,300
Gains and losses recognised in other comprehensive income –		
Pension scheme	(5,400)	1,400
Medical benefits	14,300	(14,200)

Pension schemes
In addition to the defined benefit pension scheme described below, employees of the Group hired on or after 1 January 2002 participate in an Individual Retirement Scheme operated by an independent insurance company. Employees participating in the scheme contribute up to 15% of pensionable earnings while the Company contributes 5%. The Group's and the Company's contribution for the year amounted to $83,104,000 (2019 – $68,917,000) and $13,538,000 (2019 – $8,993,000), respectively (Note 8).

On 1 January 2015, the fortnightly sugarcane employees of Golden Grove Sugar Company Limited commenced contributing to a defined contribution pension scheme. The pension scheme is administered by an independent insurance company. The subsidiary contributes 2% of the employee's basic salary. The subsidiary's contribution up to the discontinuation of the operations in July 2019 amounted to $1,921,000.

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

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2020.

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

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

	2020	**2019**
	$'000	**$'000**
Present value of funded obligations	(874,900)	(881,100)
Fair value of plan assets	1,003,900	1,158,700
Asset in the statement of financial position	129,000	277,600
Unrecognised asset due to limitation	(103,900)	(242,500)
	25,100	35,100

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21. Post-employment Benefits (Continued)

Pension schemes (continued)
The movement in the amounts recognised in the statement of financial position is as follows:

	2020 $'000	2019 $'000
Asset at beginning of year	35,100	36,000
Amounts recognised in profit or loss in the statement of comprehensive income	(5,300)	(3,400)
Amounts recognised in other comprehensive income	(5,400)	1,400
Contributions paid	700	1,100
Asset at end of year	25,100	35,100

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

	2020 $'000	2019 $'000
Balance at beginning of year	(881,100)	(906,500)
Current service cost	(4,900)	(4,100)
Interest cost	(63,600)	(61,600)
Re-measurements – experience gains and losses	(900)	28,400
Members' contributions	(1,100)	(2,000)
Benefits paid	76,700	64,700
Balance at end of year	(874,900)	(881,100)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $53,166,000 (2019 – $162,600,000) relating to active employees, and $522,578,000 (2019 – $718,500,000) relating to members in retirement.

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

	2020 $'000	2019 $'000
Balance at beginning of year	1,158,700	998,300
Interest income	81,400	66,200
Re-measurement – return on plan assets, excluding amounts included in interest income	(161,300)	155,800
Employer's contributions	700	1,100
Members' contributions	1,100	2,000
Benefits paid	(76,700)	(64,700)
Balance at end of year	1,003,900	1,158,700

The amounts recognised in profit or loss in the statement of comprehensive income is as follows:

	2020 $'000	2019 $'000
Current service cost	4,900	4,100
Interest costs	63,600	61,600
Interest income	(81,400)	(66,200)
Interest on effect of unrecognised asset due to limitation	18,200	3,900
Total, included in staff costs (Note 8)	5,300	3,400

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2021 amount to $700,000.

21. Post-employment Benefits (Continued)

Pension schemes (continued)

Plan assets are comprised as follows:

	Quoted $'000	Unquoted $'000	Total $'000	%
		2020		
Government of Jamaica debt securities	-	237,071	237,071	24
Corporate debt securities	-	162,354	162,354	16
Real estate	-	45,731	45,731	5
Ordinary shares	424,120	6,724	430,844	42
Preference shares	-	64,169	64,169	6
Repurchase agreements	-	17,108	17,108	2
Other	-	46,623	46,623	5
	424,120	579,780	1,003,900	100
		2019		
Government of Jamaica debt securities	-	264,556	264,556	23
Corporate debt securities	-	136,863	136,863	12
Real estate	-	39,925	39,925	3
Ordinary shares	546,880	150	547,030	47
Preference shares	-	69,670	69,670	6
Repurchase agreements	-	64,565	64,565	6
Other	-	36,091	36,091	3
	546,880	611,820	1,158,700	100

Ordinary shares include shares in the Company with a fair value of $75,769,000 (2019 - $60,461,000).

The significant actuarial assumptions used were a discount rate of 9% (2019 – 7.5%); future salary increases of 7% (2019 – 5.0%); and future pension increases of 3% (2019 – 1.75%). The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2020		2019	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(38,900)	42,500	(40,400)	44,100
Future salary increases	0.5%	2,700	(2,400)	3,600	(3,600)
Expected pension increase	0.5%	39,800	(36,600)	40,400	37,200

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. If the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $17,900,000/($18,100,000) (2019 – $16,600,000/($16,900,000)).

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

21. Post-employment Benefits (Continued)

Other post-employment benefits

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

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

	2020 $'000	**2019 $'000**
Balance at beginning of year	(148,300)	(136,200)
Current service cost	(200)	(100)
Interest expense	(10,700)	(9,200)
Re-measurements – experience gains and losses	14,300	(14,200)
Benefits paid	10,600	11,400
Balance at end of year	(134,300)	(148,300)

The amounts recognised in the profit or loss in the statement of comprehensive income are as follows:

	2020 $'000	**2019 $'000**
Current service cost	200	100
Interest cost	10,700	9,200
Total, included in staff costs (Note 8)	10,900	9,300

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

	2020 $'000	**2019 $'000**
Liability at beginning of year	148,300	136,200
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	10,900	9,300
Amounts recognised in other comprehensive income	(14,300)	14,200
Contributions by employer	(10,600)	(11,400)
Liability at end of year	134,300	148,300

Expected employer contributions to the post-employment plan for the year ending 31 December 2021 amount to $11,000,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 8.5% (2019 – 6.5%) per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2020		**2019**	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**	**$'000**	**$'000**
Discount rate	0.5%	(6,000)	6,600	(7,400)	8,100
Medical cost	0.5%	6,600	(6,000)	8,100	(7,400)

Further, if the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $6,100,000/($5,900,000) (2019 – $6,400,000/($6,200,000)).

21. Post-employment Benefits (Continued)

Risks associated with pension plans and post-employment plans

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

Asset volatility

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

Changes in bond yields

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

Inflation risk

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

Life expectancy

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

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and NCB Insurance Company Limited representatives who are the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries. The next triennial valuation is due to be completed as at 31 August 2023. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 10.2 years for the pension fund and 10.1 years for the post-employment medical benefits.

22. Biological Assets

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

	The Group	
	2020	**2019**
	$'000	**$'000**
Dairy livestock –		
2,597 (2019 – 2,886) Cows able to produce milk	208,038	222,115
2,092 (2019 – 2,138) Heifers being raised to produce milk in the future	190,250	165,597
Other livestock –		
83 (2019 – 97) Bulls raised for sale and reproduction	3,927	4,358
2 (2019 – 4) Horses	60	120
Plant – 733 (2019 – 614) acres of hay field	8,945	17,180
	411,220	409,370

7,182,000 litres (2019 – 7,690,379 litres) of milk with a fair value (less estimated point-of-sale costs) of $641,773,000 (2019 – $692,734,000) were produced during the period.

Forage – classified as current assets in the statement of financial position
At year end, the Group had 32,887 tonnes (2019 – 79,955 tonnes) of sugar cane with a value of $276,185,000 (2019 – $286,549,000).

23. Inventories

	The Group	
	2020	**2019**
	$'000	**$'000**
Raw and packaging materials	2,078,812	1,699,022
Work in progress	106,231	51,440
Finished goods	363,999	606,753
Merchandise for resale	3,262,390	2,854,422
Goods in transit	1,078,141	1,141,582
Other	674,115	561,093
	7,563,688	6,914,312

24. Trade and Other Receivables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	4,373,508	3,829,194	-	-
Less: Provision for impairment	(387,473)	(356,459)	-	-
	3,986,035	3,472,735	-	-
Advances and prepayments	450,177	445,441	133,295	125,449
Due from affiliates	602,123	795,644	80,097	3,064
Other	480,028	525,400	-	-
	5,518,363	5,239,220	213,392	128,513

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25. Payables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	4,237,253	4,385,162	-	-
Accruals	638,699	911,433	80,695	197,243
Due to affiliates	395,828	205,492	-	89,429
Dividends payable	-	366,778	-	366,778
Other	461,239	452,355	331,850	213,178
	5,733,019	6,321,220	412,545	866,628

26. Share Capital

	2020	**2019**	**2020**	**2019**
	'000	**'000**	**$'000**	**$'000**
Authorised – ordinary shares	780,000	780,000	780,000	780,000
Issued and fully paid –				
Ordinary stock units	733,547	733,547	5,769,457	5,769,457
Treasury shares	(59)	(59)	(899)	(899)
	733,488	733,488	5,768,558	5,768,558

27. Capital Reserves

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Revaluation surplus on assets carried at deemed cost	312,600	312,600	105,340	105,340
Fair value gains and losses on investments	470,548	267,498	470,548	267,498
Profits of subsidiaries capitalised	336,537	336,537	-	-
Redemption reserve	14,800	14,800	-	-
Realised gains on sale of investments	120,855	120,855	120,855	120,855
Currency translation gains and losses	(91,299)	22,680	-	-
Other realised surplus	22,230	22,230	20,289	20,289
	1,186,271	1,097,200	717,032	513,982

Included in capital reserves are fair value gains on investments representing the accumulated unrealised gains and losses on the revaluation of these investments. The movement in this reserve during the year is recognised in other comprehensive income.

28. Long Term Liabilities

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
(a) Sugar Industry Authority – 5%	-	18,981	-	-
(b) National Commercial Bank (Jamaica) Limited – 6%	-	140,455	-	140,455
(c) National Commercial Bank (Jamaica) Limited – 7%	1,329,640	1,506,361	-	-
(d) National Commercial Bank (Jamaica) Limited – 8.5%	307,382	363,188	-	-
(e) JMMB Merchant Bank Limited – 8.5%	195,542	249,711	195,542	249,711
(f) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	1,013,211	1,109,721	-	-
(g) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 4%	-	1,077,722	-	-
(h) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	1,102,748	-	-	-
(i) Bonds – 7.5%	1,600,000	1,600,000	1,600,000	1,600,000
(j) Bonds – 8.25% for first 3 years, then WATBY + 2.25%	1,200,000	1,200,000	1,200,000	1,200,000
(k) Bonds – 7.25%	2,000,000	2,000,000	2,000,000	2,000,000
(l) Bonds – 7.25%	2,200,000	2,200,000	2,200,000	2,200,000
(m) Bonds – 10.5% for first 2 years, then WATBY + 2.75%	854,350	854,350	-	-
(n) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 3%	456,478	-	456,478	-
(o) CitiBank – 4.25%	713,247	-	713,247	-
(p) JMMB Merchant Bank Limited – 8.75%	185,000	-	185,000	-
Deferred financing costs	(125,297)	(159,345)	(60,965)	(95,337)
	13,032,301	12,161,144	8,489,302	7,294,829
Interest payable	31,981	62,232	31,981	38,164
	13,064,282	12,223,376	8,521,283	7,332,993
Less: Current portion	(3,664,323)	(829,438)	(3,023,730)	(198,981)
	9,399,959	11,393,938	5,497,553	7,134,012

The movement in long term liabilities is as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	12,223,376	12,379,477	7,332,993	5,873,115
Transfer to lease obligation	-	(130,373)	-	-
Loans received	3,221,787	2,744,424	1,681,499	2,447,105
Loan principal repayments	(2,518,468)	(2,928,435)	(524,026)	(1,003,899)
Foreign exchange gains and losses	126,385	133,068	2,628	27,712
Discount on early repayment	(9,310)	-	-	-
Deferred fees amortised (Note 9)	48,759	42,017	34,372	29,127
Interest charged and capitalised (Note 9)	-	38,333	-	-
Interest charged and expensed (Note 9)	883,450	1,137,049	543,814	450,410
Interest paid	(911,697)	(1,192,184)	(549,997)	(490,577)
Balance at end of year	13,064,282	12,223,376	8,521,283	7,332,993

28. Long Term Liabilities (Continued)

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

(a) Jamaican dollar denominated loan facility of $33,156,000 repayable over 10 years commencing in 2013 by way of annual deductions from proceeds of cane sales, contract work and earnings from harvesting operations, where applicable.

(b) Jamaican dollar denominated loan facility of $608,637,000, repayable in 13 quarterly installments of $46,818,000 commencing June 2017 and secured by the fixed and floating assets of Golden Grove Sugar Company Limited. Obligation transferred from Golden Grove Sugar Company Limited to the Company during the year.

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

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

(e) Unsecured Jamaican dollar denominated loan facility of $300,000,000, repayable in 60 monthly installments of $6,155,000 (inclusive of interest) commencing January 2019.

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

(g) US dollar denominated loan facility repayable in 28 quarterly installments of US$357,000 commencing December 2018 and secured by a first debenture/charge over all present and future assets and property of Facey Commodity Company Limited.

In July 2020, the facility was refinanced to a Jamaican dollar denominated facility (Note 28(h)).

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

(i) Unsecured Jamaican dollar denominated Bonds issued in July 2018 for a period of 3 years, due in full at maturity.

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

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

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

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

(n) Unsecured US dollar denominated short term facility repayable 23 September 2021. There was a breach of the debt servicing ratio covenant specifically relating to this facility. The breach did not impact the classification of the facility in the statement of financial position as the total amount owing under the facility is already classified in current liabilities.

(o) Unsecured US dollar denominated short term facility repayable 12 April 2021.

(p) Unsecured Jamaican dollar denominated short term facility repayable 3 September 2021.

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29. Deferred Taxation

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	1,202,975	1,299,895	37,218	27,548
Deferred tax liabilities	(1,533,501)	(1,427,019)	-	-
Net liabilities	(330,526)	(127,124)	37,218	27,548

These amounts include deferred tax assets/liabilities to be recovered within 12 months of $117,691,000/$31,290,000 (2019 – $126,909,000/$39,414,000) for the Group, and deferred tax assets of $14,890,000 (2019 – $10,503,000) for the Company.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	(127,124)	(820,729)	27,548	(132,006)
Effect of adoption of new accounting policy	-	25,623	-	-
(Charged)/credited to profit or loss (Note 10)	(201,177)	664,832	11,895	156,404
(Charged)/credited to other comprehensive income (Note 10)	(2,225)	3,150	(2,225)	3,150
Balance at end of year	(330,526)	(127,124)	37,218	27,548

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(48,671)	(15,439)	6,283	5,720
Right of use assets, net of related lease obligation	(30,389)	7,469	-	-
Post-employment benefits	1,225	100	1,225	100
Tax losses carried forward	(115,791)	529,026	-	(25,378)
Interest receivable	(3,260)	(5,603)	(3,260)	184,748
Other	(4,291)	149,279	7,647	(8,786)
	(201,177)	664,832	11,895	156,404

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(374,570)	(325,899)	(4,972)	(11,255)
Right of use assets, net of related lease obligation	2,703	33,092	-	-
Post-employment benefits	27,300	28,300	27,300	28,300
Tax losses carried forward	1,176,107	1,291,898	-	-
Interest receivable	(9,219)	(5,959)	(9,219)	(5,959)
Intangible assets recognised on business combinations	(1,248,467)	(1,248,467)	-	-
Other	95,620	99,911	24,109	16,462
	(330,526)	(127,124)	37,218	27,548

29. Deferred Taxation (Continued)

Subject to agreement with the Tax Administration Jamaica, losses available for offset against future profits of the Group amount to $6,579,639,000 (2019 – $7,512,662,000).

This includes tax losses of a subsidiary amounting to $4,292,770,000 (2019 – $4,595,791,000) in respect of which, historically, no deferred tax assets have been created due to the Group's uncertainty regarding its ability to utilize those losses in the future. Following the Group restructuring during 2019 as outlined in Note 1, this subsidiary that was previously unprofitable commenced earning profits and is projected to earn profits in the future. Consequently and based on its annually updated 5-year horizon forecasts following the restructuring, the Group recognized deferred tax assets of $604,389,000 (2019 – $562,680,000) at the rate of 25% in respect of a portion of the subsidiary's total tax losses brought forward as at the date of the statement of financial position.

At 31 December 2020, no deferred tax assets have been created in respect of the remaining tax losses of the subsidiary amounting to $1,875,214,000 (2019 – $2,297,895,000).

30. Cash Generated from Operations

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net profit	2,871,916	973,334	722,123	3,542,169
Items not affecting cash resources:				
Amortisation of intangible assets	242,115	243,027	-	-
Depreciation	863,701	900,826	49,898	44,214
Net foreign exchange gain and losses	(68,004)	73,609	(229,334)	(137,250)
Net gains and losses on disposal of property, plant and equipment	(753,939)	(17,272)	(747,812)	(19,474)
Property, plant and equipment written off	16,989	8,297	13,251	4,525
Gain on Group restructuring	-	-	-	(3,688,214)
Impairment of assets held for sale	-	50,000	-	-
Net impairment of long term receivables	(14,312)	132,538	-	-
Interest income	(75,936)	(33,394)	(334,999)	(204,808)
Gain on lease modification	(172,349)	-	-	-
Discount on early loan repayment	(9,310)	-	-	-
Amortisation of deferred fees	48,759	42,017	34,372	29,127
Share of results of joint venture	5,239	(57,705)	-	-
Interest expense	1,080,152	1,385,327	564,728	495,655
Post-employment benefits	4,900	200	4,900	200
Dividend income	(40)	(337)	(40)	(337)
Taxation	560,976	(318,255)	(11,895)	(48,246)
	4,600,857	3,382,212	65,192	17,561
Changes in operating assets and liabilities:				
Inventories	(649,376)	(366,207)	-	-
Trade and other receivables	(279,143)	(195,894)	(84,879)	441,366
Biological assets	8,514	85,948	-	-
Due from subsidiaries	-	-	(7,107,543)	(3,834,313)
Due to subsidiaries	-	-	8,304,274	2,944,878
Payables	(221,423)	(71,481)	(87,305)	231,979
	3,459,429	2,834,578	1,089,739	(198,529)
Taxation paid	(272,718)	(308,398)	(93,833)	3,018
Cash provided by/(used in) operating activities	3,186,711	2,526,180	995,906	(195,511)

Significant non-cash transactions

During the year, the Company disposed of property valued at $800 million, which was paid by way of shares issued to the Company by the purchaser. The Group then declared these shares as a non-cash dividend (Note 13).

31. Contingencies and Commitments

(a) A subsidiary has leased sugar cane lands from the Government of Jamaica for a period of 50 years with an option to renew for a further period of 25 years. The lease is fixed at a rate of US$53 per hectare per annum for the first 5 years, after which it will be renegotiated in accordance with the provisions of the lease contract. Based on the current rate of US$60 per hectare per annum, the annual lease cost to the subsidiary is US$92,000.

(b) At 31 December 2020, capital commitments for the Group amounted to $919,000,000 (2019 – $Nil).

32. Litigation, Claims, Assessments and Provisions

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

33. Related Party Transactions

Sales and purchases of goods and services
During the year, the Group had sales of $152,012,000 (2019 – $150,480,000) to and purchases of $1,521,503,000 (2019 – $1,240,159,000) from Musson (Jamaica) Limited, T.Geddes Grant (Distributors) Limited and Jamaica Grain and Cereals Limited. The resulting receivables and payables in respect of these and other transactions are included in Notes 24 and 25, respectively.

A subsidiary paid cess of $10,122,000 (2019 – $15,935,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

Key management compensation

	2020 $'000	2019 $'000
Wages and salaries	428,040	406,021
Statutory contributions	32,438	26,968
Other	17,707	26,955
	478,185	459,944
Directors' emoluments –		
Fees	13,333	8,377
Medical insurance premiums	9,671	6,704
Management remuneration (included above)	198,605	159,387

Advances and loans
Loans to related parties are disclosed in Note 19. Interest earned on these loans by the Group amounted to $18,208,000 (2019 – $27,283,000).

34. Assets Held for Sale and Discontinued Operations

In July 2019, the Group discontinued the sugar manufacturing operations carried on by Golden Grove Sugar Company Limited and advertised for sale certain assets directly for use in sugar manufacturing. The associated assets were reclassified from property, plant and equipment to assets held for sale in the statement of financial position (Note 14). The movement in assets held for sale was as follows:

	2020 $'000	2019 $'000
Balance at start of year	289,241	-
Net book value transferred from property plant and equipment	-	339,241
Disposal	(3,480)	-
Impairment charge	-	(50,000)
Balance at end of year	285,761	289,241

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

	2020 $'000	2019 $'000
Revenue	-	1,200,084
Change in the fair value of sugar cane	25,902	27,050
Direct expenses	-	(1,488,064)
Gross profit/(loss)	25,902	(260,930)
Other operating income	52,526	16,596
Impairment charge –		
Assets held for sale	-	(50,000)
Long term receivables	4,065	(132,538)
Trade and other receivables		-
Administration and other operating expenses	(59,467)	(305,442)
Operating profit/(loss)	23,026	(732,314)
Finance costs	-	-
Profit/(loss) before taxation	23,026	(732,314)
Taxation	-	-
Net profit/(loss) from discontinued operations	23,026	(732,314)

The cash flows from the discontinued operations is as follows:

	2020 $'000	2019 $'000
Net cashflow from operating activities	(14,171)	(596,489)
Net cashflow from investing activities	17,375	22,000
Net cashflow from financing activities	-	-
Net cashflow from discontinued operations	3,204	(574,489)

35. Impact of the COVID-19 Pandemic

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

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

36. Post Balance Sheet Event

At a meeting of the Board of Directors on 22 February 2021, the Company declared an interim dividend of thirty cents ($0.30) per share be paid to all shareholders on record as at 10 March 2021. The dividend was paid on 15 March 2021.

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Independent auditor's report

To the Members of Seprod Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Seprod Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2021, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

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

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2021;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

The Group consists of the Company and 14 other legal entities located in Jamaica, St. Lucia, Barbados, Trinidad and Tobago and the Dominican Republic, each of which is considered as a component for audit scoping purposes. The accounting records for 9 of the legal entities are maintained at the Group head office, the remaining 6 entities' accounting records are kept at other offices in Jamaica. All entities within the Group are audited by PwC Jamaica and full scope audits were performed for all components.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equity securities (Group and Company) *Refer to notes 2(h), 4 and 17 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* Unquoted equity securities included within investments on the consolidated and stand-alone statements of financial position total $833 million as at 31 December 2021 for both the Group and the Company, which represents 1.77% and 2.12% of total assets respectively. The unquoted equity securities relate to an investment in an affiliated company over which Seprod Limited does not exercise significant influence. These securities are not quoted in an active market. The fair value of these securities is determined using a valuation model based on discounted future cash flows. We focused on this area because of the magnitude of the balance, the complexity of the valuation model used and the use of management determined assumptions, including the challenges involved in determining the impact of COVID-19 on those assumptions. The key assumptions were assessed by management as being: • investee's future cash flows; • terminal growth rates; • discount rates; and • market participant minority discount. Management used an independent valuation expert to assist in the valuation process.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: Updated our understanding and evaluated management's future cash flow forecasts, and the process by which they were determined, including testing the underlying calculations and comparing them to the latest Board approved budgets of the investee. Compared prior management budgets to actual results of the investee to evaluate the accuracy of management's forecast process. Tested management's key assumptions, including the impact of COVID-19, as follows: • compared forecasted long-term growth rates to historical results and economic and industry forecasts; • evaluated management's assumptions concerning the selected growth rates, terminal growth rates, discount rates and market participant minority discount by reference to relevant industry data; • compared the key assumptions to externally derived data, where available, including market expectations of investment return, projected economic growth and interest rates; and • sensitised management's planned growth rate in cash flows and changes in discount rates. Based on the results of the procedures performed, management's valuation of unquoted equity securities was, in our view, not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Revaluation of land and building (Group and Company) *Refer to notes 2(e), 4 and 14 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* Land & buildings included within Property, Plant & Equipment on the consolidated and stand-alone statements of financial position total $8,518 million and $2,767 million as at 31 December 2021, representing 18.16% and 7.06% of total assets of the Group and Company respectively. The determination of the fair value of land & buildings requires significant judgement and, as such, was an area of focus for the audit. Management, through an independent valuation expert, used the income capitalisation approach to determine the fair value of the land and buildings. This method takes into consideration a number of factors that require estimation and judgement. The key factors include: • estimation of rental income; • determination of a capitalisation factor; and • determination of the discount rate.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: • Updated our understanding of the valuation process and obtained information on significant developments within the industry. • Assessed the competence and objectivity of management's property valuators in order to determine whether they were appropriately qualified and whether there was any affiliation to the Group. • Assessed the appropriateness of the valuation methodology used in order to evaluate whether it was suitable for determining market value in accordance with the financial reporting framework. • Evaluated management's estimation of rental income by comparison to yields of similar properties located in the same area. • Assessed the capitalisation factor by benchmarking the assumptions used to relevant market evidence which included performing comparisons to similar properties located in the same area. • Assessed the reasonableness of the discount rate by reference to relevant industry data. Based on the procedures performed, management's valuation of land and buildings was, in our view, not unreasonable.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
6 May 2022

Seprod Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue	5	43,883,405	37,737,080
Direct expenses		(32,972,098)	(27,252,457)
Gross Profit		10,911,307	10,484,623
Finance and other operating income	6	1,523,621	2,495,683
Selling expenses		(410,432)	(469,543)
Administration and other operating expenses		(8,403,306)	(7,798,526)
Net impairment gains and losses on trade receivables		(21,707)	(31,094)
Operating Profit		3,599,483	4,681,143
Finance costs	9	(1,199,474)	(1,266,038)
Share of results of joint venture	19	79,144	(5,239)
Losses as a result of fire	35	(168,183)	-
Profit before Taxation		2,310,970	3,409,866
Taxation	10	(171,724)	(560,976)
Net Profit from Continuing Operations		2,139,246	2,848,890
Net (loss)/profit from discontinued operations	34	(145,825)	23,026
Net Profit		1,993,421	2,871,916
Other Comprehensive Income, net of taxes			
Item that may be reclassified to profit or loss –			
Currency translation gains and losses	10	34,984	(113,979)
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	2,175	6,675
Unrealized fair value gains and losses on investments	10	19,018	203,050
Unrealized fair value gains and losses on property	10	5,459,891	-
TOTAL COMPREHENSIVE INCOME		7,509,489	2,967,662
Earnings per Stock Unit attributable to Stockholders of the Company	12		
Continuing operations		$2.92	$3.89
Discontinued operations		($0.20)	$0.03
		$2.72	$3.92

Seprod Limited

Consolidated Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Non-current Assets			
Property, plant and equipment	14	13,928,077	6,958,333
Right of use assets	15	143,478	397,489
Intangible assets	16	8,931,168	9,172,622
Investments	17	883,791	1,703,260
Investment in joint venture	19	697,063	448,831
Long term receivables	20	1,383,940	720,862
Post-employment benefit asset	21	25,100	25,100
Biological assets	22	444,773	411,220
Deferred tax assets	29	1,297,889	1,202,975
		27,735,279	21,040,692
Current Assets			
Inventories	23	10,209,503	7,563,688
Biological assets	22	154,683	276,185
Trade and other receivables	24	6,474,952	5,518,363
Current portion of long term receivables	20	174,307	408,050
Non-current assets held for sale	34	285,761	285,761
Taxation recoverable		227,407	201,239
Cash and bank balances		1,649,752	2,785,996
		19,176,365	17,039,282
Current Liabilities			
Payables	25	8,448,371	5,733,019
Current portion of long term liabilities	28	3,215,872	3,664,323
Current portion of lease obligation	15	65,633	168,399
Taxation payable		147,309	313,545
		11,877,185	9,879,286
Net Current Assets		7,299,180	7,159,996
		35,034,459	28,200,688
Equity Attributable to Stockholders of the Company			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	6,700,164	1,186,271
Retained earnings		10,980,182	9,938,198
		23,448,904	16,893,027
Non-current Liabilities			
Post-employment benefit obligations	21	134,600	134,300
Long term liabilities	28	9,281,196	9,399,959
Lease obligation	15	94,176	239,901
Deferred tax liabilities	29	2,075,583	1,533,501
		11,585,555	11,307,661
		35,034,459	28,200,688

Approved for issue by the Board of Directors on 5 May 2022 and signed on its behalf by:

Paul B. Scott — Director	Richard Pandohie — Director

Seprod Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2020	733,488	5,768,558	1,097,200	8,104,479	14,970,237
Profit for the year	-	-	-	2,871,916	2,871,916
Re-measurements on post-employment benefits	-	-	-	6,675	6,675
Currency translation gains and losses	-	-	(113,979)	-	(113,979)
Fair value gains on investments	-	-	203,050	-	203,050
Total comprehensive income	-	-	89,071	2,878,591	2,967,662
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(1,044,872)	(1,044,872)
Balance at 31 December 2020	733,488	5,768,558	1,186,271	9,938,198	16,893,027
Profit for the year	-	-	-	1,993,421	1,993,421
Re-measurements on post-employment benefits	-	-	-	2,175	2,175
Currency translation gains and losses	-	-	34,984	-	34,984
Fair value gains on investments	-	-	19,018	-	19,018
Fair value gains on property	-	-	5,459,891	-	5,459,891
Total comprehensive income	-	-	5,513,893	1,995,596	7,509,489
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(953,612)	(953,612)
Balance at 31 December 2021	733,488	5,768,558	6,700,164	10,980,182	23,448,904

Seprod Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	30	2,675,516	3,186,711
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,654,956)	(531,423)
Net proceeds on disposal of property, plant and equipment		29,103	(10,610)
Purchase of investments		(30,000)	-
Issue of long term receivables		-	(660,007)
Repayment of long term receivables		506,067	280,437
Interest received		80,121	93,436
Dividends received		1,436	40
Cash used in investing activities		(1,068,229)	(828,127)
Cash Flows from Financing Activities			
Long term loans received		3,135,599	3,221,787
Long term loans repaid		(3,857,182)	(2,518,468)
Lease obligation		(215,338)	(201,325)
Dividends paid		(953,612)	(611,650)
Interest paid		(994,603)	(1,004,049)
Cash used in financing activities		(2,885,136)	(1,113,705)
(Decrease)/increase in cash and cash equivalents		(1,277,849)	1,244,879
Net effect of foreign currency translation on cash		141,605	64,825
Cash and cash equivalents at beginning of year		2,785,996	1,476,292
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,649,752	2,785,996

Seprod Limited

Company Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Group costs recovered from subsidiaries		1,086,566	1,062,679
Finance and other operating income	6	865,827	1,423,486
Administration expenses	7	(1,148,931)	(1,174,209)
Operating Profit		803,462	1,311,956
Finance costs	9	(737,245)	(601,728)
Profit before Taxation		66,217	710,228
Taxation	10	(15,435)	11,895
Net Profit	11	50,782	722,123
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	2,175	6,675
Unrealized fair value gains and losses on investments	10	19,018	203,050
Unrealized fair value gains and losses on property	10	2,139,540	-
TOTAL COMPREHENSIVE INCOME		2,211,515	931,848

Seprod Limited

Company Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Non-current Assets			
Property, plant and equipment	14	4,044,161	705,267
Investments	17	853,791	1,703,260
Investment in subsidiaries	18	7,863,313	7,863,313
Investment in joint venture	19	434,114	434,114
Long term receivables	20	4,712,860	3,843,628
Post-employment benefit assets	21	25,100	25,100
Deferred tax assets	29	-	37,218
		17,933,339	14,611,900
Current Assets			
Trade and other receivables	24	53,129	213,392
Current portion of long term receivables	20	1,498,011	1,505,449
Tax recoverable		50,130	61,053
Due from subsidiaries		19,677,776	17,780,648
Cash and bank balances		-	570,715
		21,279,046	20,131,257
Current Liabilities			
Payables	25	588,195	412,545
Current portion of long term liabilities	28	2,268,184	3,023,730
Due to subsidiaries		17,342,380	14,703,404
Bank overdraft		381,884	-
		20,580,643	18,139,679
Net Current Assets		698,403	1,991,578
		18,631,742	16,603,478
Equity			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	2,875,590	717,032
Retained earnings		3,585,380	4,486,035
		12,229,528	10,971,625
Non-current Liabilities			
Post-employment benefit obligations	21	134,600	134,300
Long term liabilities	28	6,018,320	5,497,553
Deferred tax liabilities	29	249,294	-
		6,402,214	5,631,853
		18,631,742	16,603,478

Approved for issue by the Board of Directors on 5 May 2022 and signed on its behalf by:

Paul B. Scott Director

Richard Pandohie Director

Seprod Limited

Company Statement of Changes in Equity

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2020	733,488	5,768,558	513,982	4,802,109	11,084,649
Profit for the year	-	-	-	722,123	722,123
Re-measurements on post-employment benefits	-	-	-	6,675	6,675
Fair value gains on investments	-	-	203,050	-	203,050
Total comprehensive income	-	-	203,050	728,798	931,848
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(1,044,872)	(1,044,872)
Balance at 31 December 2020	733,488	5,768,558	717,032	4,486,035	10,971,625
Profit for the year	-	-	-	50,782	50,782
Re-measurements on post-employment benefits	-	-	-	2,175	2,175
Fair value gains on investments	-	-	19,018	-	19,018
Fair value gains on property	-	-	2,139,540	-	2,139,540
Total comprehensive income	-	-	2,158,558	52,957	2,211,515
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(953,612)	(953,612)
Balance at 31 December 2021	733,488	5,768,558	2,875,590	3,585,380	12,229,528

Seprod Limited

Company Statement of Cash Flows

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	30	1,186,787	995,906
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(996,072)	(158,964)
Net proceeds on disposal of property, plant and equipment		-	(25,865)
Proceeds on disposal of investment		78,251	-
Issue of long term receivables		-	(660,007)
Repayment of long term receivables		499,870	346,092
Interest received		61,160	143,812
Dividends received		1,436	40
Cash used in investing activities		(355,355)	(354,892)
Cash Flows from Financing Activities			
Long term loans received		2,635,599	1,681,499
Long term loans repaid		(3,010,134)	(524,026)
Dividends paid		(953,612)	(611,650)
Interest paid		(597,489)	(570,911)
Cash used in financing activities		(1,925,636)	(25,088)
(Decrease)/increase in cash and cash equivalents		(1,094,204)	615,926
Net effect of foreign currency translation on cash		141,605	64,825
Cash and cash equivalents at beginning of year		570,715	(110,036)
CASH AND CASH EQUIVALENTS AT END OF YEAR		(381,884)	570,715

Seprod Limited

Notes to the Financial Statements
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations

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

The Company and its subsidiaries are collectively referred to as "the Group". The Company's subsidiaries (all wholly owned) and its joint venture entity, their principal activities and their countries of incorporation and domicile are as follows:

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

Joint venture entity	Principal activity	Country of Incorporation and Domicile
Jamaica Grain and Cereals Limited	Manufacture and sale of corn and wheat products and cereals	Jamaica

* Golden Grove Funding Limited was closed during the year. The company was dormant at the date of closure.

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

Voluntary change in accounting policy during the year

As outlined in Note 2 (e), as of 31 December 2021 the Group changed its accounting policy for land and buildings from the historical cost basis to the revaluation basis. Prior to this date, land and buildings were recorded at historical cost, less subsequent depreciation of buildings. As of 31 December 2021, land and buildings are shown at market value based on triennial valuations by external independent valuers, less subsequent depreciation of buildings. Pursuant to the provision of paragraph 17 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', the change in accounting policy was applied prospectively (i.e., comparative amounts were not restated). As a result of the change in accounting policy, the increase in the carrying value of land and buildings at 31 December 2021 was $6,078,472,000 for the Group and $2,409,892,000 for the Company (Note 14), with a corresponding increase in capital reserves.

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

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

Amendments to IFRS 7, 'Financial Instruments: Disclosures', IFRS 9, 'Financial Instruments', Amendment to IFRS 16, 'Leases' and IAS 39, 'Financial Instruments: Recognition and Measurement' (effective for annual periods beginning on or after 1 January 2021). Market developments have brought into question the long-term viability of Interbank offered rates (IBORs). These second phase amendments follow a first phase that was effective in the prior year, and address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The amendments had no impact on the Group's financial statements as the Group currently does not engage in long-term transactions impacted by (IBORs).

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

Amendment to IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2023). This amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date, such as the receipt of a waiver or a breach of covenant. The amendment further clarifies the reference to the 'settlement' of a liability. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

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

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

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

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)
Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted (continued)

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

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

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

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

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

Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022). The IASB issued its Annual Improvements to IFRSs 2018-2020 cycle amending a number of standards, the following of which are relevant to the Group:

- *IFRS 9, 'Financial Instruments'* to clarify the fees that should be included in the 10% test for derecognition of financial liabilities;
- *IFRS 16, 'Leases'*, in which illustrative example 13 was amended to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives; and
- *IAS 41, 'Agriculture'* to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 (this amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis).

It is not anticipated that the improvements will have a significant impact on the Group's financial statements.

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2. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Joint ventures
Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of each investor. The Group has assessed the nature of its joint arrangement and has determined it to be a joint venture. The Group's interest in the joint venture is accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture, less any impairment.

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

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2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Sales of goods

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

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

Interest income

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

Dividend income

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

(d) Foreign currency translation

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

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

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

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

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2. Significant Accounting Policies (Continued)

(e) Property, plant and equipment

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

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

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

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(f) Intangible assets

Goodwill

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

Distribution network

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

Supplier relationships, trade names and brands

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

(g) Impairment of non-financial assets

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

(h) Financial assets

Classification

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

Recognition and measurement

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

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

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

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

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

Impairment

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

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

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

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

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

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

Application of the Simplified Approach to trade receivables

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

(i) Biological assets

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

2. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(q) Leases

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

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

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

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

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(r) Income taxes

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

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

(s) Employee benefits

Pension obligations

Defined benefit plan

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

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

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

Defined contribution plan

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

Other post-employment benefits

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

Termination benefits

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

Profit share scheme

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

2. Significant Accounting Policies (Continued)

(t) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

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

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

(w) Investment in subsidiaries
Investment in subsidiaries are stated at cost.

3. Financial Risk Management

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

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

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

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

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

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3. Financial Risk Management (Continued)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Investments, at fair value through other comprehensive income	883,791	1,703,260	853,791	1,703,260
Long term receivables, at fair value through profit or loss	111,685	139,732	59,742	75,421
At cost or amortised cost –				
Long term receivables	1,446,562	989,180	6,151,129	5,273,656
Trade and other receivables	5,661,033	5,068,186	-	80,097
Due from subsidiaries	-	-	19,677,776	17,780,648
Cash and bank balances	1,649,752	2,785,996	-	570,715
	8,757,347	8,843,362	25,828,905	23,705,116
	9,752,823	10,686,354	26,742,438	25,483,797
Financial Liabilities				
At cost or amortised cost –				
Due to subsidiaries	-	-	17,342,380	14,703,404
Trade and other payables	7,419,113	5,094,320	412,209	331,850
Long term liabilities	12,497,068	13,064,282	8,286,504	8,521,283
Lease obligation	159,809	408,300	-	-
Bank overdraft	-	-	381,884	-
	20,075,990	18,566,902	26,422,977	23,556,537

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

(a) Credit risk

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

Investments

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

Long term receivables

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

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

Cash and bank balances

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

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables

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

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

	2021					
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	1,274,142	280,871	16,114	5,902	65,343	1,642,372
Retailers & wholesalers	515,513	61,479	10,486	5,023	68,025	660,526
Distributors	632,112	271,473	64,000	68,669	117,145	1,153,399
Manufacturers	106,167	35,869	2,929	33	16,878	161,876
Others	485,414	250,268	180,288	140,761	381,623	1,438,354
	3,013,348	899,960	273,817	220,388	649,014	5,056,527
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	1.20%	2.03%	15.05%	18.01%	40.10%	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	36,224	18,346	41,207	39,693	279,663	415,103

	2020					
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	1,025,814	172,359	8,583	2,073	36,779	1,245,608
Retailers & wholesalers	386,381	25,819	8,587	323	60,966	482,076
Distributors	499,770	327,624	107,175	114,449	139,530	1,188,548
Manufacturers	67,549	43,857	8,526	13,117	12,036	145,085
Others	444,416	214,466	101,749	127,275	424,285	1,312,191
	2,423,930	784,125	234,620	257,237	673,596	4,373,508
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.93	1.87	4.79	10.66	46.26	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	22,472	14,693	11,244	27,430	311,633	387,473

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

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables (continued)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	387,473	356,459	-	-
Provided during the year	28,150	31,094	-	-
Written off during the year	(520)	(80)	-	-
At end of year	415,103	387,473	-	-

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

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

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3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

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

Undiscounted contractual cash flows of financial liabilities

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

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
			2021			
Long term liabilities	561,417	325,693	3,089,986	9,383,139	2,245,063	15,605,298
Lease obligation	11,041	17,083	44,924	81,105	42,459	196,612
Trade and other payables	7,419,113	-	-	-	-	7,419,113
	7,991,571	342,776	3,134,910	9,464,244	2,287,522	23,221,023
			2020			
Long term liabilities	164,398	227,685	4,019,094	9,905,424	1,428,336	15,744,937
Lease obligation	16,743	33,486	150,687	223,011	55,908	479,835
Trade and other payables	5,094,320	-	-	-	-	5,094,320
	5,275,461	261,171	4,169,781	10,128,435	1,484,244	21,319,092

	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
			2021			
Long term liabilities	302,359	39,917	2,422,800	5,603 450	2,245,063	10,613,589
Due to subsidiaries	17,342,380	-	-	-	-	17,342,380
Other payables	412,209	-	-	-	-	412,209
	18,056,948	39,917	2,422,800	5,603 450	2,245,063	28,368,178
			2020			
Long term liabilities	117,296	33,172	3,312,073	6,587,689	-	10,050,230
Due to subsidiaries	14,703,404	-	-	-	-	14,703,404
Other payables	331,850	-	-	-	-	331,850
	15,152,550	33,172	3,312,073	6,587,689	-	25,085,484

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

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3. Financial Risk Management (Continued)

(c) Market risk

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

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

Currency risk

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

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities.

The statement of financial position for the Group at 31 December 2021 includes aggregate net foreign assets/(liabilities) of (US$3,240,000), Euro$4,000, £67,000 and Canadian$1,000 (2020 – aggregate net foreign assets of US$2,640,000, Euro$20,000, £154,000 and Canadian$1,000).

The statement of financial position for the Company at 31 December 2021 includes aggregate net foreign assets of US$35,039,000, Euro$4,000, £10,000 and Canadian$1,000 (2020 – aggregate net foreign assets of US$40,221,000, Euro$20,000, £97,000 and Canadian$1,000), in respect of such transactions.

The above amounts include financial investments of US$5,450,000 (2020 – US$11,970,000) in respect of which foreign exchange gains and losses are reported in other comprehensive income.

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

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Effect on profit before taxation -				
US$				
8% devaluation (2020 – 6%)	(109,352)	(81,318)	357,264	237,684
2% revaluation (2020 – 2%)	27,338	27,106	(89,316)	(79,228)
Other currencies				
8% devaluation (2020 – 6%)	1,136	1,938	224	1,302
2% revaluation (2020 – 2%)	(284)	(646)	(56)	(434)
Effect on other items of equity -				
US$				
8% devaluation (2020 – 6%)	66,736	101,100	66,736	101,100
2% revaluation (2020 – 2%)	(16,684)	(33,700)	(16,684)	(33,700)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

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

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

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

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

Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity	Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity
2021	2021	2021	2020	2020	2020
JMD / USD	$'000	$'000	JMD / USD	$'000	$'000
		The Group			
+100/+100	(20,544)	-	+100/+100	(25,108)	-
-100/-100	20,544	-	-100/-100	25,108	-
		The Company			
+100/+100	(12,000)	-	+100/+100	(16,565)	-
-100/-100	12,000	-	-100/-100	16,565	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

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

The Group

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2021			
Financial assets							
Investments	-	-	-	30,000	-	853,791	883,791
Long term receivables	-	-	174,307	803,482	580,458	-	1,558,247
Trade and other receivables	-	-	-	-	-	5,661,033	5,661,033
Cash and bank	1,641,434	-	-	-	-	8,318	1,649,752
	1,641,434	-	174,307	833,482	580,458	6,523,142	9,752,823
Financial liabilities							
Long term liabilities	426,236	2,294,700	1,304,024	6,748,336	1,690,186	33,586	12,497,068
Lease obligation	9,373	15,493	40,767	57,442	36,734	-	159,809
Payables	-	-	-	-	-	7,419,113	7,419,113
	435,609	2,310,193	1,344,791	6,805,778	1,726,920	7,452,699	20,075,990
Total interest repricing gap	1,205,825	(2,310,193)	(1,170,484)	(5,972,296)	(1,146,462)	(929,557)	(10,323,167)
				2020			
Financial assets							
Investments	-	-	-	-	-	1,703,260	1,703,260
Long term receivables	-	-	408,050	115,557	605,305	-	1,128,912
Trade and other receivables	-	-	-	-	-	5,068,186	5,068,186
Cash and bank	2,777,678	-	-	-	-	8,318	2,785,996
	2,777,678	-	408,050	115,557	605,305	6,779,764	10,686,354
Financial liabilities							
Long term liabilities	37,854	991,049	2,603,439	8,915,503	484,456	31,981	13,064,282
Lease obligation	14,033	28,067	126,300	190,814	49,086	-	408,300
Payables	-	-	-	-	-	5,094,320	5,094,320
	51,887	1,019,116	2,729,739	9,106,317	533,542	5,126,301	18,566,902
Total interest repricing gap	2,725,791	(1,019,116)	(2,321,689)	(8,990,760)	71,763	1,653,463	(7,880,548)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The Company

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2021			
Financial assets							
Investments	-	-	-	-	-	853,791	853,791
Long term receivables	-	-	161,713	4,132,402	580,458	1,336,298	6,210,871
Due from subsidiaries	-	-	-	-	-	19,677,776	19,677,776
	-	-	161,713	4,132,402	580,458	21,867,865	26,742,438
Financial liabilities							
Long term liabilities	192,086	1,214,314	828,198	4,328,134	1,690,186	33,586	8,286,504
Payables	-	-	-	-	-	412,209	412,209
Due to subsidiaries	-	-	-	-	-	17,342,380	17,342,380
Bank overdraft	381,884	-	-	-	-	-	381,884
	573,970	1,214,314	828,198	4,328,134	1,690,186	17,788,175	26,422,977
Total interest repricing gap	(573,970)	(1,214,314)	(666,485)	(195,732)	(1,109,728)	4,079,690	319,461
				2020			
Financial assets							
Investments	-	-	-	-	-	1,703,260	1,703,260
Long term receivables	-	-	395,188	3,238,323	605,305	1,110,261	5,349,077
Trade and other receivables	-	-	-	-	-	80,097	80,097
Due from subsidiaries	-	-	-	-	-	17,780,648	17,780,648
Cash and bank	562,457	-	-	-	-	8,258	570,715
	562,457	-	395,188	3,238,323	605,305	20,682,524	25,483,797
Financial liabilities							
Long term liabilities	4,774	9,650	2,977,325	5,497,553	-	31,981	8,521,283
Payables	-	-	-	-	-	331,850	331,850
Due to subsidiaries	-	-	-	-	-	14,703,404	14,703,404
	4,774	9,650	2,977,325	5,497,553	-	15,067,235	23,556,537
Total interest repricing gap	557,683	(9,650)	(2,582,137)	(2,259,230)	605,305	5,615,289	1,927,260

Price risk

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

Based on its holding of investments as at 31 December 2020 and 2021, there is no significant impact on the Group's stockholders' equity at either year end arising from changes in equity prices.

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3. Financial Risk Management (Continued)

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

(e) Fair value estimates
Fair values of financial instruments re-measured at their fair value after initial recognition
Financial instruments classified in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

At 31 December 2021, the Group and the Company had quoted equity securities classified in Level 1 amounting to $21,291,000 (2020 – $18,258,000).

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

At 31 December 2021, the Group had securities issued by the Government of Jamaica classified in Level 2 amounting to $30,000,000 (2020 – $Nil).

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

At 31 December 2021, The Group and the Company had unquoted equity securities with a fair value of $832,500,000 (2020 – $1,685,002,000) classified as fair value through other comprehensive income and categorised as Level 3.

The movement in these instruments is as follows:

	2021	**2020**
	$'000	**$'000**
At start of year	1,685,002	1,471,718
Disposals	(868,487)	-
Fair value gains and losses	(53,463)	88,684
Foreign exchange gains and losses	69,448	124,600
At end of year	832,500	1,685,002

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

Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Discount rate	12% (2020 – 11%)	If the discount rate increases the fair value decreases
Terminal growth rate	3% (2020 – 3%)	If the terminal growth rate increases the fair value increases
Market participant minority discount	20% (2020 – 20%)	If the market participant minority discount increases the fair value decreases

There were no transfers between levels during the year.

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

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

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

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

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

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

Fair values of property

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

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

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

Fair values of biological assets

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

Livestock

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

Forage

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

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

	2021	2020
	$'000	$'000
Opening balance	411,220	409,370
Decreases due to sales	(53,280)	(94,787)
Total gains or losses for the period included in profit or loss	86,833	96,637
Closing balance	444,773	411,220
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	86,833	96,637
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	56,426	53,358

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

	2021	2020
	$'000	$'000
Opening balance	276,185	286,549
Value received for cane on partial surrender of leased lands	-	(36,266)
Total gains or losses for the period included in profit or loss	(121,502)	25,902
Closing balance	154,683	276,185
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(121,502)	25,902
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(121,502)	25,902

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

Fair values of biological assets (continued)

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

Fair Value at 2021

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

Fair Value at 2020

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$34,000- $136,500 ($95,675) per animal	The higher the market price, the higher the fair value.
Other livestock price	$11,050- $114,750 ($95,698) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

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

Fair Value at 2021

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

Fair Value at 2020

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

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

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

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

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

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

For the valuation of biological assets at the year end, if the price per animal had changed by 5% with all other variables constant, the fair value would change accordingly by $21,376,000.

Forage
The sugar cane in the fields at 31 December 2021 will be used primarily as a substitute for components of animal feed. In doing the valuation for sugar cane, the Group first determines a price per tonne of cane based on the prices per tonne of the components of animal feed that will be substituted. This price per tonne of fully grown cane is used as the base for determining the fair value for the cane in each field, at the various stages in the cane harvest cycle. In valuing the cane for each cane field in each cane farm, the Group estimates each field's yield, by estimating the tonnes of cane to be reaped, per hectare of cane planted. The value of the cane considers the stage of growth of the cane, using certain assumptions regarding the relationship between the stage of growth of the cane and the cane's value. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the prices per tonne of the components of animal feed that will be substituted.

For the valuation of biological assets at the year end, if the price of hay had changed by 5%, with all other variables constant, the fair value would have changed accordingly by $7,734,000.

Fair value of unquoted equity securities
The fair value of securities not quoted in an active market are determined using valuation techniques. The Group exercises judgement and estimates on the quantity and quality of cashflow projections used. Where no market data is available, the Group values positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard for this purpose. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are reviewed by external experts. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the discount rate of 12%, terminal growth rate of 3% and a market participant minority discount of 20% and investee's future cash flows.

For the valuation of unquoted ordinary shares at the year-end: if the discount rate had increased/decreased to 13%/11% with all other variables constant, the fair value would decrease/increase from US$5,450,000 to US$3,179,000/US$8,287,000; and if the terminal growth rate had increased/decreased to 3.5%/2.5% with all other variables constant, the fair value would increase/decrease from US$5,450,000 to US$6,446,000/US$4,556,000.

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

Fair value of property

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

Goodwill

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

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

Joint venture

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

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5. Business Segments

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

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

	2020			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	9,104,390	28,632,690	-	37,737,080
Inter-segment revenue	19,111,914	-	(19,111,914)	-
Total revenue	28,216,304	28,632,690	(19,111,914)	37,737,080
Segment result	2,075,608	1,872,223	-	3,947,831
Unallocated corporate income				733,312
Operating profit				4,681,143
Segment assets	12,815,259	9,858,190	-	22,673,449
Unallocated corporate assets				15,406,525
Total consolidated assets				38,079,974
Segment liabilities	5,390,169	5,311,163	-	10,701,332
Unallocated corporate liabilities				10,485,615
Total consolidated liabilities				21,186,947
Other segment items –				
Capital expenditure	311,508	60,951	-	372,459
Unallocated capital expenditure				158,964
Total capital expenditure				531,423
Depreciation	629,756	184,047	-	813,803
Unallocated depreciation				49,898
Total depreciation				863,701

The Group's customers are mainly resident in, and operate from, Jamaica. Revenues of $2,601,768,000 (2020 - $2,187,592,000) were earned from customers resident in other countries.

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6. Finance and Other Operating Income

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income on quoted investments	1,436	40	1,436	40
Gain on disposal of property, plant and equipment	7,132	753,939	-	747,812
Interest income from subsidiaries	-	-	220,169	276,149
Other interest income	80,121	75,936	67,028	58,850
Net foreign exchange gains and losses	1,183,532	1,173,314	541,808	242,451
Rental income from subsidiaries	-	-	35,055	34,797
Other rental income	29,057	80,118	257	46,183
Other	222,343	412,336	74	17,204
	1,523,621	2,495,683	865,827	1,423,486

7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and promotion	545,626	518,897	13,643	14,804
Amortisation of intangible assets	241,454	242,115	-	-
Auditors' remuneration	40,099	37,128	11,876	11,006
Cost of inventories recognised as an expense	28,645,137	23,657,591	-	-
Delivery charges	824,633	667,707	-	55
Depreciation of property, plant and equipment	724,318	723,511	53,199	49,898
Depreciation of right of use assets	339,941	140,190	-	-
Donations	33,257	44,138	33,257	44,138
Feed, chemicals and veterinary supplies	532,200	458,794	-	-
Fertilising	-	3,805	-	-
Insurance	415,764	390,960	39,749	21,407
Motor vehicle expenses	193,404	31,066	12,782	7,601
Net impairment losses on trade receivables	28,150	31,094	-	-
Non-recoverable GCT	76,932	86,135	5,851	17,339
Professional services	250,134	167,200	137,836	100,111
Raw and packaging material	527,972	498,167	-	-
Repairs and maintenance	1,227,150	1,028,182	19,004	21,159
Security	226,448	207,796	44,963	44,664
Staff costs (Note 8)	4,280,662	4,128,496	601,135	667,704
Supplies	10,085	15,123	3,727	6,488
Utilities	1,493,447	1,161,831	53,963	31,034
Other	1,150,730	1,311,694	117,946	136,801
	41,807,543	35,551,620	1,148,931	1,174,209

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8. Staff Costs

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Wages and salaries	3,279,639	3,218,347	433,362	506,152
Statutory contributions	374,733	355,268	48,620	48,957
Pension – defined benefit (Note 21)	3,200	5,300	3,200	5,300
Pension – defined contribution (Note 21)	97,472	83,104	13,588	13,538
Other post-employment benefits (Note 21)	11,800	10,900	11,800	10,900
Other	513,818	455,577	90,565	82,857
	4,280,662	4,128,496	601,135	667,704

9. Finance Costs

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Net foreign exchange gains and losses	127,180	137,127	113,949	2,628
Interest expense –				
Long term liabilities	869,032	883,450	547,849	543,814
Lease obligation	37,271	106,354	-	-
Other	128,751	90,348	51,245	20,914
Amortisation of deferred financing fees	37,240	48,759	24,202	34,372
	1,199,474	1,266,038	737,245	601,728

10. Taxation Expense

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

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current taxation	517,687	396,999	-	-
Adjustment to prior year provision	(4,737)	(37,200)	-	-
	512,950	359,799	-	-
Deferred taxation (Note 29)	(341,226)	201,177	15,435	(11,895)
	171,724	560,976	15,435	(11,895)

10. Taxation Expense (Continued)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	2,310,970	3,409,866	66,217	710,228
Tax calculated at a tax rate of 25%	577,743	852,466	16,554	177,557
Adjusted for the effect of:				
Investment income not subject to tax	(109,763)	(261,771)	(32,959)	(261,526)
Adjustment to prior year provision	(4,737)	(37,200)	-	-
Employment tax credit	(32,367)	(53,744)	-	-
Expenses not deductible	107,121	143,710	37,182	55,073
Results of joint venture included net of tax	(19,786)	1,310	-	-
Recognition of previously unrecognised tax losses	(522,140)	(145,805)	-	-
Tax losses in respect of which no deferred tax is recognised	113,824	-	-	-
Other charges and credits	61,829	62,010	(5,342)	17,001
	171,724	560,976	15,435	(11,895)

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

	The Group		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
		2021	
Currency translation gains and losses	34,984	-	34,984
Re-measurements of post-employment benefit obligations	2,900	(725)	2,175
Unrealised fair value gains and losses on investments	19,018	-	19,018
Unrealised fair value gains and losses on property	6,247,560	(787,669)	5,459,891
Other comprehensive income	6,304,462	(788,394)	5,516,068
		2020	
Currency translation gains and losses	(113,979)	-	(113,979)
Re-measurements of post-employment benefit obligations	8,900	(2,225)	6,675
Unrealised fair value gains and losses on investments	203,050	-	203,050
Other comprehensive income	97,971	(2,225)	95,746

	The Company		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
		2021	
Re-measurements of post-employment benefit obligations	2,900	(725)	2,175
Unrealised fair value gains and losses on investments	19,018	-	19,018
Unrealised fair value gains and losses on property	2,409,892	(270,352)	2,139,540
Other comprehensive income	2,431,810	(271,077)	2,160,733
		2020	
Re-measurements of post-employment benefit obligations	8,900	(2,225)	6,675
Unrealised fair value gains and losses on investments	203,050	-	203,050
Other comprehensive income	211,950	(2,225)	209,725

11. Net Profit Attributable to Stockholders of the Company

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

	2021 $'000	2020 $'000
The Company	50,782	722,123
Subsidiaries	1,863,495	2,155,032
Joint venture	79,144	(5,239)
	1,993,421	2,871,916

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

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

	2021 $'000	2020 $'000
Net profit/(loss) attributable to stockholders of the Company		
Continuing operations	2,139,246	2,848,890
Discontinued operations	(145,825)	23,026
	1,993,421	2,871,916
Weighted average number of ordinary stock units ('000)	733,488	733,488
Basic earnings per stock unit ($)		
Continuing operations	2.92	3.89
Discontinued operations	(0.20)	0.03
	2.72	3.92

The Company has no dilutive potential ordinary shares.

13. Dividends Declared

	2021 $'000	2020 $'000
Interim dividends –		
30 cents per stock unit – 22 February 2021	220,064	-
50 cents per stock unit – 26 July 2021	366,774	-
50 cents per stock unit – 8 November 2021	366,774	
142 cents per stock unit – 17 September 2020	-	1,044,872
	953,612	1,044,872

On 17 September 2020, the Company declared an interim dividend payable on 16 October 2020 as follows:

(i) Shareholders owning at least 20,000 shares received cash at a rate of $0.30 per share, as well as 15,447,465 shares in the Eppley Caribbean Property Fund – Value Fund (CPFV Shares) at a ratio of 0.02171 CPFV Shares for every share held in the Company (the Company had previously received the CPFV Shares as proceeds for the sale of a property to Eppley Caribbean Property Fund – Value Fund); and

(ii) Shareholders owning less than 20,000 shares received cash at a rate of $0.30 per share, as well as cash in lieu of an allocation of CPFV Shares at a ratio of 0.02171 CPFV Shares (valued based on the closing price of CPFV Shares on the Jamaica Stock Exchange as at 17 September 2020) for every share held in the Company.

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14. Property, Plant and Equipment

	The Group					
	Freehold Land & Site Improvements $'000	**Buildings $'000**	**Plant, Equipment & Furniture $'000**	**Motor Vehicles $'000**	**Work in Progress $'000**	**Total $'000**
			2021			
Cost -						
At 1 January 2021	733,037	2,461,345	7,461,689	218,643	278,814	11,153,528
Adjustment to opening balances	2	72,643	1,431,020	278,999	(1)	1,782,663
At 1 January 2021	733,039	2,533,988	8,892,709	497,642	278,813	12,936,191
Additions	-	22,167	276,609	43,557	1,312,623	1,654,956
Disposals	-	(9,087)	(253,541)	(40,714)	-	(303,342)
Write-offs/Adjustments	(2)	(42,449)	42,451	(5,012)	(13,871)	(18,883)
Transfers	-	-	-	-	-	-
Revaluation	2,910,273	2,369,881	-	-	103,436	5,383,590
At 31 December 2021	3,643,310	4,874,500	8,958,228	495,473	1,681,001	19,652,512
Accumulated Depreciation -						
At 1 January 2021	-	585,693	3,522,414	87,088	-	4,195,195
Adjustment to opening balances	-	79,641	1,424,987	278,035		1,782,663
At 1 January 2021	-	665,334	4,947,401	365,123	-	5,977,858
Charge for the year	-	57,390	613,935	52,993	-	724,318
On disposals	-	(5,189)	(240,491)	(36,382)		(282,062)
Write-offs/Adjustments	-	(22,653)	21,856	-	-	(797)
Revaluation	-	(694,882)	-	-	-	(694,882)
At 31 December 2021	-	-	5,342,701	381,734	-	5,724,435
Net Book Value -						
At 31 December 2021	3,643,310	4,874,500	3,615,527	113,739	1,681,001	13,928,077
			2020			
Cost -						
At 1 January 2020	736,600	2,569,575	6,422,779	153,952	967,821	10,850,727
Additions	-	3,779	63,646	87,935	376,063	531,423
Disposals	(3,563)	(152,491)	(32,717)	(23,244)	-	(212,015)
Write-offs/Adjustments	-	-	722	-	(17,329)	(16,607)
Transfers	-	40,482	1,007,259	-	(1,047,741)	-
At 31 December 2020	733,037	2,461,345	7,461,689	218,643	278,814	11,153,528
Accumulated Depreciation -						
At 1 January 2020	-	658,199	2,932,566	62,607	-	3,653,292
Charge for the year	-	57,305	621,981	44,225	-	723,511
On disposals	-	(129,731)	(32,515)	(19,744)	-	(181,990)
Write-offs/Adjustments	-	-	382	-	-	382
At 31 December 2020	-	585,693	3,522,414	87,088	-	4,195,195
Net Book Value -						
At 31 December 2020	733,037	1,875,652	3,939,275	131,555	278,814	6,958,333

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14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements $'000	Buildings $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
			2021			
Cost -						
At 1 January 2021	156,518	421,923	268,924	72,587	121,889	1,041,841
Additions	-	-	15,324	14,918	965,830	996,072
Disposals	-	-	(22,803)	-	-	(22,803)
Write-offs/Adjustments	-	-	-	-	(13,871)	(13,871)
Revaluation	1,328,482	860,077	-	-	103,436	2,291,995
At 31 December 2021	1,485,000	1,282,000	261,445	87,505	1,177,284	4,293,234
Accumulated Depreciation -						
At 1 January 2021	-	109,099	178,779	48,696	-	336,574
Charge for the year	-	8,798	25,909	18,492	-	53,199
Relieved on disposals	-	-	(22,803)	-	-	(22,803)
Revaluation	-	(117,897)	-	-	-	(117,897)
At 31 December 2021	-	-	181,885	67,188	-	249,073
Net Book Value -						
At 31 December 2021	1,485,000	1,282,000	79,560	20,317	1,177,284	4,044,161
			2020			
Cost -						
At 1 January 2020	160,081	571,909	284,821	59,766	5,976	1,082,553
Additions	-	-	8,154	12,821	137,989	158,964
Disposals	(3,563)	(152,491)	(30,371)	-	-	(186,425)
Write-offs/Adjustments	-	-	-	-	(13,251)	(13,251)
Transfers	-	2,505	6,320	-	(8,825)	-
At 31 December 2020	156,518	421,923	268,924	72,587	121,889	1,041,841
Accumulated Depreciation -						
At 1 January 2020	-	229,054	184,529	33,195	-	446,778
Charge for the year	-	9,776	24,621	15,501	-	49,898
Relieved on disposals	-	(129,731)	(30,371)	-	-	(160,102)
At 31 December 2020	-	109,099	178,779	48,696	-	336,574
Net Book Value -						
At 31 December 2020	156,518	312,824	90,145	23,891	121,889	705,267

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

At 31 December 2021, land and buildings are stated on a revaluation basis based on valuations done by a professional independent valuer. The revaluation surplus of $6,078,472,000 for the Group and $2,409,892,000 for the Company, net of deferred tax of $787,669,000 for the Group and $270,352,000 for the Company, was credited to capital reserves in shareholders' equity. Prior to that that date, land and buildings are stated on a historical cost basis.

If land and buildings were stated on a historical cost basis at 31 December 2021, the carrying amounts would be:

- land at a cost of $733,037,000 for the Group and $156,158,000 for the Company; and
- buildings at a cost $2,504,619,000 for the Group and $421,923,000 for the Company, net of accumulated depreciation of $694,882,000 for the Group and $117,897,000 for the Company.

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15. Right of Use Assets and Related Lease Obligation

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

	The Group		
	Buildings $'000	**Motor Vehicles $'000**	**Total $'000**
	2021		
At 1 January 2021	328,441	69,048	397,489
Additions	86,621	-	86,621
Disposals	-	(691)	(691)
Charge for the year	(315,458)	(24,483)	(339,941)
At 31 December 2021	99,604	43,874	143,478
	2020		
At 1 January 2020	936,911	103,823	1,040,734
Additions	304,697	-	304,697
Disposals	-	(1,946)	(1,946)
Charge for the year	(107,361)	(32,829)	(140,190)
Effect of lease modification	(805,806)	-	(805,806)
At 31 December 2020	328,441	69,048	397,489

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

	The Group	
	2021 $'000	**2020 $'000**
Current obligations	65,633	168,399
Non-current obligations	94,176	239,901
	159,809	408,300

The movement in the lease obligation is as follows:

	The Group	
	2021 $'000	**2020 $'000**
Balance at start of year	408,300	1,173,103
Additions	86,621	304,697
Effect of variation in lease payments/lease modification	(170,276)	(978,155)
Foreign exchange gains and losses	13,231	3,626
Interest charged and expensed (Note 9)	37,271	106,354
Lease payments	(215,338)	(201,325)
Balance at end of year	159,809	408,300

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16. Intangible Assets

	The Group					
	Goodwill $'000	Distribution network $'000	Supplier relationships $'000	Trade name $'000	Brands $'000	Total $'000
Cost -						
At 31 December 2020 and 31 December 2021	4,794,911	2,090,000	1,340,000	404,000	1,233,277	9,862,188
Accumulated Amortisation -						
At 1 January 2020	-	-	139,507	25,236	282,708	447,451
Charge for the year	-	-	111,972	20,256	109,887	242,115
At 31 December 2020	-	-	251,479	45,492	392,595	689,566
Charge for the year	-	-	111,667	20,200	109,587	241,454
At 31 December 2021	-	-	363,146	65,692	502,182	931,020
Net Book Value -						
At 31 December 2021	4,794,911	2,090,000	976,854	338,308	731,095	8,931,168
At 31 December 2020	4,794,911	2,090,000	1,088,521	358,508	840,682	9,172,622

Goodwill of $330,459,000 is allocated to Musson Holdings Limited, and $4,464,452,000 to Facey Commodity Company Limited. Musson Holdings Limited is in the manufacturing segment, while Facey Commodity Company Limited is in the Distribution segment.

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

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Musson Holdings Limited	6%	6%	1%	16%
Facey Commodity Company Limited	7%	6%	1%	15%

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17. Investments

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity securities denominated in Jamaican dollars	21,291	18,258	21,291	18,258
Unquoted Government of Jamaica securities denominated in Jamaican dollars	30,000	-	-	-
Unquoted equity securities denominated in US dollars	832,500	1,685,002	832,500	1,685,002
	883,791	1,703,260	853,791	1,703,260

Unquoted equity securities denominated in US dollars
The Company has the following shareholding in Facey Group Limited, a related company over which the Company does not exercise significant influence:

- 42,214 (2020 – 42,214) of the issued ordinary shares, which represents an 11.6% (2020 – 11.6%) holding; and
- Nil (2020 – 20,486) of the issued preference shares , which represents a Nil% (2020 – 34.1% holding).

As the shares are unlisted, fair values were determined using cash flows discounted using a rate based on market interest rate and a risk premium specific to the unlisted security.

Effective 1 January 2021, the preference shares were sold to Musson (Jamaica) Limited, a related party, for their fair value as determined by independent professional valuers. As the shares were carried at fair value, there was no gain or loss on the transaction; however the accumulated fair value gains from holding the shares over the years became realized. The consideration for the shares was settled by a combination of cash and a loan from Musson (Jamaica) Limited (Note 20(e)).

18. Investment in Subsidiaries

	2021	**2020**
	$'000	**$'000**
Balance at 1 January	7,863,313	7,863,313
Balance at 31 December	7,863,313	7,863,313

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

19. Investment in Joint Venture

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

The movement in investment in joint venture is as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	448,831	454,070	434,114	434,114
Share of profit or loss	79,144	(5,239)	-	-
Share of other comprehensive income – revaluation of property	169,088	-	-	-
Balance at the end of the year	697,063	448,831	434,114	434,114

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

	2021	2020
	$'000	**$'000**
Revenue	5,236,786	4,224,474
Depreciation	132,186	140,642
Net profit/(loss)	158,288	(10,478)

Summarised statement of financial position

	2021	2020
	$'000	**$'000**
Property, plant and equipment and other non-current assets	3,276,762	3,007,716
Current assets:		
Inventories	1,182,012	815,389
Cash and cash equivalents	703,621	389,424
Receivables and other current assets	645,073	505,094
	2,530,706	1,709,907
Non-current liabilities:		
Due to joint venture partners	(1,178,668)	(1,226,784)
Long term loan	(1,406,245)	(1,537,359)
Other non-current liabilities	(255,432)	(158,961)
	(2,840,345)	(2,923,104)
Current liabilities:		
Due to joint venture partners	(990,989)	(693,972)
Current portion of long term loan	(487,807)	(136,533)
Payables and other current liabilities	(99,950)	(72,100)
	(1,578,746)	(902,605)
Net assets	1,388,377	891,914

Summarised statement of cash flows

	2021	2020
	$'000	**$'000**
Cash flows from operating activities	493,580	555,832
Cash flows from investing activities	(40,969)	(32,513)
Cash flows from financing activities	(138,414)	(362,211)

20. Long Term Receivables

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
(a) Facey Commodity Company Limited	-	-	922,212	922,212
(b) Musson International Dairies Limited	-	-	2,446,057	2,252,003
(c) Jamaica Grain and Cereals Limited	580,458	605,305	580,458	605,305
(d) Musson (Jamaica) Limited	-	383,875	-	383,875
(e) Musson (Jamaica) Limited	866,104	-	866,104	-
(f) Employee loans	111,685	139,732	59,742	75,421
(g) Bercyn Farms Limited –				
(i) Mobilisation loan for farming operations	-	-	-	-
(ii) Advance for replanting and farming operations	-	-	-	-
	1,558,247	1,128,912	4,874,573	4,238,816
Interest receivable	-	-	1,336,298	1,110,261
	1,558,247	1,128,912	6,210,871	5,349,077
Less: Current portion	(174,307)	(408,050)	(1,498,011)	(1,505,449)
	1,383,940	720,862	4,712,860	3,843,628

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

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

(c) This receivable from joint venture of US$3,800,000 (2020 – US$4,300,000) is repayable at maturity on 31 December 2027. The agreement attracts interest of 3.07% per annum, payable annually.

(d) This related party receivable is denominated in US dollars and scheduled to be received in 2021. The agreement attracts interest of 8% per annum, payable monthly.

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

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

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

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

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

As at 31 December 2021, $22,971,000 (2020 – $14,312,000) of these receivables were recovered.

21. Post-employment Benefits

	The Group & The Company	
	2021	**2020**
	$'000	**$'000**
Asset/(Liability) recognised in the statement of financial position –		
Pension scheme	25,100	25,100
Medical benefits	(134,600)	(134,300)
Expense recognised in profit or loss –		
Pension scheme	3,200	5,300
Medical benefits	11,800	10,900
Gains and losses recognised in other comprehensive income –		
Pension scheme	2,600	(5,400)
Medical benefits	300	14,300

Pension schemes

In addition to the defined benefit pension scheme described below, employees of the Group hired on or after 1 January 2002 participate in an Individual Retirement Scheme operated by an independent insurance company. Employees participating in the scheme contribute up to 15% of pensionable earnings while the Company contributes 5%. The Group's and the Company's contribution for the year amounted to $97,472,000 (2020 – $83,104,000) and $13,588,000 (2020 – $13,538,000), respectively (Note 8).

Defined benefit plan

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

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2021.

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

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

	2021	**2020**
	$'000	**$'000**
Present value of funded obligations	(883,300)	(874,900)
Fair value of plan assets	1,034,300	1,003,900
Asset in the statement of financial position	151,000	129,000
Unrecognised asset due to limitation	(125,900)	(103,900)
	25,100	25,100

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21. Post-employment Benefits (Continued)

Pension schemes (continued)

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

	2021 $'000	2020 $'000
Asset at beginning of year	25,100	35,100
Amounts recognised in profit or loss in the statement of comprehensive income	(3,200)	(5,300)
Amounts recognised in other comprehensive income	2,600	(5,400)
Contributions paid	600	700
Asset at end of year	25,100	25,100

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

	2021 $'000	2020 $'000
Balance at beginning of year	(874,900)	(881,100)
Current service cost	(2,300)	(4,900)
Interest cost	(75,900)	(63,600)
Re-measurements – experience gains and losses	900	(900)
Members' contributions	(1,000)	(1,100)
Benefits paid	69,900	76,700
Balance at end of year	(883,300)	(874,900)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $92,500,000 (2020 – $81,400,000) relating to active employees, and $790,800,000 (2020 – $793,500,000) relating to members in retirement.

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

	2021 $'000	2020 $'000
Balance at beginning of year	1,003,900	1,158,700
Interest income	84,400	81,400
Re-measurement – return on plan assets, excluding amounts included in interest income	14,300	(161,300)
Employer's contributions	600	700
Members' contributions	1,000	1,100
Benefits paid	(69,900)	(76,700)
Balance at end of year	1,034,300	1,003,900

The amounts recognised in profit or loss is as follows:

	2021 $'000	2020 $'000
Current service cost	2,300	4,900
Interest costs	75,900	63,600
Interest income	(84,400)	(81,400)
Interest on effect of unrecognised asset due to limitation	9,400	18,200
Total, included in staff costs (Note 8)	3,200	5,300

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2022 amount to $1,000,000.

21. Post-employment Benefits (Continued)

Pension schemes (continued)
Plan assets are comprised as follows:

	Quoted $'000	Unquoted $'000	Total $'000	%
		2021		
Government of Jamaica debt securities	-	247,768	247,768	24
Corporate debt securities	-	152,995	152,995	15
Real estate	-	54,530	54,530	5
Ordinary shares	466,330	6,795	473,125	46
Preference shares	-	28,421	28,421	3
Repurchase agreements	-	27,821	27,821	2
Other	-	49,640	49,640	5
	466,330	567,970	1,034,300	100
		2020		
Government of Jamaica debt securities	-	237,071	237,071	24
Corporate debt securities	-	162,354	162,354	16
Real estate	-	45,731	45,731	5
Ordinary shares	424,120	6,724	430,844	42
Preference shares	-	64,169	64,169	6
Repurchase agreements	-	17,108	17,108	2
Other	-	46,623	46,623	5
	424,120	579,780	1,003,900	100

The above assets include ordinary shares in the Company with a fair value of $78,047,000 (2020 - $75,769,000).

The significant actuarial assumptions used were a discount rate of 8% (2020 – 9%); future salary increases of 6% (2020 – 7%); and future pension increases of 2.25% (2020 – 3%). The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2021		2020	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(39,700)	43,300	(38,900)	42,500
Future salary increases	0.5%	2,700	(2,700)	2,700	(2,400)
Expected pension increase	0.5%	40,500	(37,200)	39,800	(36,600)

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. If the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $18,600,000/($18,900,000) (2020 – $17,900,000/($18,100,000)).

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

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21. Post-employment Benefits (Continued)

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

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

	2021 $'000	2020 $'000
Balance at beginning of year	(134,300)	(148,300)
Current service cost	(200)	(200)
Interest expense	(11,600)	(10,700)
Re-measurements – experience gains and losses	300	14,300
Benefits paid	11,200	10,600
Balance at end of year	(134,600)	(134,300)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $7,000,000 (2020 – $6,400,000) relating to active employees, and $127,600,000 (2020 – $127,900,000) relating to members in retirement.

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

	2021 $'000	2020 $'000
Current service cost	200	200
Interest cost	11,600	10,700
Total, included in staff costs (Note 8)	11,800	10,900

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

	2021 $'000	2020 $'000
Liability at beginning of year	134,300	148,300
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	11,800	10,900
Amounts recognised in other comprehensive income	(300)	(14,300)
Contributions by employer	(11,200)	(10,600)
Liability at end of year	134,600	134,300

Expected employer contributions to the post-employment plan for the year ending 31 December 2022 amount to $12,000,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 7.5% (2020 – 8.5%) per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2021		2020	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(5,900)	6,500	(6,000)	6,600
Medical cost	0.5%	6,500	(5,900)	6,600	(6,000)

Further, if the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $6,200,000/($6,000,000) (2020 – $6,100,000/($5,900,000)).

21. Post-employment Benefits (Continued)

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

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

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

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

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

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and NCB Insurance Company Limited representatives who are the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries. The next triennial valuation is due to be completed as at 31 August 2023. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 10.2 years for the pension fund and 9.8 years for the post-employment medical benefits.

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22. Biological Assets

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

	The Group	
	2021	2020
	$'000	$'000
Dairy livestock –		
2,775 (2020 – 2,597) Cows able to produce milk	237,660	208,038
1,807 (2020 – 2,092) Heifers being raised to produce milk in the future	183,255	190,250
Other livestock –		
133 (2020 – 83) Bulls raised for sale and reproduction	6,554	3,927
2 (2020 – 2) Horses	60	60
Plant – 714 (2020 – 733) acres of hay field	17,244	8,945
	444,773	411,220

6,398,000 litres (2020 – 7,182,000 litres) of milk with a fair value (less estimated point-of-sale costs) of $575,808,000 (2020 – $641,773,000) were produced during the period.

Forage – classified as current assets in the statement of financial position
At year end, the Group had 22,098 tonnes (2020 – 32,887 tonnes) of sugar cane with a value of $154,683,000 (2020 – $276,185,000).

23. Inventories

	The Group	
	2021	2020
	$'000	$'000
Raw and packaging materials	3,011,035	2,078,812
Work in progress	127,794	106,231
Finished goods	393,891	363,999
Merchandise for resale	4,207,863	3,262,390
Goods in transit	1,691,305	1,078,141
Other	777,615	674,115
	10,209,503	7,563,688

24. Trade and Other Receivables

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade receivables	5,056,527	4,373,508	-	-
Less: Provision for impairment	(415,103)	(387,473)	-	-
	4,641,424	3,986,035	-	-
Advances and prepayments	813,919	450,177	53,129	133,295
Due from affiliates	435,760	602,123	-	80,097
Other	583,849	480,028	-	-
	6,474,952	5,518,363	53,129	213,392

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25. Payables

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	6,478,065	4,237,253	-	-
Accruals	1,029,258	638,699	175,986	80,695
Due to affiliates	226,608	395,828	92,584	-
Other	714,440	461,239	319,625	331,850
	8,448,371	5,733,019	588,195	412,545

26. Share Capital

	2021	**2020**	**2021**	**2020**
	'000	**'000**	**$'000**	**$'000**
Authorised – ordinary shares	780,000	780,000	780,000	780,000
Issued and fully paid –				
Ordinary stock units	733,547	733,547	5,769,457	5,769,457
Treasury shares	(59)	(59)	(899)	(899)
	733,488	733,488	5,768,558	5,768,558

27. Capital Reserves

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Currency translation gains and losses	(56,315)	(91,299)	-	-
Fair value gains and losses on investments	489,566	470,548	489,566	470,548
Fair value gains and losses on property	5,459,891	-	2,139,540	-
Revaluation surplus on assets carried at deemed cost	312,600	312,600	105,340	105,340
Profits of subsidiaries capitalised	336,537	336,537	-	-
Redemption reserve	14,800	14,800	-	-
Realised gains on sale of investments	120,855	120,855	120,855	120,855
Other realised surplus	22,230	22,230	20,289	20,289
	6,700,164	1,186,271	2,875,590	717,032

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28. Long Term Liabilities

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
(a) National Commercial Bank (Jamaica) Limited – 7%	1,141,960	1,329,640	-	-
(b) National Commercial Bank (Jamaica) Limited – 8.5%	251,438	307,382	-	-
(c) National Commercial Bank (Jamaica) Limited – 6.25%	115,079	-	115,079	-
(d) JMMB Merchant Bank Limited – 8.5%	135,971	195,542	135,971	195,542
(e) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	820,035	1,013,211	-	-
(f) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	892,500	1,102,748	-	-
(g) Bonds – 7.5%	-	1,600,000	-	1,600,000
(h) Bonds – 8.25% for first 3 years, then WATBY + 2.25%	1,200,000	1,200,000	1,200,000	1,200,000
(i) Bonds – 7.25%	2,000,000	2,000,000	2,000,000	2,000,000
(j) Bonds – 7.25%	2,200,000	2,200,000	2,200,000	2,200,000
(k) Bonds – 10.5% for first 2 years, then WATBY + 2.75%	854,350	854,350	-	-
(l) Bonds – 6.75%	1,700,000	-	1,700,000	-
(m) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 3%	-	456,478	-	456,478
(n) CitiBank – 3.95%	775,439	713,247	775,439	713,247
(o) JMMB Merchant Bank Limited – 8.75%	185,000	185,000	185,000	185,000
(p) National Commercial Bank (Jamaica) Limited – 7%	200,000	-	-	-
(q) First Global Bank Limited – 8.5%	100,000	-	-	-
Deferred financing costs	(109,865)	(125,297)	(58,571)	(60,965)
	12,461,907	13,032,301	8,252,918	8,489,302
Interest payable	35,161	31,981	33,586	31,981
	12,497,068	13,064,282	8,286,504	8,521,283
Less: Current portion	(3,215,872)	(3,664,323)	(2,268,184)	(3,023,730)
	9,281,196	9,399,959	6,018,320	5,497,553

The movement in long term liabilities is as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	13,064,282	12,223,376	8,521,283	7,332,993
Loans received	3,135,599	3,221,787	2,635,599	1,681,499
Loan principal repayments	(3,857,182)	(2,518,468)	(3,010,134)	(524,026)
Foreign exchange gains and losses (Note 9)	113,949	126,385	113,949	2,628
Discount on early repayment	-	(9,310)	-	-
Deferred fees amortised (Note 9)	37,240	48,759	24,202	34,372
Interest charged and expensed (Note 9)	869,032	883,450	547,849	543,814
Interest paid	(865,852)	(911,697)	(546,244)	(549,997)
Balance at end of year	12,497,068	13,064,282	8,286,504	8,521,283

28. Long Term Liabilities (Continued)

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

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

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

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

(d) Unsecured Jamaican dollar denominated loan facility of $300,000,000, repayable in 60 monthly installments of $6,155,000 (inclusive of interest) commencing January 2019.

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

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

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

(g) Unsecured Jamaican dollar denominated Bonds issued in July 2018 for a period of 3 years, due in full at maturity.

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

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

(j) Unsecured Jamaican dollar denominated Bonds issued in November 2018 for a period of 7 years, due in full at maturity.

(k) Jamaican dollar denominated Bonds issued in February 2016 for a period of 10 years, due in full at maturity and secured by the fixed and floating assets of Musson International Dairies Limited and Musson Holdings Limited.

(l) Unsecured Jamaican dollar denominated Bonds issued in July 2021 for a period of 10 years, due in full at maturity.

(m) Unsecured US dollar denominated short term facility repayable 23 September 2021.

(n) Unsecured US dollar denominated short term facility repayable 6 April 2022.

(o) Unsecured Jamaican dollar denominated short term facility repayable 3 January 2022.

(p) Unsecured Jamaican dollar denominated short term facility repayable 31 January 2022.

(q) Unsecured Jamaican dollar denominated short term facility repayable 8 January 2022.

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29. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25%. Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax assets	1,297,889	1,202,975	-	37,218
Deferred tax liabilities	(2,075,583)	(1,533,501)	(249,294)	-
Net liabilities	(777,694)	(330,526)	(249,294)	37,218

These amounts include deferred tax assets/liabilities to be recovered within 12 months of $120,752,000/$25,519,000 (2020 – $117,691,000/$31,290,000) for the Group; and deferred tax liabilities of $6,792,000 (2020 – deferred tax assets of $14,890,000) for the Company.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at start of year	(330,526)	(127,124)	37,218	27,548
Credited/(charged) to profit or loss (Note 10)	341,226	(201,177)	(15,435)	11,895
Charged to other comprehensive income (Note 10)	(787,394)	(2,225)	(271,077)	(2,225)
Balance at end of year	(777,694)	(330,526)	(249,294)	37,218

The deferred tax credited/(charged) to profit or loss comprises the following temporary differences:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	19,802	(48,671)	2,074	6,283
Right of use assets, net of related lease obligation	1,380	(30,389)	-	-
Post-employment benefits	800	1,225	800	1,225
Tax losses carried forward	310,412	(115,791)	3,373	-
Other	8,832	(7,551)	(21,682)	4,387
	341,226	(201,177)	(15,435)	11,895

The deferred tax assets and liabilities in the statement of financial position comprise the following temporary differences:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	(354,768)	(374,570)	(2,898)	(4,972)
Right of use assets, net of related lease obligation	4,083	2,703	-	-
Post-employment benefits	27,375	27,300	27,375	27,300
Tax losses carried forward	1,486,519	1,176,107	3,373	-
Intangible assets recognised on business combinations	(1,248,467)	(1,248,467)	-	-
Revaluation of property	(787,669)	-	(270,352)	-
Other	95,233	86,401	(6,792)	14,890
	(777,694)	(330,526)	(249,294)	37,218

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29. Deferred Taxation (Continued)

Subject to agreement with the Tax Administration Jamaica, losses available for offset against future profits of the Group and the Company amount to $6,035,950,000 and $13,493,000 (2020 – $6,579,639,000 and $Nil), respectively.

This includes tax losses of a subsidiary amounting to $3,742,429,000 (2020 – $4,292,770,000) in respect of which, historically, no deferred tax assets have been created due to the Group's uncertainty regarding its ability to utilize those losses in the future. Following a Group restructuring exercise in 2019, this subsidiary that was previously unprofitable commenced earning profits and is projected to earn profits in the future. Consequently and based on its annually updated 5-year horizon forecasts following the restructuring, the Group recognized deferred tax assets of $913,139,000 (2020 – $604,389,000) at the rate of 25% in respect of a portion of the subsidiary's total tax losses brought forward as at the date of the statement of financial position.

At 31 December 2021, no deferred tax assets have been created in respect of the remaining tax losses of the subsidiary amounting to $89,873,000 (2020 – $1,875,214,000).

30. Cash Generated from Operations

	The Group		The Company	
	2021 **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Net profit	1,993,421	2,871,916	50,782	722,123
Items not affecting cash resources:				
Amortisation of intangible assets	241,454	242,115	-	-
Depreciation	1,064,259	863,701	53,199	49,898
Net foreign exchange gain and losses	(72,681)	(68,004)	(373,047)	(229,334)
Net gains and losses on disposal of property, plant and equipment	(7,132)	(753,939)	-	(747,812)
Property, plant and equipment written off	18,086	16,989	13,871	13,251
Net impairment of long term receivables	(8,659)	(14,312)	-	-
Interest income	(80,121)	(75,936)	(287,197)	(334,999)
Gain on variable lease payments/lease modification	(170,276)	(172,349)	-	-
Discount on early loan repayment	-	(9,310)	-	-
Amortisation of deferred fees	37,240	48,759	24,202	34,372
Share of results of joint venture	(79,144)	5,239	-	-
Interest expense	1,035,054	1,080,152	599,094	564,728
Post-employment benefits	3,200	4,900	3,200	4,900
Dividend income	(1,436)	(40)	(1,436)	(40)
Taxation	171,724	560,976	15,435	(11,895)
	4,144,989	4,600,857	98,103	65,192
Changes in operating assets and liabilities:				
Inventories	(2,645,815)	(649,376)	-	-
Trade and other receivables	(956,589)	(279,143)	160,263	(84,879)
Biological assets	87,949	8,514	-	-
Due from subsidiaries	-	-	(1,897,128)	(7,107,543)
Due to subsidiaries	-	-	2,638,976	8,304,274
Payables	2,750,336	(221,423)	175,650	(87,305)
	3,380,870	3,459,429	1,175,864	1,089,739
Taxation paid	(705,354)	(272,718)	10,923	(93,833)
Cash provided by operating activities	2,675,516	3,186,711	1,186,787	995,906

Significant non-cash transactions
During the prior year, the Company disposed of property valued at $800 million, which was paid by way of shares issued to the Company by the purchaser. The Group then declared these shares as a non-cash dividend (Note 13).

During the year, the Company disposed of investments with a value of US$6,170,000. The consideration was payable in cash of US$500,000 and a loan of US$5,670,000 (Note 20(e)).

31. Contingencies and Commitments

(a) A subsidiary has leased sugar cane lands from the Government of Jamaica for an initial period of 50 years commencing 9 July 2009 with an option to renew for a further period of 25 years. The lease is fixed at a rate of US$53 per hectare per annum for the first 5 years, after which it will be renegotiated in accordance with the provisions of the lease contract. Based on the current rate of US$72.53 per hectare per annum, the annual lease cost to the subsidiary is US$100,000.

(b) At 31 December 2021, capital commitments for the Group amounted to approximately $400,000,000 (2020 – $919,000,000).

32. Litigation, Claims, Assessments and Provisions

The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated. In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both the financial position and results of operations.

33. Related Party Transactions

Sales and purchases of goods and services
During the year, the Group had sales of $25,749,000 (2020 – $152,012,000) to and purchases of $2,207,157,000 (2020 – $1,521,503,000) from Musson (Jamaica) Limited, T.Geddes Grant (Distributors) Limited and Jamaica Grain and Cereals Limited. The resulting receivables and payables in respect of these and other transactions are included in Notes 24 and 25, respectively.

A subsidiary paid cess of $15,920,000 (2020 – $10,122,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

Key management compensation

	2021 $'000	2020 $'000
Wages and salaries	268,121	428,040
Statutory contributions	21,004	32,438
Other	7,088	17,707
	296,213	478,185
Directors' emoluments –		
Fees	6,932	13,333
Medical insurance premiums	7,630	9,671
Management remuneration (included above)	206,265	198,605

Advances and loans
Loans to related parties are disclosed in Note 20. Interest earned on these loans by the Group amounted to $25,808,000 (2020 – $18,208,000).

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34. Assets Held for Sale and Discontinued Operations

In July 2019, the Group discontinued the sugar manufacturing operations carried on by Golden Grove Sugar Company Limited and advertised for sale certain assets directly for use in sugar manufacturing. The associated assets were reclassified from property, plant and equipment to assets held for sale in the statement of financial position. The movement in assets held for sale was as follows:

	2021	**2020**
	$'000	**$'000**
Balance at start of year	285,761	289,241
Disposal	-	(3,480)
Balance at end of year	285,761	285,761

The results of the sugar manufacturing operations have been presented as a single item on the statement of comprehensive income as a net profit or loss from discontinued operation. The details of the net profit from discontinued operation is as follows:

	2021	**2020**
	$'000	**$'000**
Change in the fair value of sugar cane	(121,502)	25,902
Other operating income	11,350	52,526
Recovery of long term receivables	8,659	4,065
Administration and other operating expenses	(44,332)	(59,467)
Net profit from discontinued operations	(145,825)	23,026

The cash flows from the discontinued operations is as follows:

	2021	**2020**
	$'000	**$'000**
Net cashflow from operating activities	2,943	(14,171)
Net cashflow from investing activities	9,409	17,375
Net cashflow from discontinued operations	12,352	3,204

35. Losses as a Result of Fire

A fire destroyed on of the Group's distribution facilities on 9 October 2021. The insurance claim process is underway and is incomplete as at the date of signing of the Statement of Financial Position. The Group has recorded a loss of $168,183,000, being the write-off all assets destroyed by the fire less advances received from insurers up to the date of the statement of financial position. Further receipts from insurers will be recognized as received in future accounting periods.

36. Impact of the COVID-19 Pandemic

Jamaica identified its first case of the novel coronavirus, COVID-19, in March 2020, not long before the World Health Organization (WHO) declared the impact of the virus a global pandemic. Measures taken by both local and foreign governments to contain the virus have affected global economic activity. In response to this threat, the Group has taken several measures to protect its employees, customers and other stakeholders. The Group has established a cross-functional team comprising of senior management from various areas of the business, reporting to the Chief Executive Officer, to implement measures to mitigate the impact of the pandemic; which included safety and health protocols for employees, securitization of the Group's supply chain and distribution network, liquidity risk assessment and diversification, and close monitoring of the Group's receivables.

Currently, the production, sales and distribution teams have generally met or exceeded their amended sales targets for the period. This is primarily due to the diversity of the Group's product portfolio, the increase in demand for the Group's key products (basic food items and pharmaceutical items) as well as the Group's far-reaching sales and distribution network across the island and in its export markets. The Group currently has a positive liquidity position with an increase in its cash and cash equivalents and ended the financial year with an improvement in the relative ageing portfolio of its trade receivables when compared to the prior year. The Group will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue operations in the best and safest way possible, without jeopardizing the health of its employees, customers and other stakeholders.

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37. Post Balance Sheet Event

Proposed dividends

At a meeting held on 11 April 2022, the Board of Directors approved a dividend of $0.50 per share payable on 6 May 2022 to shareholders on record as at 29 April 2022.

Acquisition of a consumer products distributor resident in Trinidad

On May 4, 2022, the company announced that it has reached an agreement to acquire A.S. Bryden & Sons Holdings Limited ("A.S. Bryden"), a company that is resident in, and primarily operates from, Trinidad.

A.S. Bryden distributes food, pharmaceuticals, hardware, houseware and industrial equipment. A.S. Bryden operates through three principal operating subsidiaries: A.S. Bryden & Sons (Trinidad) Limited ("ASBT"), Bryden pi Limited ("Bryden pi") and F.T. Farfan Limited ("FT Farfan").

(i) ASBT distributes food, hardware and housewares and premium beverages for international brands. ASBT also owns the Eve brand of products.

(ii) Bryden pi distributes healthcare, personal care and food and grocery products for international brands. Bryden pi also manufactures a line of over the counter products through its wholly-owned subsidiary, Genethics Limited, and operates in Guyana through its subsidiary, BPI Guyana Limited, as well as in Barbados through its joint venture, Armstrong Healthcare Inc. Limited.

(iii) FT Farfan is an industrial supply and service company that serves leading international brands. FT Farfan operates in Trinidad as well as in Guyana through its subsidiary, Ibis Construction Equipment Sales & Rentals Inc. (ICON).

Subject to regulatory approvals and other customary closing conditions, the transaction is expected to be completed by May 31, 2022, at which point the purchase consideration and other matters will be finalized.

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Independent auditor's report

To the Members of Seprod Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Seprod Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2022, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2022;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Independence
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

In assessing the risk of material misstatement of the Group's consolidated financial statements, and to ensure we had adequate coverage of significant accounts in the consolidated financial statements, we designed and performed audit procedures over various components. The Group comprised 36 reporting components, of which we selected 27 components, which represent the principal business units within the Group and covered entities within Jamaica, St. Lucia, Barbados, Trinidad and Tobago, Dominican Republic, Guyana and St. Vincent.

Of the 27 components selected, we performed an audit of the complete financial information of 22 components which were selected based on their size, risk characteristics or both. For the remaining 5 components, we performed audit procedures on specific accounts and or specified procedures within that component that we considered had the potential for the greatest impact on the significant accounts in the consolidated financial statements, either due to the size of these accounts or their risk profile.

In relation to the remaining components, none of which are individually greater than 2% of the Group's profit before tax, we performed other procedures, including analytical review procedures and testing of consolidation journals, intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group's consolidated financial statements.

For components that are in scope of the Group audit, we used component auditors from PwC network firms and non-PwC firms who are familiar with the local laws and regulations to perform this audit work. Throughout the audit we had regular meetings and correspondence with management and component auditor teams to follow up on progress of work for all components. The Group engagement team reviewed workpapers relating to the audit approach and findings of the component auditors.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equity securities (Group and Company) *Refer to notes 2(h), 4 and 17 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* Unquoted equity securities included within investments on the consolidated and stand-alone statements of financial position total $1.2 billion as at 31 December 2022 for both the Group and the Company, which represents 1.29% and 2.10% of total assets respectively. The unquoted equity securities relate to an investment in an affiliated company over which Seprod Limited does not exercise significant influence. These securities are not quoted in an active market. The fair value of these securities is determined using a valuation model based on discounted future cash flows. We focused on this area because of the magnitude of the balance, the complexity of the valuation model used and the use of management determined assumptions. The key assumptions were assessed by management as being: ● investee's future cash flows; ● terminal growth rates; ● discount rates; and ● market participant minority discount. Management used an independent valuation expert to assist in the valuation process.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: Updated our understanding and evaluated management's future cash flow forecasts, and the process by which they were determined, including testing the underlying calculations and comparing them to the latest Board approved budgets of the investee. Compared prior management budgets to actual results of the investee to evaluate the reliability of management's forecast process. Tested management's key assumptions, as follows: ● compared forecasted long-term growth rates to historical results and economic and industry forecasts; ● evaluated management's assumptions concerning the selected growth rates, terminal growth rates, discount rates and market participant minority discount by reference to relevant industry data; ● compared the key assumptions to externally derived data, where available, including market expectations of investment return, projected economic growth and interest rates; and ● sensitized management's planned growth rate in cash flows and changes in discount rates. Based on the results of the procedures performed, management's valuation of unquoted equity securities was, in our view, not unreasonable.

Accounting for business combinations – intangible assets (Group)

Refer to notes 2(b), 4, 16 and 37 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.

Effective 1 June 2022, the Company acquired 60% of the shareholding of A. S. Bryden and Sons Holdings Limited. Management assessed that the acquisition qualified as a business combination resulting in recognition of goodwill in the amount of $1 billion.

Valuations of identifiable net assets acquired were performed as part of the Purchase Price Allocation (PPA) which resulted in the Group recognising an increase in supplier relationships, trade name and brands assets in the amount of $1.2 billion, $536 million and $894 million respectively.

We focused on this area due to the significance of the intangible assets identified and due to the nature of business combinations, the accounting requirements of which can be complex and require management to exercise judgement in determining certain estimates. The most significant is the determination of the PPA. Management engaged external experts to assist with the determination of the PPA which encompassed identifying and estimating the fair value of intangible assets acquired. The determination of fair value involves significant areas of judgement, which is based on the inputs and assumptions in the model, such as revenue growth rates, attrition rate, future margins and discount rates.

Our approach to addressing the matter, with the assistance of our specialists, involved the following procedures, amongst others:

- Read the share purchase agreement and evaluated the appropriateness of the accounting for the acquisition as a business combination against management's accounting policies and the applicable accounting standards.
- Held discussions with management to understand and evaluate their basis for determining assumptions.
- Evaluated the application of the valuation methodologies utilised to derive the fair value of the identified intangible assets.
- Tested the reasonableness of valuation assumptions and inputs by:
    - Evaluated the key variables, being the business growth rates, attrition rate, margins, and discount rates, against historic and prospective financial, industry and economic information, taking into consideration our knowledge of the Group and its industries;
    - Where relevant, considered third party sources and challenged management's future revenue estimates considering changes in the market or actions by competitors.
- Assessed the competence and capability of management's valuation expert.
- Performed sensitivity analysis by varying the growth rate, attrition rate and commission paid and the associated impact on the discounted cash flows as it pertained to the exclusive agency agreement.
- Recalculated the bargain gain, being the difference between the total net consideration paid and the fair value of the net assets acquired, for mathematical accuracy.

Based on the results of the procedures performed, management's accounting, judgements and estimates relating to the valuation of intangible assets were, in our view, not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
31 August 2023

Seprod Limited
Consolidated Statement of Comprehensive Income
Year ended 31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue	5	78,433,836	43,883,405
Direct expenses		(56,123,964)	(32,972,098)
Gross Profit		22,309,872	10,911,307
Finance and other operating income	6	1,762,732	1,523,621
Selling expenses		(1,771,077)	(410,432)
Administration and other operating expenses		(16,279,809)	(8,403,306)
Net impairment gains and losses on trade receivables		(47,179)	(21,707)
Operating Profit		5,974,539	3,599,483
Finance costs	9	(1,837,476)	(1,199,474)
Share of results of joint venture	19	106,552	79,144
Losses as a result of fire	35	-	(168,183)
Profit before Taxation		4,243,615	2,310,970
Taxation	10	(1,146,933)	(171,724)
Net Profit from Continuing Operations		3,096,682	2,139,246
Net loss from discontinued operations	34	(178,690)	(145,825)
Net Profit for the year		2,917,992	1,993,421
Other Comprehensive Income, net of taxes			
Item that may be reclassified to profit or loss –			
Currency translation gains and losses	10	(13,417)	34,984
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	(159,993)	2,175
Unrealized fair value gains on investments	10	367,643	19,018
Unrealized fair value gains on property	10	-	5,459,891
TOTAL COMPREHENSIVE INCOME		3,112,225	7,509,489
Net Profit from continuing operations is attributable to:			
Stockholders of the Company	12	2,322,663	2,139,246
Non-controlling interest		774,019	-
		3,096,682	2,139,246
Net Loss from discontinued operations is attributable to:			
Stockholders of the Company	12	(178,690)	(145,825)
Non-controlling interest		-	-
		(178,690)	(145,825)
Total Comprehensive Income is attributable to:			
Stockholders of the Company		2,419,051	7,509,489
Non-controlling interest		693,174	-
		3,112,225	7,509,489
Earnings per Stock Unit attributable to Stockholders of the Company	12		
Continuing operations		$3.17	$2.92
Discontinued operations		($0.25)	($0.20)
		$2.92	$2.72

Seprod Limited

Consolidated Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-current Assets			
Property, plant and equipment	14	20,778,802	13,928,077
Right of use assets	15	1,856,714	143,478
Intangible assets	16	13,205,047	8,931,168
Investments	17	1,221,434	883,791
Investment in joint venture and associate	19	1,125,546	697,063
Long term receivables	20	1,180,972	1,383,940
Post-employment benefit asset	21	674,693	25,100
Biological assets	22	458,981	444,773
Deferred tax assets	29	1,796,354	1,297,889
		42,298,543	27,735,279
Current Assets			
Inventories	23	27,464,700	10,209,503
Biological assets	22	51,254	154,683
Trade and other receivables	24	19,414,777	6,474,952
Current portion of long term receivables	20	233,368	174,307
Non-current assets held for sale	34	285,761	285,761
Taxation recoverable		278,639	227,407
Cash and bank balances		4,469,995	1,649,752
		52,198,494	19,176,365
Current Liabilities			
Payables	25	21,244,218	8,448,371
Current portion of long term liabilities	28	6,031,153	3,215,872
Current portion of lease obligation	15	377,761	65,633
Taxation payable		863,207	147,309
		28,516,339	11,877,185
Net Current Assets		23,682,155	7,299,180
		65,980,698	35,034,459
Equity Attributable to Stockholders of the Company			
Share capital	26	5,768,558	5,768,558
Preference shares	26	3,191,020	-
Capital reserves	27	7,054,390	6,700,164
Retained earnings		11,535,884	10,980,182
		27,549,852	23,448,904
Non-Controlling Interests	18	5,344,763	-
		32,894,615	23,448,904
Non-current Liabilities			
Post-employment benefit obligations	21	1,655,416	134,600
Long term liabilities	28	26,981,402	9,281,196
Lease obligation	15	1,720,532	94,176
Deferred tax liabilities	29	2,728,733	2,075,583
		33,086,083	11,585,555
		65,980,698	35,034,459

Approved for issue by the Board of Directors on 31 August 2023 and signed on its behalf by:

Paul B. Scott — Director

Richard Pandohie — Director

Seprod Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Stockholders of the Company					Non-controlling Interests	Total
	Share Capital	**Preference Shares**	**Capital Reserves**	**Retained Earnings**	**Sub-total**		
	‘000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2021	5,768,558	-	1,186,271	9,938,198	16,893,027	-	16,893,027
Net profit for the year	-	-	-	1,993,421	1,993,421	-	1,993,421
Re-measurements on post-employment benefits	-	-	-	2,175	2,175	-	2,175
Currency translation gains	-	-	34,984	-	34,984	-	34,984
Unrealised fair value gains on investments	-	-	19,018	-	19,018	-	19,018
Unrealised fair value gains on property	-		5,459,891	-	5,459,891	-	5,459,891
Total comprehensive income	-	-	5,513,893	1,995,596	7,509,489	-	7,509,489
Transactions with owners:							
Ordinary dividends declared by the Company (Note 13)	-	-	-	(953,612)	(953,612)	-	(953,612)
Balance at 31 December 2021	5,768,558	-	6,700,164	10,980,182	23,448,904	-	23,448,904
Net profit for the year	-	-	-	2,143,973	2,143,973	774,019	2,917,992
Re-measurements on post-employment benefits	-	-	-	(79,148)	(79,148)	(80,845)	(159,993)
Currency translation losses	-	-	(13,417)	-	(13,417)	-	(13,417)
Unrealised fair value gains on investments	-	-	367,643	-	367,643	-	367,643
Total comprehensive income	-	-	354,226	2,064,825	2,419,051	693,174	3,112,225
Transactions with owners:							
Issue of preference shares by a subsidiary (Note 26)	-	3,191,020	-	-	3,191,020	-	3,191,020
On acquisition of subsidiaries	-	-	-	-	-	3,034,528	3,034,528
Issue of ordinary shares by subsidiaries				(347,438)	(347,438)	1,802,211	1,454,773
Ordinary dividends declared by the Company (Note 13)	-	-	-	(1,100,321)	(1,100,321)	-	(1,100,321)
Preference dividends declared by a subsidiary	-	-	-	(61,364)	(61,364)	-	(61,364)
Ordinary dividends declared by a subsidiary	-	-	-	-	-	(185,150)	(185,150)
Balance at 31 December 2022	5,768,558	3,191,020	7,054,390	11,535,884	27,549,852	5,344,763	32,894,615

Seprod Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Cash (used in)/ provided by operating activities	30	(119,438)	2,675,516
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	14	(2,151,466)	(1,654,956)
Proceeds on disposal of property, plant and equipment		72,379	29,103
Encashment/(purchase) of investments		30,000	(30,000)
Net cash received on acquisition of subsidiaries		6,099,991	-
Issue of shares by a subsidiary		52,555	-
Repayment of long term receivables		136,323	506,067
Interest received		77,708	80,121
Dividends received		50	1,436
Cash provided by/(used in) investing activities		4,317,540	(1,068,229)
Cash Flows from Financing Activities			
Long term loans received		5,555,527	3,135,599
Long term loans repaid		(3,445,943)	(3,857,182)
Lease obligation		(364,150)	(215,338)
Dividends paid		(1,346,835)	(953,612)
Interest paid		(1,773,728)	(994,603)
Cash used in financing activities		(1,375,129)	(2,885,136)
Increase/(Decrease) in cash and cash equivalents		2,822,973	(1,277,849)
Net effect of foreign currency translation on cash		(2,730)	141,605
Cash and cash equivalents at beginning of year		1,649,752	2,785,996
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,469,995	1,649,752

Seprod Limited

Company Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Group costs recovered from subsidiaries		1,408,560	1,086,566
Finance and other operating income	6	483,268	865,827
Administration expenses	7	(1,602,459)	(1,148,931)
Operating Profit		289,369	803,462
Finance costs	9	(748,187)	(737,245)
(Loss)/Profit before Taxation		(458,818)	66,217
Taxation	10	182,840	(15,435)
Net (Loss)/Profit for the year	11	(275,978)	50,782
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	15,750	2,175
Unrealized fair value gains on investments	10	367,643	19,018
Unrealized fair value gains property	10	-	2,139,540
TOTAL COMPREHENSIVE INCOME		107,415	2,211,515

Seprod Limited
Company Statement of Financial Position
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-current Assets			
Property, plant and equipment	14	4,644,063	4,044,161
Investments	17	1,221,434	853,791
Investment in subsidiaries	18	11,621,529	7,863,313
Investment in joint venture	19	434,114	434,114
Long term receivables	20	4,483,481	4,712,860
Post-employment benefit assets	21	5,600	25,100
		22,410,221	17,933,339
Current Assets			
Trade and other receivables	24	80,428	53,129
Current portion of long term receivables	20	1,666,398	1,498,011
Tax recoverable		51,336	50,130
Due from subsidiaries		33,930,287	19,677,776
Cash and bank balances		40,762	-
		35,769,211	21,279,046
Current Liabilities			
Payables	25	1,400,075	588,195
Current portion of long term liabilities	28	2,311,103	2,268,184
Due to subsidiaries		31,457,422	17,342,380
Bank overdraft		-	381,884
		35,168,600	20,580,643
Net Current Assets		600,611	698,403
		23,010,832	18,631,742
Equity			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	3,243,233	2,875,590
Retained earnings		2,224,831	3,585,380
		11,236,622	12,229,528
Non-current Liabilities			
Post-employment benefit obligations	21	98,500	134,600
Long term liabilities	28	11,604,006	6,018,320
Deferred tax liabilities	29	71,704	249,294
		11,774,210	6,402,214
		23,010,832	18,631,742

Approved for issue by the Board of Directors on 31 August 2023 and signed on its behalf by:

Paul B. Scott	Director	Richard Pandohie	Director

Seprod Limited
Company Statement of Changes in Equity
Year ended 31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares ‘000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2021	733,488	5,768,558	717,032	4,486,035	10,971,625
Net profit for the year	-	-	-	50,782	50,782
Re-measurements on post-employment benefits	-	-	-	2,175	2,175
Fair value gains on investments	-	-	19,018	-	19,018
Fair value gains on property	-	-	2,139,540	-	2,139,540
Total comprehensive income	-	-	2,158,558	52,957	2,211,515
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(953,612)	(953,612)
Balance at 31 December 2021	733,488	5,768,558	2,875,590	3,585,380	12,229,528
Net loss for the year	-	-	-	(275,978)	(275,978)
Re-measurements on post-employment benefits	-	-	-	15,750	15,750
Fair value gains on investments	-	-	367,643	-	367,643
Total comprehensive income	-	-	367,643	(260,228)	107,415
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(1,100,321)	(1,100,321)
Balance at 31 December 2022	733,488	5,768,558	3,243,233	2,224,831	11,236,622

Seprod Limited

Company Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	30	951,215	1,186,787
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	14	(653,213)	(996,072)
Proceeds on disposal of investment		-	78,251
Repayment of long term receivables		104,517	499,870
Interest received		163,769	61,160
Dividends received		50	1,436
Cash used in investing activities		(384,877)	(355,355)
Cash Flows from Financing Activities			
Long term loans received		3,361,477	2,635,599
Long term loans repaid		(1,593,713)	(3,010,134)
Dividends paid	13	(1,100,321)	(953,612)
Interest paid		(808,405)	(597,489)
Cash used in financing activities		(140,962)	(1,925,636)
Increase/(decrease) in cash and cash equivalents		425,376	(1,094,204)
Net effect of foreign currency translation on cash		(2,730)	141,605
Cash and cash equivalents at beginning of year		(381,884)	570,715
CASH AND CASH EQUIVALENTS AT END OF YEAR		40,762	(381,884)

Seprod Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations

Seprod Limited ("the Company") is incorporated and domiciled in Jamaica. The Company is publicly listed on the Jamaica Stock Exchange, and has its registered office at 3 Felix Fox Boulevard, Kingston.

The Company and its subsidiaries are collectively referred to as "the Group".

The Company's subsidiaries, its joint venture entity and its associate, their principal activities, their countries of incorporation and domicile and their percentage ownership (wholly owned unless otherwise indicated) are as follows:

Operations based in Jamaica

Subsidiaries	Principal activity	Country of Incorporation and Domicile
Belvedere Limited	Agriculture	Jamaica
Caribbean Products Company Limited, and its subsidiary	Manufacture and sale of oils and fats	Jamaica
- Golden Grove Sugar Company Limited	Sale of consumer products	Jamaica
Facey Commodity Holdings Limited, and its subsidiary	Investments	Barbados
- Facey Commodity Company Limited	Sale of consumer and pharmaceutical products	Jamaica
Industrial Sales Limited	Sale of consumer products	Jamaica
International Biscuits Limited	Manufacture and sale of biscuit products	Jamaica
Jamaica Edible Oils and Fats Company Limited *	Dormant	Jamaica
Musson Holdings Limited, and its subsidiaries	Investments	St. Lucia
- Musson International Dairies Limited	Manufacture and sale of milk products and juices	Jamaica
- Musson International Dairies T&T Limited	Sale of milk products and juices	Trinidad and Tobago
- Musson International Dairies Republica Dominicana SRL	Sale of milk products and juices	Dominican Republic
- Serge Island Dairies Limited	Manufacture and sale of milk products and juices	Jamaica
- Serge Island Farms Limited	Dairy farming	Jamaica

Joint venture entity	Principal activity	Country of Incorporation and Domicile
Jamaica Grain and Cereals Limited (50% owned by the Company)	Manufacture and sale of corn and wheat products and cereals	Jamaica

* Jamaica Edible Oils and Fats Company Limited was closed during the year. The company was dormant at the date of closure.

Seprod Limited
Notes to the Financial Statements
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations (Continued)

Operations based in Trinidad and Tobago

Subsidiaries	Principal activity	Country of Incorporation and Domicile
A.S. Bryden & Sons Holdings Limited (owned 54%), and its subsidiaries **	Investments	Trinidad and Tobago
- Anthony A Pantin Limited	Dormant	Trinidad and Tobago
- A.S. Bryden & Sons Insurance Limited	Dormant	Trinidad and Tobago
- A.S. Bryden & Sons Trinidad Limited, and its subsidiaries	Sale of consumer products	Trinidad and Tobago
- ASB Business Solutions Limited	Dormant	Trinidad and Tobago
- Eve Products Limited	Dormant	Trinidad and Tobago
- Asset Rentals Limited	Dormant	Trinidad and Tobago
- Bryden pi Limited (owned 90%), and its subsidiaries	Sale of pharmaceutical and consumer products	Trinidad and Tobago
- Bpi Genethics Limited	Manufacture and sale of pharmaceutical products	Trinidad and Tobago
- Bpi Guyana Limited (owned 51%)	Sale of pharmaceutical and consumer products	Guyana
- Bryden Properties Limited	Dormant	Trinidad and Tobago
- FT Farfan Limited, and its subsidiary	Sale of industrial equipment	Trinidad and Tobago
- Ibis Construction Equipment Sales & Rental Limited (owned 75%)	Sale of industrial equipment	Guyana
- Franco Trading & Distributors Limited	Packaging and sale of consumer products	Trinidad and Tobago
- Ibis Acres Ltd	Investments in real estate	Trinidad and Tobago
- Micon Holdings Limited, and its subsidiaries ***	Investments	St. Lucia
- Micon Marketing Limited	Sale of consumer products	Trinidad and Tobago
- Facey Trading Ltd (owned 75%)	Sale of consumer products	St. Vincent
- Premium Brands Limited	Dormant	Trinidad and Tobago

Associate	Principal activity	Country of Incorporation and Domicile
Armstrong Healthcare Inc. (49% owned by Bryden Pi Limited)	Sale of pharmaceutical products	Barbados

** Effective 1 June 2022, the Company acquired 60% of the shareholding in A.S. Bryden & Sons Holdings Limited (Note 37).

*** On 1 November 2022, A.S. Bryden & Sons Holdings Limited acquired 100% of the shareholding in Micon Holdings Limited, with the consideration being the issue of new shares (Note 37). This acquisition by A.S. Bryden & Sons Holdings Limited diluted the Company's shareholding in A.S. Bryden & Sons Holdings Limited to 54%.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the measurement of land and buildings, investments and defined benefit pension plan assets at fair value, as well as by the measurement of assets held for sale and biological assets at fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Standards, interpretations and amendments to existing standards effective in the current financial year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial period. The Group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

Amendment to IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendment did not have a significant impact on the Group's financial statements.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' (effective for annual periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendment did not have a significant impact on the Group's financial statements.

Amendment to IFRS 3, 'Business Combinations' (effective for annual periods beginning on or after 1 January 2022). This amendment updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The Group applies this amendment to business combinations occurring as of 1 January 2022; however, the amendment did not have a significant impact on the Group's recognition of business combinations.

Amendment to IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 April 2021). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. With effect from annual periods beginning on or after 1 June 2020, IFRS 16 was amended to provide lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. The amendment has been extended by 12 months, thereby permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The amendment did not have an impact on the Group's financial statements as the Group does not receive rent concessions.

Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022). The IASB issued its Annual Improvements to IFRSs 2018-2020 cycle amending a number of standards, the following of which are relevant to the Group: *IFRS 9, 'Financial Instruments'* to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; *IFRS 16, 'Leases'*, in which illustrative example 13 was amended to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives; and *IAS 41, 'Agriculture'* to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 (this amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis). The improvements did not have a significant impact on the Group's financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods, but were not effective at the date of the statement of financial position. The Group has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be immediately relevant to its operations, and has concluded as follows:

Amendment to IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2023). This amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date, such as the receipt of a waiver or a breach of covenant. The amendment further clarifies the reference to the 'settlement' of a liability. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendment to IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2023). This amendment requires entities to disclose their *material* rather than their *significant* accounting policies. The amendment defines what is 'material accounting policy information' and explains how to identify when accounting policy information is material. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, but, if disclosed, should not obscure material accounting information. *IFRS Practice Statement 2, 'Making Materiality Judgements'* was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has not yet done an assessment of whether the accounting policies disclosed are 'material' rather than 'significant', but it is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 1 January 2023). This amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The importance of the distinction is that changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendment to IAS 12, 'Income Taxes' (effective for annual periods beginning on or after 1 January 2023). This amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment applies to lease arrangements entered into by the Group as a lessee and requires that the Group recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. As the Group already accounts for deferred tax on such transactions consistent with the new requirements, it is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective date not yet determined). The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures and confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', as defined in IFRS 3, 'Business Combinations'. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. The Group is assessing the impact of these amendments on its financial statements.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Consolidation of subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intercompany transactions, balances and unrealised gains and losses on transactions between the Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Loans to subsidiaries that are intended to provide subsidiaries with a long-term source of additional capital are considered additions to the Company's investment. Accordingly, these loans are included in Investment in Subsidiaries on the Company's statement of financial position.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions; i.e., as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Joint ventures and Associates

The Group's interests in joint ventures and associates are accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures and associates are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture and associate, less any impairment.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Losses of the joint venture in excess of the Group's interest are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Sales of goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised when control of the goods has been established – being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been transported to a specific predetermined location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered, at which point in time the consideration is deemed unconditional and only the passage of time is required before the payment is due.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The functional currency of each entity is the same as its presentation currency. The consolidated financial statements are presented in Jamaican dollars, which is the Company's functional currency.

The foreign exchange differences arising from the translation of the results and financial position of the Group's entities that have a functional currency other than Jamaican dollars are recognised in other comprehensive income. Such exchange differences are recognised in profit or loss where the related Group entity is sold or partially sold.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognised in profit or loss.

Translation differences resulting from changes in the amortised cost of foreign currency monetary assets are recognised in profit or loss. Other changes in the fair value of financial investments are recognised in other comprehensive income. Translation differences on non-monetary financial investments are reported as a component of the fair value gain or loss in other comprehensive income.

2. Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Prior to 31 December 2021, all items of property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses, with the exception of land which is not depreciated.

As of 31 December 2021, land and buildings are initially recorded at cost and are subsequently shown at market value based on triennial (or earlier) valuations by external independent valuers, less subsequent depreciation of buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount. Increases in carrying amounts arising on revaluation are credited to other comprehensive income and shown in property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against capital reserve; all other decreases are charged to profit or loss.

All other items of property, plant and equipment continue to be carried at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

Buildings	30 – 50 years
Plant, equipment and furniture	3 – 40 years
Motor vehicles	3 - 5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit.

Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred.

2. Significant Accounting Policies (Continued)

(f) Intangible assets

Goodwill

Goodwill is recorded at cost and represents the excess of the fair value of the consideration paid over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to cash-generating units that benefit from the business combination in which the goodwill arose. Impairment losses on goodwill are not reversed.

Distribution network

Distribution network obtained by the Group in a business combination are recognised at fair value at the acquisition date. This intangible asset is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses are not subsequently reversed.

Supplier relationships, trade names and brands

Supplier relationships, trade names and brands obtained by the Group in a business combination are recognised at fair value at the acquisition date. These intangible assets are deemed to have a finite useful life, and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the carrying values over their estimated useful lives. The expected useful lives are as follows: Supplier relationships - 12 years; Trade names - 20 years; and Brands - 10 to 15 years. Amortisation of intangible assets is included in administration and other operating expenses in the statement of comprehensive income.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through profit or loss or through other comprehensive income); and those to be measured at amortised cost. The classification depends on the business model used for managing the financial assets and, in respect of debt instruments, the contractual terms of the cash flows.

Recognition and measurement

Debt instruments held for the collection of contractual cash flows, where those represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method. Any gains or losses arising on derecognition are recognised directly in profit or loss. Impairment losses are presented as a separate line in the statement of comprehensive income.

Debt instruments that are held for the collection of contractual cash flows and for the selling of financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income and impairment gains and losses are recognised in profit or loss. When the debt instrument is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method. Any gains or losses arising on derecognition are recognised directly in profit or loss. Impairment losses are presented as a separate line in the statement of comprehensive income.

Debt instruments that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains and losses on such instruments are recognised in profit or loss in the period in which they arise.

Equity instruments held for trading are measured at fair value through profit or loss. Other equity instruments are held at fair value through other comprehensive income. When the equity instrument is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are not reclassified to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's rights to receive payments are established.

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

Impairment

Application of the General Model to financial assets other than trade receivables

Under this model, the Group assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The ECL will be recognized in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. The impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:
Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD – the probability of default occurring over the next 12 months.
Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD – the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
Stage 3 – Financial assets that have an objective evidence of impairment are included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

The Group uses judgement when considering the following factors that affect the determination of impairment:
Assessment of significant increase in credit risk
To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic factors, forward looking information and multiple scenarios
The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurements of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected life
When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group exposed to credit risk and where the credit losses would not be mitigated by management actions.

Application of the Simplified Approach to trade receivables

For trade receivables other than those deemed specifically impaired, the Group applies the simplified approach which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables. The lifetime ECLs are determined by taking into consideration historical rates of default for each category of aged receivables as well as the estimated impact of forward-looking information.

(i) Biological assets

Livestock – Livestock is measured at its fair value less point of sale costs. Fair value is determined based on market prices of assets of similar age, breed and genetic merit. Changes in fair value are recognised in profit or loss.
Forage – Sugar cane and hay are measured at their fair value, less estimated point of sale costs. Fair value is determined based on market prices of components of animal feed being substituted. Changes in fair value are recognised in profit or loss.

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2. Significant Accounting Policies (Continued)

(j) Inventories

Inventories are stated at the lower of cost or net realisable value, cost being determined using the weighted average cost method. The cost of finished goods and work in progress includes cost of raw materials used, direct labour and an appropriate proportion of overhead expenses. The cost of merchandise for resale are determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

(k) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable, and are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition. Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(n) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(p) Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Significant Accounting Policies (Continued)

(q) Leases

As lessee, the Group mainly leases various warehouses and retail stores. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options which are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As of 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2. Significant Accounting Policies (Continued)

(r) Income taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates in force at the reporting date, and any adjustment to tax payable and tax losses in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax assets and liabilities are offset in the statement of financial position when there is a legally enforceable right to set off current tax assets against current tax liabilities. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

(s) Employee benefits

Pension obligations

Defined benefit plan

The Group operates a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

Defined contribution plan

The employees of the Group also participate in an Individual Retirement Scheme operated by an independent insurance Company. The Group makes fixed contributions to the scheme for participating employees. The Group has no obligation for the benefits provided under the scheme as these are payable by, and accounted for by the insurance Company. Accordingly, the Group recognises a cost equal to its contributions payable in respect of each accounting period in the statement of comprehensive income.

Other post-employment benefits

The Group provides post-employment healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit share scheme

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's equity holders after certain adjustments.

2. Significant Accounting Policies (Continued)

(t) Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

(u) Preference shares

Preference shares are classified as equity as, under the terms of the preference shares, the company has no cash obligation. Dividend distribution to preference shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Board has established committees/departments for managing and monitoring risks, as follows:

Central treasury department

The central treasury department is responsible for managing the Group's financial assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group. Group treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units.

Audit Committee

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

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3. Financial Risk Management (Continued)

The carrying values of the Group's financial instruments are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial Assets				
Investments, at fair value through other comprehensive income	1,221,434	883,791	1,221,434	853,791
Long term receivables, at fair value through profit or loss	84,157	111,685	48,526	59,742
At cost or amortised cost –				
Long term receivables	1,330,183	1,446,562	6,101,353	6,151,129
Trade and other receivables	18,647,032	5,661,033	9,959	-
Due from subsidiaries	-	-	33,930,287	19,677,776
Cash and bank balances	4,469,995	1,649,752	40,762	-
	24,447,210	8,757,347	40,082,361	25,828,905
	25,752,801	9,752,823	41,352,321	26,742,438
Financial Liabilities				
At cost or amortised cost –				
Due to subsidiaries	-	-	31,457,422	17,342,380
Trade and other payables	18,396,905	7,419,113	918,698	412,209
Long term liabilities	33,012,555	12,497,068	13,915,109	8,286,504
Lease obligation	2,098,293	159,809	-	-
Bank overdraft	-	-	-	381,884
	53,507,753	20,075,990	46,291,229	26,422,977

The most important types of risk are credit risk, liquidity risk and market risk. Market risk for the Group includes currency risk, interest rate and other price risk.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables from customers and its holdings of investments. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and industry segments.

Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and in Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Long term receivables

The Group limits its exposure to credit risk arising on loans to employees for the purchase of the Company's shares by holding a contractual right to deduct the interest and principal on the loan from the employees' remuneration, and by holding a contractual right to the shares that were acquired from the proceeds of the loan in the event that the employment contract is terminated and the loan is not repaid.

The Group has limited exposure to credit risk arising on receivables from its joint venture entity as the Group jointly controls the entity. The Group also has significant purchases from the entity, the payables arising from which may be set off against the long term receivables.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The executive committee has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the Board. Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or company, industry, aging profile, and previous financial difficulties. The Group has procedures in place to restrict customer orders if the order will exceed their credit terms. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

To measure expected credit losses, trade receivables are grouped by customer sector (based on shared risk characteristics) as well as by aging buckets. Lifetime expected credit losses are determined by taking into consideration historical rates of default for the totals of each customer segment of aged receivables as well as the estimated impact of forward looking information. In determining historical rates of default, trade receivables greater than 120 days past due are used as a proxy for historical losses. On this basis, the Group's loss allowance for trade receivables was determined as follows:

			2022			
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	3,028,081	1,717,086	547,443	136,181	339,168	5,767,959
Retailers & wholesalers	1,170,324	554,579	74,150	19,303	191,327	2,009,683
Distributors	665,083	432,532	158,600	86,804	115,939	1,458,958
Manufacturers	141,670	38,751	31,512	(10,970)	49,115	250,078
Others	2,956,245	1,560,631	864,825	491,975	1,358,174	7,231,850
	7,961,403	4,303,579	1,676,530	723,293	2,053,723	16,718,528
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.01%	0.43%	0.69%	3.58%	47.49%	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	36,120	18,425	11,569	25,877	975,303	1,067,294

			2021			
	Within 30 days	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**> than 120 days**	**Total**
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	1,274,142	280,871	16,114	5,902	65,343	1,642,372
Retailers & wholesalers	515,513	61,479	10,486	5,023	68,025	660,526
Distributors	632,112	271,473	64,000	68,669	117,145	1,153,399
Manufacturers	106,167	35,869	2,929	33	16,878	161,876
Others	485,414	250,268	180,288	140,761	381,623	1,438,354
	3,013,348	899,960	273,817	220,388	649,014	5,056,527
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	1.20%	2.03%	15.05%	18.01%	40.10%	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	36,224	18,346	41,207	39,693	279,633	415,103

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables (continued)

The movement in the provision for impairment of trade receivables is as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	415,103	387,473	-	-
On acquisition of subsidiaries	640,629	-	-	-
Provided during the year	47,179	28,150	-	-
Written off during the year	(35,617)	(520)	-	-
At end of year	1,067,294	415,103	-	-

The creation and release of provision for impaired receivables have been included in "net impairment gains and losses on trade receivables" in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The majority of the Group's trade receivables are receivable from customers in Jamaica.

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3. Financial Risk Management (Continued)

(b) Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process
The Group's liquidity management process, as carried out within the Group and monitored by the central treasury department, includes: (i) monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required; (ii) maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow; (iii) maintaining committed lines of credit; (iv) optimising cash returns on investments; and (v) managing the concentration and profile of debt maturities.

Undiscounted contractual cash flows of financial liabilities
The maturity profile of financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
			2022			
Long term liabilities	1,258,223	613,559	7,170,155	21,186,377	8,995,287	39,223,601
Lease obligation	38,987	103,122	301,225	1,885,555	1,502,225	3,831,114
Trade and other payables	18,396,905	-	-	-	-	18,396,905
	19,694,115	716,681	7,471,380	23,071,932	10,497,512	61,451,620
			2021			
Long term liabilities	561,417	325,693	3,089,986	9,383,139	2,245,063	15,605,298
Lease obligation	11,041	17,083	44,924	81,105	42,459	196,612
Trade and other payables	7,419,113	-	-	-	-	7,419,113
	7,991,571	342,776	3,134,910	9,464,244	2,287,522	23,221,023

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
			2022			
Long term liabilities	969,353	917,774	1,263,138	11,400,924	2,130,313	16,681,502
Due to subsidiaries	31,457,422	-	-	-	-	31,457,422
Other payables	918,698	-	-	-	-	918,698
	33,345,473	917,774	1,263,138	11,400,924	2,130,313	49,057,622
			2021			
Long term liabilities	302,359	39,917	2,422,800	5,603 450	2,245,063	10,613,589
Due to subsidiaries	17,342,380	-	-	-	-	17,342,380
Other payables	412,209	-	-	-	-	412,209
	18,056,948	39,917	2,422,800	5,603 450	2,245,063	28,368,178

Assets available to meet all of the liabilities and to cover financial liabilities include cash and investments.

3. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Group treasury department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from currency exposures held by entities in jurisdictions that have floating exchange rates, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities.

The statement of financial position for the Group at 31 December 2022 includes aggregate net foreign assets/(liabilities) held in jurisdictions that have floating exchange rates of (US$35,464,000), Euro$32,000, £99,000 and Canadian$2,000 (2021 – aggregate net foreign assets/(liabilities) of (US$3,240,000), Euro$4,000, £67,000 and Canadian$1,000).

The statement of financial position for the Company at 31 December 2022 includes aggregate net foreign assets of US$3,932,000, Euro$32,000, £42,000 and Canadian$2,000 (2021 – aggregate net foreign assets of US$35,039,000, Euro$4,000, £10,000 and Canadian$1,000), in respect of such transactions.

The above amounts for the Group and the Company include financial investments of US$8,000,000 (2021 – US$5,450,000) in respect of which foreign exchange gains and losses are reported in other comprehensive income.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The following table indicates the effect on profit before taxation and on other items of equity arising from changes in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end based on management's assessment of the possible change in foreign exchange rates. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated long term receivables, trade receivables, investment securities, payables and long term liabilities.

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Effect on profit before taxation -				
US$				
4% devaluation (2021 – 8%)	(265,180)	(109,352)	(27,692)	357,264
1% revaluation (2021 – 2%)	66,295	27,338	6,923	(89,316)
Other currencies				
4% devaluation (2021 – 8%)	908	1,136	504	224
1% revaluation (2021 – 2%)	(227)	(284)	(126)	(56)
Effect on other items of equity -				
US$				
4% devaluation (2021 – 8%)	47,988	66,736	47,988	66,736
1% revaluation (2021 – 2%)	(11,997)	(16,684)	(11,997)	(16,684)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

Seprod Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial bearing liabilities.

The Group's interest rate risk arises from long term borrowings and other debt instruments. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on profit before taxation based on floating rate borrowing and other debt instruments. The sensitivity of other components of equity is calculated by revaluing fixed rate investments for the effects of the assumed changes in interest rates.

The following table indicates the sensitivity to a reasonably possible change in interest rates in respect of Jamaican dollar and United States dollar denominated instruments, with all other variables held constant, on profit before taxation and other components of equity.

Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity	Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity
2022	2022	2022	2021	2021	2021
JMD / USD	$'000	$'000	JMD / USD	$'000	$'000
		The Group			
+100/+100	(8,544)	-	+100/+100	(20,544)	-
-50/-50	4,272	-	-100/-100	20,544	-
		The Company			
+100/+100	-	-	+100/+100	(12,000)	-
-50/-50	-	-	-100/-100	12,000	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
Interest rate risk (continued)
The following tables summarise the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

The Group

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2022			
Financial assets							
Investments	-	-	-	-	-	1,221,434	1,221,434
Long term receivables	-	-	233,368	1,180,972	-	-	1,414,340
Trade and other receivables	-	-	-	-	-	18,647,032	18,647,032
Cash and bank	4,469,995	-	-	-	-	-	4,469,995
	4,469,995	-	233,368	1,180,972	-	19,868,466	25,752,801
Financial liabilities							
Long term liabilities	1,799,014	1,871,412	1,196,472	16,851,239	11,188,008	106,410	33,012,555
Lease obligation	9,698	17,182	82,425	708,206	1,280,782	-	2,098,293
Payables	-	-	-	-	-	18,396,905	18,396,905
	1,808,712	1,888,594	1,278,897	17,559,445	12,468,790	18,503,315	53,507,753
Total interest repricing gap	2,661,283	(1,888,594)	(1,045,529)	(16,378,473)	(12,468,790)	1,365,151	(27,754,952)
				2021			
Financial assets							
Investments	-	-	-	30,000	-	853,791	883,791
Long term receivables	-	-	174,307	803,482	580,458	-	1,558,247
Trade and other receivables	-	-	-	-	-	5,661,033	5,661,033
Cash and bank	1,641,434	-	-	-	-	8,318	1,649,752
	1,641,434	-	174,307	833,482	580,458	6,523,142	9,752,823
Financial liabilities							
Long term liabilities	426,236	2,294,700	1,304,024	6,748,336	1,690,186	33,586	12,497,068
Lease obligation	9,373	15,493	40,767	57,442	36,734	-	159,809
Payables	-	-	-	-	-	7,419,113	7,419,113
	435,609	2,310,193	1,344,791	6,805,778	1,726,920	7,452,699	20,075,990
Total interest repricing gap	1,205,825	(2,310,193)	(1,170,484)	(5,972,296)	(1,146,462)	(929,557)	(10,323,167)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
Interest rate risk (continued)

The Company

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2022			
Financial assets							
Investments	-	-	-	-	-	1.221,434	1.221,434
Long term receivables	-	-	217,223	4,483,481	-	1,449,175	6,149,879
Receivables	-	-	-	-	-	9,959	9,959
Due from subsidiaries	-	-	-	-	-	33,930,287	33,930,287
Cash and bank	40,762	-	-	-	-	-	40,762
	40,762	-	217,223	4,483,481	-	36,610,855	41,352,321
Financial liabilities							
Long term liabilities	851,285	791,118	562,290	9,911,640	1,692,366	106,410	13,915,109
Payables	-	-	-	-	-	918,698	918,698
Due to subsidiaries	-	-	-	-	-	31,457,422	31,457,422
	851,285	791,118	562,290	9,911,640	1,692,366	32,482,530	46,291,229
Total interest repricing gap	(810,523)	(791,118)	(345,067)	(5,428,159)	(1,692,366)	4,128,325	(4,938,908)
				2021			
Financial assets							
Investments	-	-	-	-	-	853,791	853,791
Long term receivables	-	-	161,713	4,132,402	580,458	1,336,298	6,210,871
Due from subsidiaries	-	-	-	-	-	19,677,776	19,677,776
	-	-	161,713	4,132,402	580,458	21,867,865	26,742,438
Financial liabilities							
Long term liabilities	192,086	1,214,314	828,198	4,328,134	1,690,186	33,586	8,286,504
Payables	-	-	-	-	-	412,209	412,209
Due to subsidiaries	-	-	-	-	-	17,342,380	17,342,380
Bank overdraft	381,884	-	-	-	-	-	381,884
	573,970	1,214,314	828,198	4,328,134	1,690,186	17,788,175	26,422,977
Total interest repricing gap	(573,970)	(1,214,314)	(666,485)	(195,732)	(1,109,728)	4,079,690	319,461

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of investments held by the Group classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

Based on its holding of investments as at 31 December 2022 and 2021, there is no significant impact on the Group's stockholders' equity at either year end arising from changes in equity prices.

3. Financial Risk Management (Continued)

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

(e) Fair value estimates

Fair values of financial instruments re-measured at their fair value after initial recognition

Financial instruments classified in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

At 31 December 2022, the Group and the Company had quoted equity securities classified in Level 1 amounting to $21,718,000 (2021 – $21,291,000).

Financial instruments classified in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Specific valuation techniques used to value such financial instruments include: (i) quoted market prices or dealer quotes for similar instruments; and (ii) other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

At 31 December 2022, the Group had securities issued by the Government of Jamaica classified in Level 2 amounting to $Nil (2021 – $ $30,000,000).

Financial instruments classified in Level 3

If one or more of the significant inputs for valuation is not based on observable market data, the financial instrument is included in Level 3, and fair value is determined using discounted cash flow analysis.

At 31 December 2022, The Group and the Company had unquoted equity securities with a fair value of $1,199,716,000 (2021 – $832,500,000) classified as fair value through other comprehensive income and categorised as Level 3.

The movement in these instruments is as follows:

	2022	**2021**
	$'000	**$'000**
At start of year	832,500	1,685,002
Disposals	-	(868,487)
Fair value gains and losses	382,410	(53,463)
Foreign exchange gains and losses	(15,194)	69,448
At end of year	1,199,716	832,500

The following unobservable inputs were used to measure the Company's Level 3 financial instruments:

Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Discount rate	12% (2021 – 12%)	If the discount rate increases the fair value decreases
Terminal growth rate	3% (2021 – 3%)	If the terminal growth rate increases the fair value increases
Market participant minority discount	20% (2021 – 20%)	If the market participant minority discount increases the fair value decreases

There were no transfers between levels during the year.

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

Fair values of financial instruments not re-measured at fair value after initial recognition

The following methods and assumptions have been used in determining fair values for instruments not re-measured at their fair value after initial recognition:

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, trade and other receivables (Note 24) and payables (Note 25).

The carrying values of long term receivables (Note 20) approximate their fair values, as these receivables are carried at amortised cost and the interest rates are reflective of current market rates for similar transactions.

The carrying values of long term loans (Note 28) approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

Fair values of property

As of 31 December 2021, the Group measures its land and buildings at fair value on a triennial basis. Management, through an independent valuation expert used the income capitalisation approach to determine the fair value of all of the land and buildings. This method takes into consideration a number of factors that require estimation and judgement. The key factors include: estimation of rental income; determination of a capitalisation factor; and determination of the discount rate.

The Group classifies its land and buildings in Level 3 due to the unobservable inputs used in the determination of fair value for those assets. As at 31 December 2022, the carrying values of land and buildings (inclusive of work in progress) classified as level 3 amounted to: $5,447,269,000 and $8,197,055,000 (2021 – $3,643,310,000 and $5,814,500,000), respectively, for the Group; and $1,485,000,000,000 and $2,152,925,000 (2021 – $1,485,000,000 and $2,222,000,000), respectively, for the Company.

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)
Fair values of biological assets
The Group measures the biological assets at fair value at each reporting date. In measuring the fair value of biological assets various management estimates and judgements are required. The Group classifies its biological assets in Level 3 due to the unobservable inputs used in the determination of fair value for those assets, as described below.

Livestock
Estimates and judgements in determining the fair value of livestock relate to the market prices, use of animals and age of animals. Market prices of the animals are obtained from other players in the industry.

Forage
Subsequent to the discontinuation of the sugar manufacturing operation in July 2019, estimates and judgements in determining the fair value of sugar cane related to the ingredients in animal feed for which the sugar cane is used as a substitute. The ingredients in animal feed that are substituted and the related cost are determined independently by animal feed manufacturers and contracted farmers.
The fair value of hay is are determined independently by animal feed manufacturers and contracted farmers.

The movement in the fair value of livestock is as follows:

	2022	2021
	$'000	$'000
Opening balance	444,773	411,220
Decreases due to sales	(79,899)	(53,280)
Total gains or losses for the period included in profit or loss	94,107	86,833
Closing balance	458,981	444,773
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	94,107	86,833
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	24,413	56,426

The movement in the fair value of forage is as follows:

	2022	2021
	$'000	$'000
Opening balance	154,683	276,185
Total gains or losses for the period included in profit or loss	(103,429)	(121,502)
Closing balance	51,254	154,683
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(103,429)	(121,502)
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(103,429)	(121,502)

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)
Fair values of biological assets (continued)
The following unobservable inputs were used in determined the fair value of the Group's livestock, using a market approach for valuation.

Fair Value at 2022

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$39,100- $170,000 ($111,096) per animal	The higher the market price, the higher the fair value.
Other livestock price	$5,100- $178,398 ($155,086) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

Fair Value at 2021

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$36,390- $153,000 ($105,021) per animal	The higher the market price, the higher the fair value.
Other livestock price	$13,175- $119,000 ($92,747) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

The following unobservable inputs were used in determined the fair value of the Group's sugar cane, using a market approach for valuation.

Fair Value at 2022

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Price of fodder being substituted	$7,000 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

Fair Value at 2021

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Price of fodder being substituted	$7,000 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income taxes
Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Post-employment benefit obligations
The present value of the pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (or income) for post-employment benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation. Other key assumptions for post-employment benefit obligations are based in part on current market conditions. Sensitivity disclosures in relation to changes in assumptions are disclosed in Note 21.

Fair value of biological assets
Livestock
In the process of applying the Group's accounting policies, management determines fair values of biological assets based on prices in the local market, less the transport and other costs of getting the assets to the market. The fair value is sensitive to certain assumptions used in the computation, the primary assumption being the price of the animals.

For the valuation of biological assets at the year end, if the price per animal had changed by 5% with all other variables constant, the fair value would change accordingly by $22,179,000.

Forage
The sugar cane in the fields is used primarily as a substitute for components of animal feed. In doing the valuation for sugar cane, the Group first determines a price per tonne of cane based on the prices per tonne of the components of animal feed that will be substituted. This price per tonne of fully grown cane is used as the base for determining the fair value for the cane in each field, at the various stages in the cane harvest cycle. In valuing the cane for each cane field in each cane farm, the Group estimates each field's yield, by estimating the tonnes of cane to be reaped, per hectare of cane planted. The value of the cane considers the stage of growth of the cane, using certain assumptions regarding the relationship between the stage of growth of the cane and the cane's value. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the prices per tonne of the components of animal feed that will be substituted.

For the valuation of biological assets at the year end, if the price of hay had changed by 5%, with all other variables constant, the fair value would have changed accordingly by $2,527,000.

Fair value of unquoted equity securities
The fair value of securities not quoted in an active market are determined using valuation techniques. The Group exercises judgement and estimates on the quantity and quality of cashflow projections used. Where no market data is available, the Group values positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard for this purpose. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are reviewed by external experts. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the discount rate of 13%, terminal growth rate of 3% and a market participant minority discount of 20% and investee's future cash flows.

For the valuation of unquoted ordinary shares at the year-end: if the discount rate had increased/decreased by 1% with all other variables constant, the fair value would decrease/increase from US$8,018,000 to S$5,805,000/US$10,730,000; and if the terminal growth rate had increased/decreased by 0.5% with all other variables constant, the fair value would increase/decrease from US$8,018,000 to US$8,961,000/US$7,165,000.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

Fair value of property
Land and buildings are carried at fair value. The Group uses independent professional valuers to value its land and buildings triennially. These fair values are derived using the income capitalisation approach, which takes into consideration a number of factors, primarily the estimation of rental income; determination of a capitalisation factor; and determination of the discount rate. Rental rates of the subject properties are adjusted to reflect the market rent for properties of similar size, location and condition. The higher the rental rate the higher the fair value. The higher the capitalisation rate the lower the fair value.

Goodwill
The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(f). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rate. Any changes in these variables would impact the value in use calculations.

A 1% increase in the discount rates and a 1% reduction in revenue growth would not result in an impairment of goodwill.

Joint venture
The joint venture agreements in relation to Jamaica Grain and Cereals Limited require unanimous consent from all parties for all relevant activities. The partners have rights to the net assets of the arrangement. This entity is therefore classified as a joint venture and the Group recognises its share of the results for the year.

Business combinations
Business combinations are accounted for using the acquisition method. The Group determines the identifiable assets and liabilities using the Purchase Price Allocation method. Under this method, the Group makes estimates about future cash flows which are derived based on factors such as revenue growth, future margins, attrition rates, and discount rates in determining the fair values of the identifiable intangible assets. A similar approach to determine the identifiable assets and liabilities is used for associates and joint ventures.

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5. Business Segments

The Group is organised into two main business segments: Manufacturing – This incorporates the operations for manufacturing and sale of oils and fats, corn and wheat products, cereals, milk products, juices and biscuits; and Distribution – The merchandising of consumer goods.

	2022			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	13,249,511	65,184,325	-	78,433,836
Inter-segment revenue	14,647,783	-	(14,647,783)	-
Total revenue	27,897,294	65,184,325	(14,647,783)	78,433,836
Segment result	1,821,321	4,173,837	-	5,995,158
Unallocated corporate income				(20,619)
Operating profit				5,974,539
Segment assets	21,159,893	49,220,581	-	70,380,474
Unallocated corporate assets				24,116,563
Total consolidated assets				94,497,037
Segment liabilities	8,989,500	34,090,893	-	43,080,393
Unallocated corporate liabilities				18,522,029
Total consolidated liabilities				61,602,422
Other segment items –				
Capital expenditure	907,207	1,244,259	-	2,151,466
Unallocated capital expenditure				-
Total capital expenditure				2,151,466
Depreciation	643,107	801,277	-	1,444,384
Unallocated depreciation				52,854
Total depreciation				1,497,238

	2021			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	12,351,264	31,532,141	-	43,883,405
Inter-segment revenue	10,857,163	-	(10,857,163)	-
Total revenue	23,208,427	31,532,141	(10,857,163)	43,883,405
Segment result	1,318,875	1,697,176	-	3,016,051
Unallocated corporate income				583,432
Operating profit				3,599,483
Segment assets	18,465,513	9,591,055	-	28,056,568
Unallocated corporate assets				18,855,076
Total consolidated assets				46,911,644
Segment liabilities	6,294,581	5,905,651	-	12,200,232
Unallocated corporate liabilities				11,262,508
Total consolidated liabilities				23,462,740
Other segment items –				
Capital expenditure	564,522	1,090,434	-	1,654,956
Unallocated capital expenditure				-
Total capital expenditure				1,654,956
Depreciation	621,645	389,415	-	1,011,060
Unallocated depreciation				53,199
Total depreciation				1,064,259

The Distribution segment includes revenues of $28,742,640,000 earned by the operations based in Trinidad and Tobago.
The operations based in Jamaica earned export revenues of $2,601,768,000 (2020 - $2,187,592,000).

6. Finance and Other Operating Income

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Dividend income from subsidiaries	-	-	202,688	-
Dividend income on quoted investments	50	1,436	50	1,436
(Loss)/gain on disposal of property, plant and equipment	(367)	7,132	(457)	-
Interest income from subsidiaries	-	-	237,575	220,169
Other interest income	77,708	80,121	39,071	67,028
Net foreign exchange gains and losses	1,161,361	1,183,532	(52,515)	541,808
Rental income from subsidiaries		-	35,087	35,055
Other rental income	219,272	29,057	257	257
Other	304,708	222,343	21,512	74
	1,762,732	1,523,621	483,268	865,827

7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Advertising and promotion	934,989	545,626	16,548	13,643
Amortisation of intangible assets	367,494	241,454	-	-
Auditors' remuneration	119,906	40,099	35,182	11,876
Cost of inventories recognised as an expense	52,508,000	28,645,137	-	-
Delivery charges	1,152,884	824,633	-	-
Depreciation of property, plant and equipment	1,201,822	724,318	52,854	53,199
Depreciation of right of use assets	295,416	339,941	-	-
Donations	36,632	33,257	36,069	33,257
Feed, chemicals and veterinary supplies	660,853	532,200	-	-
Insurance	482,098	415,764	39,625	39,749
Loss on disposal of subsidiary (Note 18)	-	-	77,061	-
Motor vehicle expenses	306,602	193,404	19,969	12,782
Net impairment losses on trade receivables	47,179	28,150	-	-
Non-recoverable GCT	106,369	76,932	8,529	5,851
Professional services	354,387	250,134	199,429	137,836
Raw and packaging material	716,199	527,972	-	-
Repairs and maintenance	1,374,666	1,227,150	26,326	19,004
Security	305,034	226,448	45,491	44,963
Staff costs (Note 8)	7,077,234	4,280,662	807,643	601,135
Supplies	9,636	10,085	2,584	3,727
Utilities	2,155,806	1,493,447	67,251	53,963
Other	4,008,823	1,150,730	167,898	117,946
	74,222,029	41,807,543	1,602,459	1,148,931

8. Staff Costs

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	5,143,350	3,279,639	567,721	433,362
Statutory contributions	542,920	374,733	51,072	48,620
Pension – defined benefit (Note 21)	164,642	3,200	4,100	3,200
Pension – defined contribution (Note 21)	168,494	97,472	16,002	13,588
Other post-employment benefits (Note 21)	162,515	11,800	10,600	11,800
Other	895,313	513,818	158,148	90,565
	7,077,234	4,280,662	807,643	601,135

9. Finance Costs

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net foreign exchange gains and losses	(165,530)	127,180	(164,018)	113,949
Interest expense –				
Long term liabilities	1,642,490	869,032	815,735	547,849
Lease obligation	112,851	37,271	-	-
Other	188,173	128,751	65,494	51,245
Amortisation of deferred financing fees	59,492	37,240	30,976	24,202
	1,837,476	1,199,474	748,187	737,245

10. Taxation Expense

Taxation is based on the profit for the year adjusted for tax purposes and comprises income tax at 25%.

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current taxation	1,058,057	517,687	-	-
Adjustment to prior year provision	-	(4,737)	-	-
	1,058,057	512,950	-	-
Deferred taxation (Note 29)	88,876	(341,226)	(182,840)	15,435
	1,146,933	171,724	(182,840)	15,435

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10. Taxation Expense (Continued)

The tax on the Group's and the Company's profit/loss differ from the theoretical amounts that would arise using the applicable tax rate as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Profit/(loss) before taxation	4,243,615	2,310,970	(458,818)	66,217
Tax calculated at a tax rate of 25%	1,060,904	577,743	(114,705)	16,554
Adjusted for the effect of:				
Investment income not subject to tax	(171,623)	(109,763)	(123,540)	(32,959)
Adjustment to prior year provision	-	(4,737)	-	-
Employment tax credit	(57,909)	(32,367)	-	-
Expenses not deductible	121,912	107,121	76,409	37,182
Results of joint venture included net of tax	(26,638)	(19,786)	-	-
Recognition of previously unrecognised tax losses	321,939	(522,140)	-	-
Tax losses in respect of which no deferred tax is recognised	19,446	113,824	-	-
Other charges and credits	(121,098)	61,829	(21,004)	(5,342)
	1,146,933	171,724	(182,840)	15,435

Tax charge relating to components of other comprehensive income are as follows:

	The Group		
	Before Tax $'000	**Tax Effect $'000**	**After Tax $'000**
		2022	
Currency translation gains and losses	(13,417)	-	(13,417)
Re-measurements of post-employment benefit obligations	(273,101)	113,108	(159,993)
Unrealised fair value gains on investments	367,643	-	367,643
Other comprehensive income	81,125	113,108	194,233
		2021	
Currency translation gains and losses	34,984	-	34,984
Re-measurements of post-employment benefit obligations	2,900	(725)	2,175
Unrealised fair value gains on investments	19,018	-	19,018
Unrealised fair value gains on property	6,247,560	(787,669)	5,459,891
Other comprehensive income	6,304,462	(788,394)	5,516,068

	The Company		
	Before Tax $'000	**Tax Effect $'000**	**After Tax $'000**
		2022	
Re-measurements of post-employment benefit obligations	21,000	(5,250)	15,750
Unrealised fair value gains on investments	367,643	-	367,643
Other comprehensive income	388,643	(5,250)	383,393
		2021	
Re-measurements of post-employment benefit obligations	2,900	(725)	2,175
Unrealised fair value gains on investments	19,018	-	19,018
Unrealised fair value gains on property	2,409,892	(270,352)	2,139,540
Other comprehensive income	2,431,810	(271,077)	2,160,733

11. Net Profit Attributable to Stockholders of the Company

Net profit attributable to stockholders of the Company (Note 12) is dealt with as follows in the financial statements:

	2022 $'000	2021 $'000
The Company	(275,978)	50,782
Less dividend income from subsidiaries	(202,688)	-
	(478,666)	50,782
Subsidiaries	3,290,106	1,863,495
Joint venture and associate	106,552	79,144
	2,917,992	1,993,421

12. Earnings per Stock Unit Attributable to Stockholders of the Company

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders of the Company by the weighted average number of ordinary stock units in issue, as follows.

	2022 $'000	2021 $'000
Net profit/(loss) attributable to stockholders of the Company		
Continuing operations	2,322,663	2,139,246
Discontinued operations	(178,690)	(145,825)
	2,143,973	1,993,421
Weighted average number of ordinary stock units ('000)	733,488	733,488
Basic earnings per stock unit ($)		
Continuing operations	3.17	2.92
Discontinued operations	(0.25)	(0.20)
	2.92	2.72

The Company has no dilutive potential ordinary shares.

13. Dividends Declared

	2022 $'000	2021 $'000
Interim dividends –		
50 cents per stock unit – 11 April 2022	366,774	-
50 cents per stock unit – 9 September 2022	366,774	-
50 cents per stock unit – 30 November 2022	366,773	-
30 cents per stock unit – 22 February 2021	-	220,064
50 cents per stock unit – 26 July 2021	-	366,774
50 cents per stock unit – 8 November 2021	-	366,774
	1,100,321	953,612

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14. Property, Plant and Equipment

	The Group					
	Freehold Land & Site Improvements $'000	**Buildings $'000**	**Plant, Equipment & Furniture $'000**	**Motor Vehicles $'000**	**Work in Progress $'000**	**Total $'000**
			2022			
Cost -						
At 1 January 2022	3,643,310	4,874,500	8,958,228	495,473	1,681,001	19,652,512
On acquisition of subsidiaries	1,803,959	2,220,765	1,381,656	461,334	17,733	5,885,447
Additions	-	32,972	736,226	335,212	1,047,056	2,151,466
Disposals	-	(78,735)	(65,117)	(163,847)	(3,751)	(311,450)
Write-offs/Adjustments	-	309,465	97,889	(3,110)	-	404,244
Transfers	-	913,477	343,193	-	(1,256,670)	-
At 31 December 2022	5,447,269	8,272,444	11,639,315	1,125,062	1,298,129	27,782,219
Accumulated Depreciation -						
At 1 January 2022	-	-	5,342,701	381,734	-	5,724,435
Charge for the year	-	154,124	864,435	183,263	-	1,201,822
On disposals	-	(78,735)	(36,987)	(122,982)	-	(238,704)
Write-offs/Adjustments	-	-	317,582	(1,718)	-	315,864
At 31 December 2022	-	75,389	6,487,731	440,297	-	7,003,417
Net Book Value -						
At 31 December 2022	5,447,269	8,197,055	5,151,584	684,765	1,298,129	20,778,802
			2021			
Cost -						
At 1 January 2021	733,037	2,461,345	7,461,689	218,643	278,814	11,153,528
Adjustment to opening balances	2	72,643	1,431,020	278,999	(1)	1,782,663
At 1 January 2021	733,039	2,533,988	8,892,709	497,642	278,813	12,936,191
Additions	-	22,167	276,609	43,557	1,312,623	1,654,956
Disposals	-	(9,087)	(253,541)	(40,714)	-	(303,342)
Write-offs/Adjustments	(2)	(42,449)	42,451	(5,012)	(13,871)	(18,883)
Revaluation	2,910,273	2,369,881	-	-	103,436	5,383,590
At 31 December 2021	3,643,310	4,874,500	8,958,228	495,473	1,681,001	19,652,512
Accumulated Depreciation -						
At 1 January 2021	-	585,693	3,522,414	87,088	-	4,195,195
Adjustment to opening balances	-	79,641	1,424,987	278,035		1,782,663
At 1 January 2021	-	665,334	4,947,401	365,123	-	5,977,858
Charge for the year	-	57,390	613,935	52,993	-	724,318
On disposals	-	(5,189)	(240,491)	(36,382)		(282,062)
Write-offs/Adjustments	-	(22,653)	21,856	-	-	(797)
Revaluation		(694,882)	-	-	-	(694,882)
At 31 December 2021	-	-	5,342,701	381,734	-	5,724,435
Net Book Value -						
At 31 December 2021	3,643,310	4,874,500	3,615,527	113,739	1,681,001	13,928,077

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14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements $'000	**Buildings $'000**	**Plant, Equipment & Furniture $'000**	**Motor Vehicles $'000**	**Work in Progress $'000**	**Total $'000**
			2022			
Cost -						
At 1 January 2022	1,485,000	1,282,000	261,445	87,505	1,177,284	4,293,234
Additions	-	-	395,415	21,707	236,091	653,213
Disposals	-	-	(2,851)	-	-	(2,851)
Transfers	-	881,377	-	-	(881,377)	-
At 31 December 2022	1,485,000	2,163,377	654,009	109,212	531,998	4,943,596
Accumulated Depreciation -						
At 1 January 2022	-	-	181,885	67,188	-	249,073
Charge for the year	-	10,452	27,289	15,113	-	52,854
Relieved on disposals	-	-	(2,394)	-	-	(2,394)
At 31 December 2022	-	10,452	206,780	82,301	-	299,533
Net Book Value -						
At 31 December 2022	1,485,000	2,152,925	447,229	26,911	531,998	4,644,063
			2021			
Cost -						
At 1 January 2021	156,518	421,923	268,924	72,587	121,889	1,041,841
Additions	-	-	15,324	14,918	965,830	996,072
Disposals	-	-	(22,803)	-	-	(22,803)
Write-offs/Adjustments	-	-	-	-	(13,871)	(13,871)
Revaluation	1,328,482	860,077	-	-	103,436	2,291,995
At 31 December 2021	1,485,000	1,282,000	261,445	87,505	1,177,284	4,293,234
Accumulated Depreciation -						
At 1 January 2021	-	109,099	178,779	48,696	-	336,574
Charge for the year	-	8,798	25,909	18,492	-	53,199
Relieved on disposals	-	-	(22,803)	-	-	(22,803)
Revaluation	-	(117,897)	-	-	-	(117,897)
At 31 December 2021	-	-	181,885	67,188	-	249,073
Net Book Value -						
At 31 December 2021	1,485,000	1,282,000	79,560	20,317	1,177,284	4,044,161

Certain of the Group's property, plant and equipment have been pledged as security for its borrowings (Note 28).

On 31 December 2021, land and buildings were revalued by a professional independent valuer. The revaluation surplus of $6,078,472,000 for the Group and $2,409,892,000 for the Company, net of deferred tax of $787,669,000 for the Group and $270,352,000 for the Company, was credited to capital reserves in shareholders' equity.

If land and buildings were stated on a historical cost basis at 31 December 2022, the carrying amounts would be:

- land at a cost of $1,395,809,000 (2021 – $733,037,000) for the Group and $156,158,000 (2021 – $156,158,000) for the Company; and
- buildings at a cost of $4,762,699,000 (2021 – $2,504,619,000) for the Group and $737,407,000 (2021 – $421,923,000) for the Company, net of accumulated depreciation of $733,367,000 (2021 – $694,882,000) for the Group and $126,695,000 (2021 – $117,897,000) for the Company.

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15. Right of Use Assets and Related Lease Obligation

The movement in the right of use assets is as follows:

	The Group		
	Buildings $'000	Motor Vehicles $'000	Total $'000
		2022	
At 1 January 2022	99,604	43,874	143,478
On acquisition of subsidiaries	1,666,925	-	1,666,925
Additions	314,261	29,309	343,570
Disposals	-	(1,843)	(1,843)
Charge for the year	267,102	28,314	295,416
At 31 December 2022	1,813,689	43,025	1,856,714
		2021	
At 1 January 2021	328,441	69,048	397,489
Additions	86,621	-	86,621
Disposals	-	(691)	(691)
Charge for the year	(315,458)	(24,483)	(339,941)
At 31 December 2021	99,604	43,874	143,478

The related lease obligation recognised in the statement of financial position is as follows:

	The Group	
	2022 $'000	2021 $'000
Current obligations	377,761	65,633
Non-current obligations	1,720,532	94,176
	2,098,293	159,809

The movement in the lease obligation is as follows:

	The Group	
	2022 $'000	2021 $'000
Balance at start of year	159,809	408,300
On acquisition of subsidiaries	1,849,568	-
Additions	343,570	86,621
Disposals	(1,843)	-
Effect of variation in lease payments/lease modification	-	(170,276)
Foreign exchange gains and losses	(1,512)	13,231
Interest charged and expensed (Note 9)	112,851	37,271
Lease payments	(364,150)	(215,338)
Balance at end of year	2,098,293	159,809

16. Intangible Assets

	The Group					
	Goodwill $'000	**Distribution network $'000**	**Supplier relationships $'000**	**Trade name $'000**	**Brands $'000**	**Total $'000**
Cost -						
At 1 January 2021 and 31 December 2021	4,794,911	2,090,000	1,340,000	404,000	1,233,277	9,862,188
On acquisition of subsidiaries	1,983,033	-	1,228,200	535,900	894,240	4,641,373
At 31 December 2022	6,777,944	2,090,000	2,568,200	939,900	2,127,517	14,503,561
Accumulated amortisation -						
At 1 January 2021	-	-	251,479	45,492	392,595	689,566
Charge for the year	-	-	111,667	20,200	109,587	241,454
At 31 December 2021	-	-	363,146	65,692	502,182	931,020
Charge for the year	-	-	178,045	46,995	142,454	367,494
At 31 December 2022	-	-	541,191	112,687	644,636	1,298,514
Net Book Value -						
At 31 December 2022	6,777,944	2,090,000	2,027,009	827,213	1,482,881	13,205,047
At 31 December 2021	4,794,911	2,090,000	976,854	338,308	731,095	8,931,168

The allocation of goodwill is as follows:

	The Group	
	2022 $'000	**2021 $'000**
A.S. Bryden and Sons Holdings Limited	1,017,217	-
Facey Commodity Company Limited	4,464,452	4,464,452
Micon Holdings Limited	965,816	-
Musson Holdings Limited	330,459	330,459
	6,777,944	4,794,911

Musson Holdings Limited is in the Manufacturing segment, while the other entities are in the Distribution segment.

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. The cash flow projections are based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates (which do not exceed the long-term average growth rate for the business in which the CGU operates). The key assumptions used for value in use calculations are as follows:

	Revenue Growth Rate	**EBITDA to Revenue**	**Return on EBIT**	**Discount Rate**
A.S. Bryden and Sons Holdings Limited and Micon Holdings Limited	4.5% to 10%	N/A	9.3% to 29.9%	11.4% to 18.3%
Facey Commodity Company Limited	7%	6%	N/A	15%
Musson Holdings Limited	6%	6%	N/A	16%

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17. Investments

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity securities denominated in Jamaican dollars	21,718	21,291	21,718	21,291
Unquoted Government of Jamaica securities denominated in Jamaican dollars	-	30,000	-	-
Unquoted equity securities denominated in US dollars	1,199,716	832,500	1,199,716	832,500
	1,221,434	883,791	1,221,434	853,791

Unquoted equity securities denominated in US dollars
At 31 December 2022, the Company owns 42,214 (2021 – 42,214) of the issued ordinary shareholding in Facey Group Limited, a related company, which represents an 11.6% (2021 – 11.6%) holding. As the shares are unlisted, fair values were determined using cash flows discounted at a market interest rate and a risk premium specific to the unlisted security.

18. Investment in Subsidiaries

	2021	**2020**
	$'000	**$'000**
Balance at 1 January	7,863,313	7,863,313
Disposal of Jamaica Edible Oils and Fats Company Limited	(162,843)	-
Acquisition of A.S. Bryden and Sons Holdings Limited	3,921,059	-
Balance at 31 December	11,621,529	7,863,313

All subsidiaries are included in the consolidation. The proportion of the voting rights in each subsidiary does not differ from the proportion of ordinary shares held.

There was no gain or loss on disposal recognised by the Group. The loss on disposal of subsidiary recognised by the Company (Note 7) was determined as follows:

	2022	**2021**
	$'000	**$'000**
Write-off of investment in subsidiary	162,843	-
Write off of intercompany balance due from subsidiary	(85,782)	-
	77,061	-

Non-controlling interest as at and for the year ended 31 December 2022 is attributable to the acquisition of A.S. Bryden and Sons Holdings Limited during the year.

The movement in non controlling interest is as follows:

	2022	**2021**
	$'000	**$'000**
Balance at the beginning of the year	-	-
On acquisition of A.S. Bryden and Sons Holdings Limited	2,662,779	-
Effect of acquisition of Micon Holdings Limited	371,749	-
Effect of issue of shares by A.S. Bryden and Sons Holdings Limited to acquire Micon Holdings Limited	1,749,656	-
Effect of issue of shares by Ibis Construction Equipment Sales & Rental Limited	52,555	-
Share of profit or loss	774,019	-
Share of other comprehensive income	(80,845)	-
Share of dividends paid by A.S. Bryden and Sons Holdings Limited	(185,150)	-
Balance at the end of the year	5,344,763	-

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18. Investment in Subsidiaries (Continued)

Summarised financial information for A.S. Bryden and Sons Holdings Limited, before intercompany eliminations, is as follows:
Summarised statement of comprehensive income

	2022 $'000	2021 $'000
Revenue	28,742,640	-
Depreciation	644,069	-
Amortisation	126,040	-
Net profit	1,736,316	-

Summarised statement of financial position

	2022 $'000	2021 $'000
Non-current assets:		
Property, plant and equipment	5,875,488	-
Right of use assets	1,665,430	-
Intangible assets	5,793,815	-
Other non-current assets	1,707,612	-
	15,042,345	-
Current assets:		
Inventories	13,545,712	-
Cash and cash equivalents	2,701,028	-
Receivables and other current assets	11,555,932	-
	27,802,672	-
Non-current liabilities:		
Non-current portion of long term liabilities	(12,735,261)	-
Other non-current liabilities	(3,930,010)	-
	16,665,271	-
Current liabilities:		
Payables	(8,226,153)	-
Current portion of long term liabilities	(2,985,929)	-
Other current liabilities	(991,093)	-
	12,203,175	-
Net assets	13,976,571	-

Summarised statement of cash flows

	2022 $'000	2021 $'000
Cash flows from operating activities	4,170,866	-
Cash flows from investing activities	2,543,248	-
Cash flows from financing activities	(6,798,570)	-

19. Investment in Joint Venture and Associate

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Investment in joint venture	774,359	697,063	434,114	434,114
Investment in associate	351,187	-	-	-
	1,125,546	697,063	434,114	434,114

19. Investment in Joint Venture and Associate (Continued)

Investment in joint venture

The Company owns 50% of Jamaica Grain and Cereals Limited, a former subsidiary that manufactures and sells corn and wheat products and cereals. The carrying value of the investment approximates 50% of the carrying value of the net assets of the joint venture entity.

The movement in investment in joint venture is as follows:

	The Group		**The Company**	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	697,063	448,831	434,114	434,114
Share of profit	106,552	79,144	-	-
Share of other comprehensive income	(29,256)	169,088	-	-
Balance at the end of the year	774,359	697,063	434,114	434,114

Summarised financial information for the joint venture is as follows:

Summarised statement of comprehensive income

	2022	**2021**
	$'000	**$'000**
Revenue	6,909,502	5,236,786
Depreciation	140,677	132,186
Net profit	154,592	158,288

Summarised statement of financial position

	2022	**2021**
	$'000	**$'000**
Property, plant and equipment and right of use assets	3,180,018	3,276,762
Current assets:		
Inventories	1,480,843	1,182,012
Cash and cash equivalents	263,061	703,621
Receivables and other current assets	2,440,372	645,073
	4,184,276	2,530,706
Non-current liabilities:		
Due to joint venture partners	(1,155,596)	(1,178,668)
Long term loan	(1,309,263)	(1,406,245)
Other non-current liabilities	(301,938)	(255,432)
	(2,766,797)	(2,840,345)
Current liabilities:		
Due to joint venture partners	(2,448,197)	(990,989)
Current portion of long term loan	(515,713)	(487,807)
Payables and other current liabilities	(287,731)	(99,950)
	(3,054,528)	(1,578,746)
Net assets	1,542,969	1,388,377

Summarised statement of cash flows

	2022	**2021**
	$'000	**$'000**
Cash flows from operating activities	(130,376)	493,580
Cash flows from investing activities	(43,933)	(40,969)
Cash flows from financing activities	(266,251)	(138,414)

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19. Investment in Joint Venture and Associate (Continued)

Investment in associate
The Group owns 49% of Armstrong Healthcare Inc, a company that sells healthcare items. The carrying value of the investment approximates 49% of the carrying value of the net assets of the associate.

The movement in investment in associate is as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance at the beginning of the year	-	-
On acquisition of subsidiary	321,931	-
Share of profit or loss	29,256	-
Balance at the end of the year	351,187	-

Summarised financial information for the associate is as follows:
Summarised statement of comprehensive income

	2022	**2021**
	$'000	**$'000**
Revenue	934,306	-
Depreciation	3,312	-
Net profit	59,685	-

Summarised statement of financial position

	2022	**2021**
	$'000	**$'000**
Property, plant and equipment and other non-current assets	15,150	-
Current assets:		
Inventories	520,141	-
Cash and cash equivalents	22,984	-
Receivables and other current assets	576,240	-
	1,119,365	-
Current liabilities:		
Bank overdraft	131,895	-
Payables and other current liabilities	285,935	-
	417,830	-
Net assets	716,685	-

Summarised statement of cash flows

	2022	**2021**
	$'000	**$'000**
Cash flows from operating activities	(5,231)	-
Cash flows from investing activities	(2,369)	-

20. Long Term Receivables

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
(a) Facey Commodity Company Limited	-	-	922,212	922,212
(b) Musson International Dairies Limited	-	-	2,399,783	2,446,057
(c) Jamaica Grain and Cereals Limited	569,864	580,458	569,864	580,458
(d) Musson (Jamaica) Limited	760,319	866,104	760,319	866,104
(e) Employee loans	84,157	111,685	48,526	59,742
(f) Bercyn Farms Limited –				
(i) Mobilisation loan for farming operations	-	-	-	-
(ii) Advance for replanting and farming operations	-	-	-	-
	1,414,340	1,558,247	4,700,704	4,874,573
Interest receivable	-	-	1,449,175	1,336,298
	1,414,340	1,558,247	6,149,879	6,210,871
Less: Current portion	(233,368)	(174,307)	(1,666,398)	(1,498,011)
	1,180,972	1,383,940	4,483,481	4,712,860

(a) This receivable from subsidiary of J$922,212,000 is scheduled to be received at maturity on 26 September 2024. The agreement attracts interest of 8% per annum, payable monthly.

(b) This receivable from subsidiary of US$15,892,000 was initially repayable on 23 September 2020. During 2020, the maturity date was extended to 31 December 2025. The agreement attracts interest of 6% per annum.

(c) This receivable from joint venture of US$3,800,000 is repayable at maturity on 31 December 2027. The agreement attracts interest of 3.07% per annum, payable annually.

(d) This related party receivable of US$5,070,000 (2021 – US$5,670,000) is scheduled to be received in annual instalments of US$1 million for the years 2022 to 2026, with a final instalment of US$670,000 in 2027. The agreement attracts interest of 3% per annum.

(e) This receivable represents loans granted to employees as part of a scheme to assist employees in purchasing shares in the Company. The receivable is due on 31 October 2025 and attracts interest at 7.5%, payable monthly.

(f) (i) This loan was granted as part of the farm management contract for Golden Grove Sugar Company Limited. The principal is repayable in periodic discretionary installments until maturity in November 2019. The agreement attracts interest of 10% per annum.

(ii) This represents crop advances, as well as balance receivable from the sale of spares, farming equipment and other supplies. The principal is repayable in periodic discretionary installments until maturity in November 2020. The agreement does not attract interest.

The outstanding balances on these receivables from Bercyn Farms Limited were deemed fully impaired on discontinuation of the sugar manufacturing operations in July 2019 (Note 34). At the date of discontinuation, the carrying values of these receivables amounted to $132,538,000.

As at 31 December 2022, $25,980,000 (2021 – $22,971,000) of these receivables were recovered.

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21. Post-employment Benefits

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Amounts recognised in the statement of financial position -				
Pension schemes -				
Defined benefit plan – Jamaica-based operations	5,600	25,100	5,600	25,100
Defined benefit plan – Trinidad-based operations	669,093	-	-	-
	674,693	25,100	5,600	25,100
Medical benefits -				
Defined benefit plan – Jamaica-based operations	(98,500)	(134,600)	(98,500)	(134,600)
Defined benefit plan – Trinidad-based operations	(1,556,916)	-	-	-
	(1,655,416)	(134,600)	(98,500)	(134,600)
Expense recognised in profit or loss (Note 8) -				
Pension schemes -				
Defined benefit plan – Jamaica-based operations	4,100	3,200	4,100	3,200
Defined benefit plan – Trinidad-based operations	160,542	-	-	-
	164,642	3,200	4,100	3,200
Medical benefits -				
Defined benefit plan – Jamaica-based operations	10,600	11,800	10,600	11,800
Defined benefit plan – Trinidad-based operations	151,915	-	-	-
	162,515	11,800	10,600	11,800
Gains/(losses) recognised in other comprehensive income (Note 10) -				
Pension schemes -				
Defined benefit plan – Jamaica-based operations	(15,900)	2,600	(15,900)	2,600
Defined benefit plan – Trinidad-based operations	(294,101)	-	-	-
	(310,001)	2,600	(15,900)	2,600
Medical benefits -				
Defined benefit plan – Jamaica-based operations	36,900	300	36,900	300
Defined benefit plan – Trinidad-based operations	-	-	-	-
	36,900	300	36,900	300
	(273,101)	2,900	21,000	2,900

21. Post-employment Benefits (Continued)

Pension schemes
Defined contribution plans
In addition to the defined benefit pension schemes described below, employees of the Jamaica-based operations hired on or after 1 January 2002 participate in an Individual Retirement Scheme operated by an independent insurance company, and employees of the Trinidad-based operations participate in various defined contribution pension schemes. Employees participating in the scheme contribute up to 15% of pensionable earnings while the Group contributes 5%. The Group's and the Company's contribution for the year amounted to $168,494,000 (2021 – $97,472,000) and $16,002,000 (2021 – $13,588,000), respectively (Note 8).

Defined benefit plan – Jamaica-based operations
The Group operates a defined benefit scheme for employees hired prior to 1 January 2002. The scheme is administered by NCB Insurance Agency & Fund Managers Limited. The plan provides benefits to members based on average earnings for the final year of service, with the Group and employees each contributing 5% of pensionable salaries. Employee may contribute additional voluntary contribution up to 5%. The scheme was closed to new members as at 31 December 2001. As the subsidiaries make fixed contributions to the pension scheme and have no further legal or constructive obligations under the scheme, the pension asset and obligations are accounted for in the financial statements of the Company. The subsidiaries recognise a cost equal to their contributions payable in respect of each accounting period in profit or loss. Any plan surplus or funding deficiency is absorbed by the Company.

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2022.

The Board of the pension fund is composed of an equal number of representatives from both employer and employees. The Board of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by NCB Insurance Agency & Fund Managers Limited which administers the Fund and manages the investment portfolio under management agreement.

The amounts recognised in the statement of financial position are determined as follows:

	2022	**2021**
	$'000	**$'000**
Present value of funded obligations	(616,900)	(883,300)
Fair value of plan assets	983,100	1,034,300
Asset in the statement of financial position	366,200	151,000
Unrecognised asset due to limitation	(360,600)	(125,900)
	5,600	25,100

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21. Post-employment Benefits (Continued)

Pension schemes (continued)

Defined benefit plan – Jamaica-based operations (continued)

The movement in the amounts recognised in the statement of financial position is as follows:

	2022 $'000	2021 $'000
Asset at beginning of year	25,100	25,100
Amounts recognised in profit or loss in the statement of comprehensive income	(4,100)	(3,200)
Amounts recognised in other comprehensive income	(15,900)	2,600
Contributions paid	500	600
Asset at end of year	5,600	25,100

The movement in the defined benefit obligation over the year is as follows:

	2022 $'000	2021 $'000
Balance at beginning of year	(883,300)	(874,900)
Current service cost	(2,700)	(2,300)
Interest cost	(68,100)	(75,900)
Re-measurements – experience gains and losses	267,400	900
Members' contributions	(900)	(1,000)
Benefits paid	70,700	69,900
Balance at end of year	(616,900)	(883,300)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $49,000,000 (2021 – $92,500,000) relating to active employees, and $567,900,000 (2021 – $790,800,000) relating to members in retirement.

The movement in the defined benefit asset during the year is as follows:

	2022 $'000	2021 $'000
Balance at beginning of year	1,034,300	1,003,900
Interest income	76,700	84,400
Re-measurement – return on plan assets, excluding amounts included in interest income	(58,600)	14,300
Employer's contributions	500	600
Members' contributions	900	1,000
Benefits paid	(70,700)	(69,900)
Balance at end of year	983,100	1,034,300

The amounts recognised in profit or loss is as follows:

	2022 $'000	2021 $'000
Current service cost	2,700	2,300
Interest costs	68,100	75,900
Interest income	(76,700)	(84,400)
Interest on effect of unrecognised asset due to limitation	10,000	9,400
Total, included in staff costs	4,100	3,200

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2023 amount to $500,000.

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21. Post-employment Benefits (Continued)

Pension schemes (continued)
Defined benefit plan – Jamaica-based operations (continued)
Plan assets are comprised as follows:

	Quoted $'000	Unquoted $'000	Total $'000	%
		2022		
Government of Jamaica debt securities	-	224,877	224,877	23
Corporate debt securities	-	135,282	135,282	14
Real estate	-	59,752	59,752	6
Ordinary shares	444,950	7,029	451,979	46
Preference shares	-	30,505	30,505	3
Repurchase agreements	-	28,599	28,599	3
Other	-	52,106	52,106	5
	444,950	538,150	983,100	100
		2021		
Government of Jamaica debt securities	-	247,768	247,768	24
Corporate debt securities	-	152,995	152,995	15
Real estate	-	54,530	54,530	5
Ordinary shares	466,330	6,795	473,125	46
Preference shares	-	28,421	28,421	3
Repurchase agreements	-	27,821	27,821	2
Other	-	49,640	49,640	5
	466,330	567,970	1,034,300	100

The above assets include ordinary shares in the Company with a fair value of $97,704,000 (2021 - $78,047,000).

The significant actuarial assumptions used were a discount rate of 13% (2021 – 8%); future salary increases of 6.5% (2021 – 6%); and future pension increases of 2.50% (2021 – 2.25%). The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2022		**2021**	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**	**$'000**	**$'000**
Discount rate	2022 - 1%/2021 - 0.5%	(37,900)	43,200	(39,700)	43,300
Future salary increases	2022 - 1%/2021 - 0.5%	1,700	(1,600)	2,700	(2,700)
Expected pension increase	2022 - 1%/2021 - 0.5%	41,100	(36,200)	40,500	(37,200)

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. If the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $9,000,000/($9,400,000) (2021 – $18,600,000/($18,900,000)).

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21. Post-employment Benefits (Continued)

Pension schemes (continued)
Defined benefit plans – Trinidad-based operations
The Group operates defined benefit schemes which are administered by Sagicor Life Inc. The plans provide benefits to members based on average earnings for the final year of service, with the Group and employees each contributing 5% of pensionable salaries. Employee may contribute additional voluntary contribution up to 5%.

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2022.

The amounts recognised in the statement of financial position are determined as follows:

	2022	**2021**
	$'000	**$'000**
Present value of funded obligations	(4,856,581)	-
Fair value of plan assets	5,525,674	-
Asset in the statement of financial position	669,093	-

The movement in the amounts recognised in the statement of financial position is as follows:

	2022	**2021**
	$'000	**$'000**
On acquisition of subsidiary	808,841	-
Amounts recognised in profit or loss in the statement of comprehensive income	(294,101)	-
Amounts recognised in other comprehensive income	(205,225)	-
Employers' contributions	359,978	-
Asset at end of year	669,093	-

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21. Post-employment Benefits (Continued)

Pension schemes (continued)

Defined benefit plans – Trinidad-based operations (continued)

The movement in the defined benefit obligation over the year is as follows:

	2022 $'000	2021 $'000
On acquisition of subsidiary	(4,546,862)	-
Current service cost	(192,244)	-
Interest cost	(210,461)	-
Re-measurements – experience gains and losses	(48,008)	-
Members' contributions	(91,592)	-
Benefits paid	232,586	-
Balance at end of year	(4,856,581)	-

The movement in the defined benefit asset during the year is as follows:

	2022 $'000	2021 $'000
On acquisition of subsidiary	5,355,703	-
Interest income	242,163	-
Re-measurement – return on plan assets, excluding amounts included in interest income	(291,176)	-
Employer's contributions	359,978	-
Members' contributions	91,592	-
Benefits paid	(232,586)	-
Balance at end of year	5,525,674	-

The expense recognised in profit or loss is as follows:

	2022 $'000	2021 $'000
Current service cost	192,244	-
Interest costs	210,461	-
Interest income	(242,163)	-
Total, included in staff costs	160,542	-

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2023 amount to $258,133,000.

21. Post-employment Benefits (Continued)

Pension schemes (continued)
Defined benefit plans – Trinidad-based operations (continued)
Plan assets are comprised as follows:

	2022 $'000	2021 $'000
Mortgages	604,701	-
Equities	867,595	-
Bonds	3,884,719	
Cash	168,659	-
	5,525,674	-

The significant actuarial assumptions used were a discount rate of 6%; future salary increases of 4.5%; and future pension increases of Nil. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2022		2021	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(174,380)	207,901	-	-
Future salary increases	0.5%	42,702	40,864	-	-

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a female pensioner retiring at age 60 and for a male pensioner retiring at age 65. If the assumption for life expectancy was increased by 1 year, the effect on the defined benefit obligation would be an increase of $63,166,000.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

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21. Post-employment Benefits (Continued)

Other post-employment benefits
Jamaica-based operations

In addition to pension benefits, the Company offers retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The obligations under the medical benefit scheme are unfunded. The method of accounting and frequency of valuations are similar to those used for the pension scheme. Obligations under the medical scheme are payable by, and accounted for, by the Company as the subsidiaries do not have any legal or constructive obligations under the scheme.

The movement in the defined benefit obligation over the year is as follows:

	2022 $'000	2021 $'000
Balance at beginning of year	(134,600)	(134,300)
Current service cost	(200)	(200)
Interest expense	(10,400)	(11,600)
Re-measurements – experience gains and losses	36,900	300
Benefits paid	9,800	11,200
Balance at end of year	(98,500)	(134,600)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $2,200,000 (2021 – $7,000,000) relating to active employees, and $96,300,000 (2021 – $127,600,000) relating to members in retirement.

The amounts recognised in the profit or loss is as follows:

	2022 $'000	2021 $'000
Current service cost	200	200
Interest cost	10,400	11,600
Total, included in staff costs (Note 8)	10,600	11,800

The movement in the amounts recognised in the statement of financial position is as follows:

	2022 $'000	2021 $'000
Liability at beginning of year	134,600	134,300
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	10,600	11,800
Amounts recognised in other comprehensive income	(36,900)	(300)
Contributions by employer	(9.800)	(11,200)
Liability at end of year	98,500	134,600

Expected employer contributions to the post-employment plan for the year ending 31 December 2023 amount to $10,000,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 8% (2021 – 7.5%) per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2022		2021	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	2022 - 1%/2021 - 0.5%	(6,700)	7,800	(5,900)	6,500
Medical cost	2022 - 1%/2021 - 0.5%	7,800	(6,700)	6,500	(5,900)

Further, if the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $3,600,000/($3,400,000) (2021 – $6,200,000/($6,000,000)).

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21. Post-employment Benefits (Continued)

Other post-employment benefits
Trinidad-based operations (continued)

In addition to pension benefits, the Company offers retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The obligations under the medical benefit scheme are unfunded. The method of accounting and frequency of valuations are similar to those used for the pension scheme. Obligations under the medical scheme are payable by, and accounted for, by the Company as the subsidiaries do not have any legal or constructive obligations under the scheme.

The movement in the defined benefit obligation over the year is as follows:

	2022 $'000	2021 $'000
On acquisition of subsidiary	(1,417,352)	-
Current service cost	(104,167)	-
Interest expense	(47,748)	-
Re-measurements – experience gains and losses	-	-
Benefits paid	12,351	-
Balance at end of year	(1,556,916)	-

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $1,188,341,000 relating to active employees, and $368,575,000 relating to members in retirement.

The amounts recognised in the profit or loss is as follows:

	2022 $'000	2021 $'000
Current service cost	104,167	-
Interest cost	47,748	-
Total, included in staff costs (Note 8)	151,915	-

The movement in the amounts recognised in the statement of financial position is as follows:

	2022 $'000	2021 $'000
On acquisition of subsidiary	1,417,352	-
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	151,915	-
Amounts recognised in other comprehensive income	-	-
Contributions by employer	(12,351)	-
Liability at end of year	1,556,916	-

Expected employer contributions to the post-employment plan for the year ending 31 December 2023 amount to $22,655,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 5.5% per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2022		2021	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	1%	(253,092)	328,141	-	-
Medical cost	1%	326,393	(256,289)	-	-

Further, if the assumption for life expectancy was increased by 1 year, the effect on the defined benefit obligation would be an increase of $56,419,000.

21. Post-employment Benefits (Continued)

Risks associated with pension plans and post-employment plans
Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform this yield, this will create a deficit. As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Company believes that, due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

Changes in bond yields
A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk
Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds; meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and representatives of the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries.. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

22. Biological Assets

Livestock – classified as non-current assets in the statement of financial position

	The Group	
	2022	**2021**
	$'000	**$'000**
Dairy livestock –		
2,619 (2021 – 2,775) Cows able to produce milk	249,559	237,660
1,756 (2021 – 1,807) Heifers being raised to produce milk in the future	181,026	183,255
Other livestock –		
149 (2021 – 133) Bulls raised for sale and reproduction	12,936	6,554
2 (2021 – 2) Horses	60	60
Plant – 796 (2021 – 714) acres of hay field	15,400	17,244
	458,981	444,773

6,379,000 litres (2021 – 6,398,000 litres) of milk with a fair value (less estimated point-of-sale costs) of $1,349,388,000 (2021 – $575,808,000) were produced during the period.

Forage – classified as current assets in the statement of financial position
At year end, the Group had 22,098 tonnes (2021 – 22,098 tonnes) of sugar cane with a value of $51,254,000 (2021 – $154,683,000).

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23. Inventories

	The Group	
	2022	**2021**
	$'000	**$'000**
Raw and packaging materials	4,149,343	3,011,035
Work in progress	1,066	127,794
Finished goods	685,792	393,891
Merchandise for resale	16,469,908	4,207,863
Goods in transit	5,204,367	1,691,305
Other	954,224	777,615
	27,464,700	10,209,503

24. Trade and Other Receivables

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	16,718,528	5,056,527	-	-
Less: Provision for impairment	(1,067,294)	(415,103)	-	-
	15,651,234	4,641,424	-	-
Advances and prepayments	767,745	813,919	70,469	53,129
Due from affiliates	311,292	435,760	9,959	-
Other	2,684,506	583,849	-	-
	19,414,777	6,474,952	80,428	53,129

25. Payables

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	15,532,454	6,478,065	-	-
Accruals	2,847,313	1,029,258	481,377	175,986
Due to affiliates	2,169,108	226,608	746,225	92,584
Other	695,343	714,440	172,473	319,625
	21,244,218	8,448,371	1,400,075	588,195

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26. Share Capital

Ordinary shares

	2022 '000	2021 '000	2022 $'000	2021 $'000
Authorised – ordinary shares	780,000	780,000		
Issued and fully paid –				
Ordinary stock units	733,547	733,547	5,769,457	5,769,457
Treasury shares	(59)	(59)	(899)	(899)
	733,488	733,488	5,768,558	5,768,558

Preference shares

As a precursor to the acquisition of its ordinary shares (Note 37), in June 2022 A.S Bryden and Sons Holdings Limited (ASBH) issued 20,403,000 preference shares to the selling ordinary shareholders. The preference shares rank above the ordinary shares of ASBH in the event of a liquidation and are redeemable at the option of ASBH. Dividends on the preference shares are payable at the discretion of ASBH; however, ASBH is required to pay all accumulated and unpaid dividends on the preference shares prior to paying dividends to its ordinary shareholders.

27. Capital Reserves

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Currency translation gains and losses	(69,732)	(56,315)	-	-
Fair value gains and losses on investments	857,209	489,566	857,209	489,566
Fair value gains and losses on property	5,459,891	5,459,891	2,139,540	2,139,540
Revaluation surplus on assets carried at deemed cost	312,600	312,600	105,340	105,340
Profits of subsidiaries capitalised	336,537	336,537	-	-
Redemption reserve	14,800	14,800	-	-
Realised gains on sale of investments	120,855	120,855	120,855	120,855
Other realised surplus	22,230	22,230	20,289	20,289
	7,054,390	6,700,164	3,243,233	2,875,590

28. Long Term Liabilities

The movement in long term liabilities is as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Balance at start of year	12,497,068	13,064,282	8,286,504	8,521,283
On acquisition of subsidiaries	14,532,435	-	-	-
Loan used to fund acquisition of subsidiary	3,921,059	-	3,921,059	-
Loans received, net of fees	5,555,527	3,135,599	3,361,477	2,635,599
Loan principal repayments	(3,445,943)	(3,857,182)	(1,593,713)	(3,010,134)
Foreign exchange gains and losses (Note 9)	(164,018)	113,949	(164,018)	113,949
Deferred fees amortised (Note 9)	59,492	37,240	30,976	24,202
Interest charged and expensed (Note 9)	1,642,490	869,032	815,735	547,849
Interest paid	(1,585,555)	(865,852)	(742,911)	(546,244)
Balance at end of year	33,012,555	12,497,068	13,915,109	8,286,504

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28. Long Term Liabilities (Continued)

Long term liabilities are comprised as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Jamaica-based operations				
(a) National Commercial Bank (Jamaica) Limited – 7%	954,280	1,141,960	-	-
(b) National Commercial Bank (Jamaica) Limited – 8.5%	195,607	251,438	-	-
(c) National Commercial Bank (Jamaica) Limited – 6.25%	91,725	115,079	91,725	115,079
(d) JMMB Merchant Bank Limited – 8.5%	71,187	135,971	71,187	135,971
(e) JMMB Merchant Bank Limited – 8.75%	111,815	-	111,815	-
(f) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	627,086	820,035	-	-
(g) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	682,500	892,500	-	-
(h) Bonds – 8.25% for first 3 years, then WATBY + 2.25%	-	1,200,000	-	1,200,000
(i) Bonds – 7.25%	2,000,000	2,000,000	2,000,000	2,000,000
(j) Bonds – 7.25%	2,200,000	2,200,000	2,200,000	2,200,000
(k) Bonds – 10.5% for first 2 years, then WATBY + 2.75%	854,350	854,350	-	-
(l) Bonds – 6.75%	1,700,000	1,700,000	1,700,000	1,700,000
(m) Bonds – 11.5%	1,800,000	-	1,800,000	-
(n) National Commercial Bank (Jamaica) Limited – 6%	3,859,082	-	3,859,082	-
(o) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 3%	835,477	-	835,477	-
(p) Citi – 6.98%	760,261	775,439	760,261	775,439
(q) Citi – 6.32%	456,156	-	456,156	-
(r) JMMB Merchant Bank Limited – 8.75%	-	185,000	-	185,000
(s) National Commercial Bank (Jamaica) Limited – 7%	-	200,000	-	-
(t) First Global Bank Limited – 9.5%	100,000	100,000	-	-
Trinidad based operations				
(u) Term loans denominated in Trinidadian dollars	8,869,398	-	-	-
(v) Term loans denominated in United States dollars	5,646,638	-	-	-
(w) Term loans denominated in Guyanese dollars	453,054	-	-	-
(x) Revolving loans denominated in Trinidadian dollars	736,000	-	-	-
(y) Revolving loans denominated in Guyanese dollars	179,009	-	-	-
Deferred financing costs	(277,773)	(109,865)	(77,004)	(58,571)
	32,905,852	12,461,907	13,808,699	8,252,918
Interest payable	106,703	35,161	106,410	33,586
	33,012,555	12,497,068	13,915,109	8,286,504
Less: Current portion	(6,031,153)	(3,215,872)	(2,311,103)	(2,268,184)
	26,981,402	9,281,196	11,604,006	6,018,320

28. Long Term Liabilities (Continued)

A summary of the terms of the long term liabilities is as follows:

(a) Unsecured Jamaican dollar denominated loan facility of $1,755,000,000, repayable in 13 quarterly installments of $41,440,000 commencing June 2018.

(b) Jamaican dollar denominated financing agreement repayable in 32 quarterly installments of $13,969,000 commencing September 2018 and secured by property, plant and equipment acquired under the financing agreement.

(c) Jamaican dollar denominated financing agreement repayable in 54 monthly installments of $2,490,000 (inclusive of interest) commencing December 2021 and secured by property, plant and equipment acquired under the financing agreement.

(d) Unsecured Jamaican dollar denominated loan facility of $300,000,000, repayable in 60 monthly installments of $6,194,000 (inclusive of interest) commencing January 2019.

(e) Unsecured Jamaican dollar denominated loan facility of $185,000,000, repayable in 24 monthly installments of $8,430,000 (inclusive of interest) commencing February 2022.

(f) Jamaican dollar denominated loan facility repayable in 28 quarterly installments of $48,237,000 commencing December 2018 and secured by a first debenture/charge over all present and future assets and property of Facey Commodity Company Limited.

(g) Jamaican dollar denominated loan facility repayable in 22 quarterly installments of $52,500,000 commencing December 2020 and secured by a first debenture/charge over all present and future assets and property of Facey Commodity Company Limited.

The facility was acquired in July 2020, and was used to refinance a United States dollar denominated facility.

(h) Unsecured Jamaican dollar denominated Bonds issued in November 2017 for a period of 5 years, due in full at maturity.

(i) Unsecured Jamaican dollar denominated Bonds issued in October 2019 for a period of 5 years, due in full at maturity.

(j) Unsecured Jamaican dollar denominated Bonds issued in November 2018 for a period of 7 years, due in full at maturity.

(k) Jamaican dollar denominated Bonds issued in February 2016 for a period of 10 years, due in full at maturity and secured by the fixed and floating assets of Musson International Dairies Limited and Musson Holdings Limited.

(l) Unsecured Jamaican dollar denominated Bonds issued in July 2021 for a period of 10 years, due in full at maturity.

(m) Unsecured Jamaican dollar denominated Bonds issued in November 2022 for a period of 3 years, due in full at maturity.

(n) Unsecured US dollar denominated Bonds issued in May 2022 for a period of 2 years, due in full at maturity.

(o) Unsecured US dollar denominated short term facility repayable 10 January 2023.

(p) Unsecured US dollar denominated short term facility repayable 31 March 2023.

(q) Unsecured US dollar denominated short term facility repayable 14 July 2023.

(r) Unsecured Jamaican dollar denominated short term facility repayable 3 January 2022. At maturity, this loan was converted to an amortising loan (Note 28(e)).

(s) Unsecured Jamaican dollar denominated short term facility repayable 31 January 2023.

(t) Unsecured Jamaican dollar denominated short term facility repayable 1 April 2023.

(u) Secured and unsecured Trinidad and Tobago dollar denominated amortizing facilities, bearing interest at rates ranging from 2.75% to 7.0% and with maturities from March 2024 to June 2029.

(v) Secured and unsecured United States dollar denominated amortizing facilities, bearing interest at rates ranging from 3.42% to 15.0% and with maturities from July 2023 to June 2029.

(w) Secured Guyana dollar denominated amortizing facilities bearing interest at 6.0% and with maturities from November 2027 to February 2037.

(x) Unsecured Trinidad and Tobago dollar denominated 30 day rolling facilities bearing interest at rates ranging from 2.55% to 4.25% with option to re-draw on settlement.

(y) Unsecured Guyana dollar denominated 30 day rolling facilities bearing interest at 6.0% with option to re-draw on settlement.

29. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25%. Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	1,796,354	1,297,889	-	-
Deferred tax liabilities	(2,728,733)	(2,075,583)	(71,704)	(249,294)
Net liabilities	(932,379)	(777,694)	(71,704)	(249,294)

These amounts include deferred tax assets/liabilities to be recovered within 12 months of $607,733,000/$26,905,000 (2021 – $120,752,000/$25,519,000) for the Group; and net deferred tax assets/(liabilities) of $27,141,000 (2021 –$(6,792,000)) for the Company.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	(777,694)	(330,526)	(249,294)	37,218
On acquisition of subsidiaries	(178,917)	-	-	-
Credited/(charged) to profit or loss (Note 10)	(88,876)	341,226	182,840	(15,435)
Credited/(charged) to other comprehensive income (Note 10)	113,108	(788,394)	(5,250)	(271,077)
Balance at end of year	(932,379)	(777,694)	(71,704)	(249,294)

The deferred tax credited/(charged) to profit or loss comprises the following temporary differences:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(380,939)	19,802	(19,992)	2,074
Right of use assets, net of related lease obligation	(1,057)	1,380	-	-
Post-employment benefits	(32,825)	800	1,100	800
Tax losses carried forward	332,609	310,412	167,799	3,373
Other	(6,664)	8,832	33,933	(21,682)
	(88,876)	341,226	182,840	(15,435)

The deferred tax assets and liabilities in the statement of financial position comprise the following temporary differences:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(537,193)	(354,768)	(22,890)	(2,898)
Right of use assets, net of related lease obligation	73,244	4,083	-	-
Post-employment benefits	(119,214)	27,375	23,225	27,375
Tax losses carried forward	1,517,792	1,486,519	171,172	3,373
Intangible assets recognised on business combinations	(1,248,467)	(1,248,467)	-	-
Revaluation of property	(1,199,369)	(787,669)	(270,352)	(270,352)
Other	580,828	95,233	27,141	(6,792)
	(932,379)	(777,694)	(71,704)	(249,294)

29. Deferred Taxation (Continued)

Subject to agreement with the tax authority in which each Group entity operates, losses available for offset against future profits of the Group and the Company amount to $8,423,508,000 and $684,686,000 (2021 – $6,035,950,000 and $13,493,000), respectively.

This includes tax losses of a subsidiary amounting to $4,732,500,000 (2021 – $3,742,429,000) in respect of which, historically, no deferred tax assets have been created due to the Group's uncertainty regarding its ability to utilize those losses in the future. Following a Group restructuring exercise in 2019, this subsidiary that was previously unprofitable commenced earning profits and is projected to earn profits in the future. Consequently and based on its annually updated 5-year horizon forecasts following the restructuring, the Group recognized deferred tax assets of $591,562,000 (2021 – $913,139,000) at the rate of 25% in respect of a portion of the subsidiary's total tax losses brought forward as at the date of the statement of financial position.

30. Cash (Used in)/Provided by Operating Activities

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net profit/(loss)	2,917,992	1,993,421	(275,978)	50,782
Items not affecting cash resources:				
Amortisation of intangible assets	367,494	241,454	-	-
Depreciation	1,497,238	1,064,259	52,854	53,199
Net foreign exchange gain and losses	(152,207)	(72,681)	(91,936)	(373,047)
Net gains and losses on disposal of property, plant and equipment	367	(7,132)	457	-
Adjustments to property, plant and equipment	(88,380)	18,086	-	13,871
Loss on disposal of subsidiary	-	-	77,061	-
Net impairment of long term receivables	(3,009)	(8,659)	-	-
Interest income	(77,708)	(80,121)	(276,646)	(287,197)
Gain on variable lease payments/lease modification	-	(170,276)	-	-
Amortisation of deferred fees	59,492	37,240	30,976	24,202
Share of results of joint venture & associates	(106,552)	(79,144)	-	-
Interest expense	1,943,514	1,035,054	881,229	599,094
Post-employment benefits	(10,389)	3,200	4,400	3,200
Dividend income	(50)	(1,436)	(202,738)	(1,436)
Taxation	1,146,933	171,724	(182,840)	15,435
	7,494,735	4,144,989	16,839	98,103
Changes in operating assets and liabilities:				
Inventories	(8,509,378)	(2,645,815)	-	-
Trade and other receivables	(3,087,522)	(956,589)	(27,299)	160,263
Biological assets	89,221	87,949	-	-
Due from subsidiaries	-	-	(13,964,041)	(1,897,128)
Due to subsidiaries	-	-	14,115,042	2,638,976
Payables	5,284,729	2,750,336	811,880	175,650
	1,271,785	3,380,870	952,421	1,175,864
Taxation paid	(1,391,223)	(705,354)	(1,206)	10,923
Cash (used in)/provided by operating activities	(119,438)	2,675,516	951,215	1,186,787

Significant non-cash transactions

During the year, the Company acquired A.S. Bryden and Sons Holdings Limited. The acquisition was funded by the issue of debt and preference shares. A.S. Bryden and Sons Holdings Limited then acquired Micon Holdings Limited. This acquisition was funded by the issue of shares. The details of the acquisition are included in Note 37.

During the prior year, the Company disposed of investments with a value of US$6,170,000. The consideration was payable in cash of US$500,000 and a loan of US$5,670,000 (Note 20(e)).

31. Contingencies and Commitments

(a) A subsidiary has leased sugar cane lands from the Government of Jamaica for an initial period of 50 years commencing 9 July 2009 with an option to renew for a further period of 25 years. The lease is fixed at a rate of US$53 per hectare per annum for the first 5 years, after which it will be renegotiated in accordance with the provisions of the lease contract. Based on the current rate of US$75.43 per hectare per annum, the annual lease cost to the subsidiary is US$119,000.

(b) At 31 December 2022, capital commitments for the Group amounted to approximately $Nil (2021 – $400,000,000).

32. Litigation, Claims, Assessments and Provisions

The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated. In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both the financial position and results of operations.

33. Related Party Transactions

Sales and purchases of goods and services
During the year, the Group had sales of $15,706,000 (2021 – $25,749,000) to and purchases of $2,266,655,000 (2021 – $2,207,157,000) from Musson (Jamaica) Limited, T. Geddes Grant (Distributors) Limited and Jamaica Grain and Cereals Limited. The resulting receivables and payables in respect of these and other transactions are included in Notes 24 and 25, respectively.

A subsidiary paid cess of $6,819,000 (2021 – $15,920,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

Key management compensation

	2022 $'000	**2021 $'000**
Wages and salaries	902,313	268,121
Statutory contributions	20,566	21,004
Other	21,964	7,088
	944,843	296,213
Directors' emoluments –		
Fees	13,497	6,932
Medical insurance premiums	9,415	7,630
Management remuneration (included above)	282,742	206,265

Advances and loans
Loans to related parties are disclosed in Note 20. Interest earned on these loans by the Group amounted to $45,765,000 (2021 – $25,808,000).

34. Assets Held for Sale and Discontinued Operations

In July 2019, the Group discontinued the sugar manufacturing operations carried on by Golden Grove Sugar Company Limited and advertised for sale certain assets directly for use in sugar manufacturing. The associated assets were reclassified from property, plant and equipment to assets held for sale in the statement of financial position. The movement in assets held for sale was as follows:

	2022 $'000	2021 $'000
Balance at start of year	285,761	285,761
Disposal	-	-
Balance at end of year	285,761	285,761

The results of the sugar manufacturing operations have been presented as a single item on the statement of comprehensive income as a net loss from discontinued operations. The details of the net loss from discontinued operations are as follows:

	2022 $'000	2021 $'000
Change in the fair value of sugar cane	(103,429)	(121,502)
Other operating income	18,641	11,350
Recovery of long term receivables	3,009	8,659
Administration and other operating expenses	(96,911)	(44,332)
Net profit from discontinued operations	(178,690)	(145,825)

The cash flows from the discontinued operations are as follows:

	2022 $'000	2021 $'000
Net cashflow from operating activities	(41,413)	2,943
Net cashflow from investing activities	3,009	9,409
Net cashflow from discontinued operations	(38,404)	12,352

35. Losses as a Result of Fire

A fire destroyed one of the Group's distribution facilities on 9 October 2021. The insurance claim process is underway and is incomplete as at the date of signing of the Statement of Financial Position. The Group recorded a loss of $168,183,000 in 2021, being the write-off all assets destroyed by the fire less advances received from insurers up to the date of the statement of financial position. Further receipts from insurers are recognized as received in future accounting periods.

36. Impact of the COVID-19 Pandemic

Jamaica identified its first case of the novel coronavirus, COVID-19, in March 2020, not long before the World Health Organization (WHO) declared the impact of the virus a global pandemic. Measures taken by both local and foreign governments to contain the virus have affected global economic activity. In response to this threat, the Group has taken several measures to protect its employees, customers and other stakeholders. The Group has established a cross-functional team comprising of senior management from various areas of the business, reporting to the Chief Executive Officer, to implement measures to mitigate the impact of the pandemic; which included safety and health protocols for employees, securitization of the Group's supply chain and distribution network, liquidity risk assessment and diversification, and close monitoring of the Group's receivables.

Currently, the production, sales and distribution teams have generally met or exceeded their amended sales targets for the period. This is primarily due to the diversity of the Group's product portfolio, the increase in demand for the Group's key products (basic food items and pharmaceutical items) as well as the Group's far-reaching sales and distribution network across the island and in its export markets. The Group currently has a positive liquidity position with an increase in its cash and cash equivalents and ended the financial year with an improvement in the relative ageing portfolio of its trade receivables when compared to the prior year. The Group will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue operations in the best and safest way possible, without jeopardizing the health of its employees, customers and other stakeholders.

Seprod Limited

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

37. Business Combinations

Acquisition of A.S. Bryden and Sons Holdings Limited

Effective 1 June 2022, the Company acquired 60% of the shareholding of A.S. Bryden and Sons Holdings Limited. These operations have significantly increased the Group's profitability and have significantly expanded the Group's distribution capability and footprint throughout The Caribbean Community (Caricom).

Inclusive of its subsequent acquisition of Micon Holdings Limited, A.S. Bryden and Sons Holdings Limited contributed consolidated revenues, operating profit and net profit of $28,742,640,000, $2,736,678,000 and $1,736,316,000, respectively, for the 7 months ended 31 December 2022.

Details of net assets acquired are as follows:

	$'000
Property, plant and equipment	5,783,994
Right of use assets	1,586,218
Intangible assets	2,658,340
Investment in associates	321,931
Post-employment benefit assets	808,841
Deferred tax assets	521,410
Inventories	7,660,265
Trade and other receivables	8,793,084
Taxation recoverable	11,247
Cash and cash equivalents	5,772,540
Payables	(6,236,473)
Taxation payable	(992,726)
Post-employment benefit obligations	(1,417,352)
Long term liabilities	(14,046,422)
Lease obligations	(1,766,929)
Deferred tax liabilities	(700,327)
	8,757,641
Non-controlling interests	(2,662,779)
	6,094,862

The goodwill on acquisition was determined as follows:

	$'000
Loan used to directly fund the acquisition	3,921,059
Issue of preference shares	3,191,020
	7,112,079
Fair values of net assets acquired	(6,094,862)
	1,017,217

As the acquisition was funded directly from a loan, the cash balance of the acquired entity represents the net cash inflow for the acquisition.

37. Business Combinations (Continued)

Acquisition of Micon Holdings Limited
Effective 1 November 2022, A.S. Bryden and Sons Holdings Limited acquired the entire shareholding of Micon Holdings Limited. These operations have expanded the Group's distribution capability in Trinidad and Tobago.

Details of net assets acquired are as follows:

	$'000
Property, plant and equipment	101,453
Right of use assets	80,707
Inventories	1,085,554
Trade and other receivables	1,059,219
Cash and cash equivalents	327,451
Payables	(1,261,228)
Taxation payable	(16,353)
Long term liabilities	(486,013)
Lease obligations	(82,639)
	808,151
Non-controlling interests	(371,749)
	436,402

The goodwill on acquisition was determined as follows:

	$'000
Total issue of shares by A.S. Bryden and Sons Holdings Limited in exchange for shareholding of Micon Holdings Limited	2,346,000
Proportion of issue allocable to shareholders of Seprod Limited	1,402,218
Fair values of net assets acquired	(436,402)
	965,816

As the acquisition was funded directly from the issue of newly created shares, the cash balance of the acquired entity represents the net cash inflow from the acquisition.

38. Post Balance Sheet Events

Proposed dividends
At a meeting held on 27 March 2023, the Board of Directors approved a dividend of $0.55 per share payable on 17 April 2023 to shareholders on record as at 12 April 2023.

At a meeting held on 21 August 2023, the Board of Directors approved a dividend of $0.55 per share payable on 18 September 2023 to shareholders on record as at 4 September 2023.