



Pan Jamaica Group Limited

**Financial Statements
31 December 2023**

Pan Jamaica Group Limited

Index

31 December 2023

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Independent auditor's report

To the Members of Pan Jamaica Group Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Pan Jamaica Group Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2023, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with IFRS Accounting Standards 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 2023;
- the consolidated income statement for the year then ended;
- 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 2023;
- the company income statement for the year then ended;
- 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, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

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B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell



Independence

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

The context of our audit is set by the Group's major occurrences and business activities for 2023. The significant development during the year was the acquisition of JP Global Holdings Limited.

We determined the scope of our audit by first considering the internal organisation of the Group and identifying the components of the audit that have the most significant impact on the consolidated financial statements. The Group is comprised of fifty-four components representing subsidiaries, associated companies and joint ventures. Geographically, the significant components are located in Jamaica, Netherlands, Belgium and Dominican Republic. Audit procedures for components domiciled outside of Jamaica were performed by non-PwC firms who are familiar with the local laws and regulations in performing this audit work. Full scope audit procedures were performed on eight components while audits of one or more financial statement line items were performed for sixteen components. For components not scoped as either a full scope audit or an audit of one or more financial statement line items, detailed substantive analytical procedures were performed on the financial information. The audit procedures covered 92% of total assets and 98% of total revenue of the Group.



Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of business combination intangible assets acquired (Group)</p> <p><i>Refer to notes 2 (b), 3 (vi) and 39 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.</i></p> <p>In April 2023 the Group acquired 100% of the issued share capital of JP Global Holdings Limited. The Group issued newly created ordinary shares valued at \$29,824 million as total consideration for the acquisition. As a result of the transaction, JP Global Holdings became a subsidiary of the Group.</p> <p>Included within the net identifiable assets acquired was approximately \$5,632 million of intangible assets attributable to the Group. The determination of the fair value of intangible assets requires the use of various estimates including earnings multiples, growth rates and discount rates.</p> <p>We focused on this area due to:</p> <ul style="list-style-type: none"> the significance of the intangible assets acquired and the financial and operational impacts on the Group; and the nature of business combinations, the accounting requirements of which can be complex and require management to exercise judgement in determining the fair value of intangible assets acquired. <p>The Group was assisted by an external valuation expert in this process.</p>	<p>Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others:</p> <ul style="list-style-type: none"> Assessed the objectivity, competence and capability of management’s valuation expert. Evaluated the application of the valuation methodology utilised to derive the fair value of intangible assets. Tested the reasonableness of valuation assumptions and inputs by: <ul style="list-style-type: none"> Referencing historical information in management’s cash flow projections to supporting documents and information; Evaluating the revenue forecasts, expense forecasts, capital and growth rates by comparison to independent economic and statistical data; Comparing the discount rate to that used by other market participants; and Agreeing the remaining useful lives of each intangible asset identified to the period over which the cash flows are expected to be generated. Tested the mathematical accuracy of management’s discounted cash flow by reperforming the underlying calculations. Performed sensitivity analyses on certain of management’s assumptions and inputs. <p>Based on the procedures performed, management’s valuation of intangible assets acquired was, in our view, not unreasonable.</p>



Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties (Group) <i>Refer to notes 2 (j), 3 (v) and 16 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.</i></p> <p>Investment properties represented \$12,309 million or 8.6% of total assets for the Group as at the end of the reporting period. The determination of the fair value of investment properties requires significant judgement and, as such, was an area of focus for the audit.</p> <p>Management, through an independent valuation expert, used three methods to value investment properties namely: direct capitalisation approach, comparable sales approach and discounted cash flow approach.</p> <p>We focused in particular on the direct capitalisation approach and the discounted cash flow approach, being the methods used to value the majority of the properties and due to the complexities associated with these two valuation approaches. These approaches take into consideration a number of factors that require estimation and judgement, including:</p> <ul style="list-style-type: none"> ● estimation of rental income; ● determination of a capitalisation factor; ● estimation of vacancy factor; and ● determination of the discount rate. <p>Changes in these assumptions may have a significant impact on the carrying value of investment properties.</p>	<p>Our approach to addressing the matter, involved the following procedures, amongst others:</p> <ul style="list-style-type: none"> ● Met with the property valuers engaged by management, updated our understanding of the valuation process and obtained information on significant developments within the industry. ● Assessed the competence and objectivity of the property valuers 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. ● Challenged the capitalisation and vacancy factors used by the property valuers by benchmarking the assumptions used to relevant market evidence which included performing comparisons to similar properties located in the same area. Agreed the inputs used in estimating the rental income by the property valuers to supporting documentation. ● Assessed the reasonableness of the discount rate with the assistance of our valuation expert by comparing it to that of the rate of return on a long term Government of Jamaica instrument. ● Developed a point estimate based on the information obtained from performing the above procedures. <p>Based on the procedures performed, management's valuation of investment properties was, in our view, not unreasonable.</p>



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="293 436 836 548">Valuation of investments classified as fair value through profit or loss and classified as level 3 in the fair value hierarchy (Group and Company)</p> <p data-bbox="293 575 836 686"><i>Refer to notes 2 (i), 3 (ii), 15 and 37 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.</i></p> <p data-bbox="293 693 836 1020">The fair values of financial instruments that are not quoted on an exchange, and for which one or more of the significant inputs are not based on observable market data, are classified as level 3 in the fair value hierarchy. In these instances, management determines the unobservable inputs using the best information available in the circumstances taking into account all information that is reasonably available. The lack of available observable market data resulted in greater estimation uncertainty and subjectivity which therefore led us to focus our attention on this area.</p> <p data-bbox="293 1050 836 1270">Investments for which observable market data was limited and were classified as level 3 investments totalled \$3,127 million (2.2% of total assets) for the Group and \$566 million (1.05% of total assets) for the Company as at the reporting date. These investments relate primarily to investments in three funds and ordinary shares held in an unlisted company.</p> <ul data-bbox="293 1297 836 1959" style="list-style-type: none"> <li data-bbox="293 1297 836 1354">● The first fund invests primarily in other companies. <li data-bbox="293 1381 836 1486">● The significant underlying asset of the second fund is a hotel. The fair value of this asset was determined by management's expert using the discounted cash flow method. <li data-bbox="293 1514 836 1734">● The third fund's significant underlying asset is a shopping centre. A small portion of the asset was undeveloped at the reporting date. Management performed a valuation of the property using the direct capitalisation method for the completed portion of the property while the undeveloped portion of the property was measured at cost. <li data-bbox="293 1761 836 1959">● The fair value of the ordinary shares in the unlisted company was determined by using the asset approach. This approach derives the value of a business enterprise by adjusting the assets and liabilities on the statement of financial position to their market values after taking into consideration the cost to sell. 	<p data-bbox="878 436 1502 520">Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others:</p> <ul data-bbox="878 548 1515 1260" style="list-style-type: none"> <li data-bbox="878 548 1515 684">● For the first fund, verified the ownership of the companies in which the fund had an investment and used historical data, including audited financial statements, to assess the reliability of the fund manager's estimate of fair value. <li data-bbox="878 711 1515 848">● For the second fund, evaluated management's future cash flow forecast against forecasted revenue information for the industry in which the fund operates. Compared the discount rate to our researched market range and sensitised the discount rate used. <li data-bbox="878 875 1515 1054">● For the third fund, assessed the method used by management to determine fair value including whether it was appropriate based on the information available in the circumstances. Checked the inputs used in the valuation by agreeing the rental income and direct expenses to underlying supporting documents and assessed the capitalisation rate. <li data-bbox="878 1081 1515 1197">● For the ordinary shares held in the unlisted company, assessed the appropriateness of the methodology used to determine the value of the investment. The cost to sell was compared to information collated from previous business sale transactions. <li data-bbox="878 1224 1515 1260">● Confirmed the net asset value and the number of units held in the funds with the fund managers. <p data-bbox="878 1266 1515 1350">Based on the procedures performed, management's valuation of these investments classified as level 3 in the fair value hierarchy was, in our view, not unreasonable.</p>



Key audit matter	How our audit addressed the key audit matter
<p><i>Present value of pension and other post-employment obligations (Group and Company)</i></p> <p><i>Refer to notes 2 (p), 3 (iv) and 25 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.</i></p> <p>The Group and Company have established a number of pension schemes and other post-employment benefits which are significant in the context of the overall statements of financial position of the Group and Company.</p> <p>Gross funded pension obligations totalled \$3,759 million and \$312 million for the Group and Company respectively at the reporting date. Other post-employment obligations amounted to \$603 million for the Group and \$59 million for the Company.</p> <p>We focused on this area as determining the present value of the pension and other post-employment obligations requires significant levels of judgment and technical expertise in determining appropriate assumptions. A number of the key assumptions can have a material impact on the calculation of the liabilities and obligations including:</p> <ul style="list-style-type: none"> • salary increases; • pension increases; • inflation rates; • discount rates; and • life expectancy. <p>Management uses external actuaries to assist in determining these assumptions and the liabilities within the pension and other post-employment obligations.</p>	<p>Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others:</p> <ul style="list-style-type: none"> • evaluated the work of management’s actuarial expert, including assessing their competence and objectivity; • tested the completeness and accuracy of data extracted and supplied to the actuary by agreeing to employee personnel files maintained by the Group; • evaluated management’s assumptions relating to salary and pension increases and life expectancy by comparing them to national and industry averages; and • assessed the appropriateness of the discount and inflation rates used in the valuation of the pension liabilities and agreed them to the rates issued by the Institute of Chartered Accountants of Jamaica and the Bank of Jamaica, respectively. <p>Based on the procedures performed, management’s valuation of the pension and other post-employment obligations was, in our view, not unreasonable.</p>



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 Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



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

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

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

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



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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants

Kingston, Jamaica

29 February 2024

Pan Jamaica Group Limited

Consolidated Income Statement

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	Restated 2022 \$'000
Gross operating revenue	6	29,001,700	2,511,018
Cost of operating revenue	9	<u>(20,691,019)</u>	<u>(1,143,992)</u>
Gross Profit		8,310,681	1,367,026
Other income and expenses, net	7	868,817	598,720
Net investment expense	8	(351,857)	(758,817)
Selling, administration and other operating expenses	9	(6,826,443)	(2,150,175)
Share of results of associated companies		4,166,043	2,910,071
Gains on disposal of shares in associated companies	11	<u>-</u>	<u>1,379,813</u>
Profit before Finance Costs and Taxation		6,167,241	3,346,638
Finance costs	10	<u>(1,384,565)</u>	<u>(1,025,204)</u>
Profit before Taxation		4,782,676	2,321,434
Taxation	12	<u>(1,058,394)</u>	<u>420,625</u>
NET PROFIT		<u><u>3,724,282</u></u>	<u><u>2,742,059</u></u>
Attributable to:			
Owners of the parent		2,515,573	2,694,301
Non-controlling interests		<u>1,208,709</u>	<u>47,758</u>
		<u><u>3,724,282</u></u>	<u><u>2,742,059</u></u>
 Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted stock units in issue	13	<u><u>\$1.69</u></u>	<u><u>\$2.53</u></u>

Pan Jamaica Group Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023


(expressed in Jamaican dollars unless otherwise indicated)

	2023 \$'000	Restated 2022 \$'000
Net Profit for the Year	3,724,282	2,742,059
Other Comprehensive Income, net of taxes		
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity instruments at fair value through other comprehensive income	28,336	(49,002)
Re-measurement of post-employment benefit obligations	502,861	522,768
Deferred tax arising on re-measurement of post-employment benefit obligations	(30,531)	(130,692)
Share of other comprehensive income of associated company, net of taxation	(216,602)	(29,946)
	<u>284,064</u>	<u>313,128</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences on translating foreign operations	158,264	(4,428)
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of taxation	5,786	(18,625)
Share of other comprehensive income of associated company, net of taxation	931,739	(2,289,198)
	<u>1,095,789</u>	<u>(2,312,251)</u>
TOTAL COMPREHENSIVE INCOME	<u><u>5,104,135</u></u>	<u><u>742,936</u></u>
Attributable to:		
Owners of the parent	3,443,367	695,178
Non-controlling interests	1,660,768	47,758
	<u><u>5,104,135</u></u>	<u><u>742,936</u></u>

Pan Jamaica Group Limited
Consolidated Statement of Financial Position
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 Restated \$'000	2021 Restated \$'000
ASSETS				
Cash and deposits	14	4,735,315	3,282,759	1,252,646
Securities purchased under agreements to resell	14	11,229,145	432,724	1,269,367
Investment securities	15	6,628,127	8,284,089	10,823,252
Trade receivables and miscellaneous assets	19	6,923,182	1,607,686	1,789,282
Inventories	20	1,848,588	55,958	52,133
Taxation recoverable		331,909	167,428	86,863
Properties for development and sale	23	780,473	1,588,234	967,119
Investment in associated companies and joint ventures	17	35,437,830	26,986,832	29,134,786
Investment properties	16	12,308,952	10,398,827	10,024,752
Intangibles	24	7,316,922	62,341	52,471
Biological assets		190,576	-	-
Property, plant and equipment	21	51,216,749	5,329,958	3,446,578
Right of use assets	22	971,586	-	-
Deferred tax assets	18	-	59,823	-
Retirement benefit assets	25	1,530,336	-	-
		<u>141,449,690</u>	<u>58,256,659</u>	<u>58,899,249</u>
LIABILITIES				
Loan liabilities	27	25,301,916	13,953,132	13,594,422
Lease liabilities	28	1,503,810	49,873	28,424
Payables and other liabilities	29	7,209,420	1,005,204	882,159
Taxation	12	235,619	-	46,077
Deferred tax liabilities	18	3,220,005	-	255,934
Retirement benefit obligations	25	983,768	234,161	654,518
		<u>38,454,538</u>	<u>15,242,370</u>	<u>15,461,534</u>
STOCKHOLDERS' EQUITY AND LIABILITIES				
Stockholders' Equity				
Capital and Reserves Attributable to Owners of the Parent				
Share capital	30	31,966,709	2,141,985	2,141,985
Property revaluation reserve	32	6,338,949	5,866,583	5,438,654
Capital and fair value reserves	33	1,729,785	1,026,430	4,208,660
Retained earnings		36,007,829	33,562,647	31,323,991
Other reserves		133,374	136,438	124,734
Treasury stock		(180,304)	(103,143)	(135,900)
		<u>75,996,342</u>	<u>42,630,940</u>	<u>43,102,124</u>
Non-Controlling Interests		<u>26,998,810</u>	<u>383,349</u>	<u>335,591</u>
		<u>102,995,152</u>	<u>43,014,289</u>	<u>43,437,715</u>
		<u>141,449,690</u>	<u>58,256,659</u>	<u>58,899,249</u>

Approved for issue by the Board of Directors on 29 February 2024 and signed on its behalf by:


Stephen B. Facey

Chairman


Jeffrey McG. Hall

Director

Pan Jamaica Group Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Attributable to Owners of the Parent						Non-Controlling Interests	Total
		Share Capital \$'000	Property Revaluation Reserve \$'000	Capital and Fair Value Reserve \$'000	Retained Earnings \$'000	Other Reserves \$'000	Treasury Stock \$'000		
Balance as at 31 December 2021, as previously reported		2,141,985	5,438,654	4,383,503	40,009,447	124,734	(135,900)	335,591	52,298,014
Impact on associate on initial application of IFRS 17		-	-	(71,000)	(13,523,801)	-	-	-	(13,594,801)
Impact of associate application of IFRS 9 policy choice as a result of IFRS 17 implementation		-	-	(103,843)	4,838,345	-	-	-	4,734,502
Restated balance as at 1 January 2022		2,141,985	5,438,654	4,208,660	31,323,991	124,734	(135,900)	335,591	43,437,715
Comprehensive income									
Net profit		-	-	-	2,694,301	-	-	47,758	2,742,059
Other comprehensive income		-	-	(3,163,391)	1,164,268	-	-	-	(1,999,123)
Total comprehensive income for the year		-	-	(3,163,391)	3,858,569	-	-	47,758	742,936
Transactions with owners									
Employee share incentive scheme value of services provided	31	-	-	-	-	34,136	-	-	34,136
Employee share grants issued/options exercised	31	-	-	(18,237)	-	(22,432)	65,593	-	24,924
Dividends paid to equity holders of the company	34	-	-	-	(1,191,984)	-	-	-	(1,191,984)
Share purchase plan		-	-	(602)	-	-	45,610	-	45,008
Acquisition of treasury stock		-	-	-	-	-	(78,446)	-	(78,446)
Total transactions with owners		-	-	(18,839)	(1,191,984)	11,704	32,757	-	(1,166,362)
Transfer of unrealized property revaluation gains		-	427,929	-	(427,929)	-	-	-	-
Balance at 31 December 2022		2,141,985	5,866,583	1,026,430	33,562,647	136,438	(103,143)	383,349	43,014,289

Pan Jamaica Group Limited

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

		-----Attributable to Owners of the Parent-----\								
Note	Share Capital \$'000	Property Revaluation Reserve \$'000	Capital and Fair Value Reserve \$'000	Retained Earnings \$'000	Other Reserves \$'000	Treasury Stock \$'000	Non- Controlling Interests \$'000	Total \$'000		
	Restated Balance at 1 January 2023	2,141,985	5,866,583	1,026,430	33,562,647	136,438	(103,143)	383,349	43,014,289	
	Tax impact of associate on application of IFRS 17	-	-	-	1,149,368	-	-	-	1,149,368	
	Restated balance at 1 January 2023	2,141,985	5,866,583	1,026,430	34,712,015	136,438	(103,143)	383,349	44,163,657	
	Comprehensive income									
	Net profit				2,515,573	-	-	1,208,709	3,724,282	
	Other comprehensive income	-	-	907,850	19,944	-	-	452,059	1,379,853	
	Total comprehensive income for the year	-	-	907,850	2,535,517	-	-	1,660,768	5,104,135	
	Non-controlling interest on acquisition	-	-	(100,451)	-	-	-	26,011,598	25,911,147	
	Distribution to non-controlling interest	-	-	-	-	-	-	(556,547)	(556,547)	
	Net movement in ESOP of subsidiary	-	-	-	-	-	-	(500,358)	(500,358)	
	Transactions with owners									
	Issue of shares	30	29,824,724	-	-	-	-	-	29,824,724	
	Employee share incentive scheme value of services provided	31	-	-	-	27,806	-	-	27,806	
	Employee share grants issued/options exercised	31	-	-	(101,110)	(30,870)	224,022	-	92,042	
	Dividends paid to equity holders of the company	34	-	-	-	(767,337)	-	-	(767,337)	
	Share purchase plan		-	-	(2,934)	-	16,368	-	13,434	
	Acquisition of treasury stock		-	-	-	-	(317,551)	-	(317,551)	
	Total transactions with owners		29,824,724	-	(104,044)	(767,337)	(3,064)	(77,161)	28,873,118	
	Transfer of unrealized property revaluation gains		-	472,366	-	(472,366)	-	-	-	
	Balance at 31 December 2023		31,966,709	6,338,949	1,729,785	36,007,829	133,374	(180,304)	26,998,810	102,995,152

Pan Jamaica Group Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities	35	4,056,551	1,560,970
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	21	(5,296,675)	(1,577,255)
Acquisition of biological assets		(68,032)	-
Net cash on acquisition of subsidiary	39	10,211,361	-
Proceeds from the sale of residential units		1,132,426	-
Proceeds from disposal of property, plant and equipment		2,048	569
Expenditure on properties for development and sale	23	(41,249)	(621,115)
Acquisition of intangible asset	24	(2,116)	-
Improvements to investment properties	16	(60,461)	(6,383)
Proceeds from disposal of shares in associated company	17	-	2,266,864
Investments in associated companies	17	(452,175)	(73,851)
Dividends from associated companies	17	1,824,614	1,925,681
Disposal/(acquisition) of investment securities, net		418,445	(322,182)
Advances on future developments		-	(7,010)
Net cash provided by investing activities		<u>7,668,185</u>	<u>1,585,318</u>
Cash Flows from Financing Activities			
Loans received		5,460,959	3,428,132
Loans repaid	35b	(1,306,566)	(3,096,886)
Interest paid	35b	(1,297,280)	(997,740)
Principal elements of lease payments	35b	(194,583)	(4,056)
Acquisition of treasury stock		(817,909)	(78,446)
Disposal of treasury stock		105,476	69,932
Dividends paid to non-controlling interest		(556,547)	-
Dividends paid to equity holders		(767,337)	(1,495,275)
Net cash provided by/(used in) financing activities		<u>626,213</u>	<u>(2,174,339)</u>
Net increase in cash and cash equivalents		12,350,949	971,949
Effect of exchange rate changes on cash and cash equivalents		133,029	(40,773)
Cash and cash equivalents at beginning of year		<u>3,434,477</u>	<u>2,503,301</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	<u><u>15,918,455</u></u>	<u><u>3,434,477</u></u>

Pan Jamaica Group Limited

Company Income Statement

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
Income			
Investments		641,665	1,916,657
Other	7	<u>87,623</u>	<u>60,374</u>
		729,288	1,977,031
Expenses			
Operating expenses	9	(1,294,133)	(700,751)
Net impairment losses on financial assets		(596,566)	(7,305)
Finance costs	10	(1,032,726)	(975,849)
Gain on disposal of shares in associated company	11	<u>-</u>	<u>1,956,558</u>
(Loss)/Profit before Taxation		(2,194,137)	2,249,684
Taxation	12	<u>(413,618)</u>	<u>246,504</u>
NET (LOSS)/PROFIT		<u><u>(2,607,755)</u></u>	<u><u>2,496,188</u></u>

Pan Jamaica Group Limited

Company Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)


	2023 \$'000	2022 \$'000
Net (Loss)/Profit for the Year	<u>(2,607,755)</u>	<u>2,496,188</u>
Other Comprehensive Income		
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	28,336	(49,002)
Re-measurement of post-employment benefit obligations, net of taxation	(55,239)	(108,205)
Deferred tax arising on re-measurement of post-employment benefit obligations	<u>(2,498)</u>	<u>27,051</u>
	(29,401)	(130,156)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of taxation	<u>(764)</u>	<u>(13,833)</u>
	(764)	(13,833)
TOTAL COMPREHENSIVE INCOME	<u><u>(2,637,920)</u></u>	<u><u>2,352,199</u></u>

Pan Jamaica Group Limited
Company Statement of Financial Position
31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

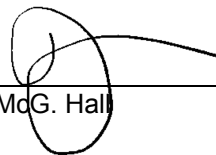
	Note	2023 \$'000	2022 \$'000
ASSETS			
Cash and deposits	14	1,110,746	2,596,438
Securities purchased under agreements to resell	14	1,063,519	296,919
Investment securities	15	4,398,056	6,153,494
Due from related parties	26	7,477,694	8,807,344
Receivables	19	163,987	164,869
Taxation recoverable		97,175	88,405
Investment in subsidiaries	17	32,452,843	1,128,119
Investment in associated companies and joint ventures	17	7,209,998	7,364,184
Property, plant and equipment	21	18,457	109,470
Right of use assets	22	89,734	-
Deferred tax assets	18	-	136,070
Retirement benefit assets	25	80,800	115,559
		<u>54,163,009</u>	<u>26,960,871</u>
LIABILITIES			
Due to related parties	26	505,399	74,696
Loan liabilities	27	13,255,355	13,432,234
Lease liabilities	28	60,555	74,295
Payables and other liabilities	29	397,908	153,277
Deferred tax liabilities	18	274,249	-
Retirement benefit obligations	25	59,241	43,160
		<u>14,552,707</u>	<u>13,777,662</u>
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	30	31,966,709	2,141,985
Equity compensation reserve		67,625	58,439
Capital and fair value reserves	33	1,202,502	1,174,930
Retained earnings		6,373,466	9,807,855
		<u>39,610,302</u>	<u>13,183,209</u>
		<u>54,163,009</u>	<u>26,960,871</u>

Approved for issue by the Board of Directors on 29 February 2024 signed on its behalf by:



Stephen B. Facey

Chairman



Jeffrey McG. Hall

Director

Pan Jamaica Group Limited

Company Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$'000	Equity Compensation Reserve \$'000	Investment and Other Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2022		2,141,985	56,698	1,237,765	8,586,920	12,023,368
Comprehensive income						
Net profit		-	-	-	2,496,188	2,496,188
Other comprehensive income:		-	-	(62,835)	(81,154)	(143,989)
Total comprehensive income		-	-	(62,835)	2,415,034	2,352,199
Transactions with owners						
Employee share incentive scheme value of services provided	31	-	14,866	-	-	14,866
Employee share grants issued/options exercised	31	-	(13,125)	-	-	(13,125)
Dividends paid	34	-	-	-	(1,194,099)	(1,194,099)
Total transactions with owners		-	1,741	-	(1,194,099)	(1,192,358)
Balance at 1 January 2023		2,141,985	58,439	1,174,930	9,807,855	13,183,209
Comprehensive income						
Net loss		-	-	-	(2,607,755)	(2,607,755)
Other comprehensive income:		-	-	27,572	(57,737)	(30,165)
Total comprehensive income		-	-	27,572	(2,665,492)	(2,637,920)
Transactions with owners						
Shares issued		29,824,724	-	-	-	29,824,724
Employee share incentive scheme value of services provided	31	-	12,474	-	-	12,474
Employee share grants issued/option exercised	31	-	(3,288)	-	-	(3,288)
Dividends paid	34	-	-	-	(768,897)	(768,897)
Total transactions with owners		29,824,724	9,186	-	(768,897)	29,065,013
Balance at 31 December 2023		31,966,709	67,625	1,202,502	6,373,466	39,610,302

Pan Jamaica Group Limited

Company Statement of Cash Flows

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities	35	<u>1,373,921</u>	<u>2,510,825</u>
Cash Flows from Investing Activities			
Investment in associated companies	17	(452,174)	(73,851)
Acquisition of property, plant and equipment	21	(8,646)	(1,769)
Proceeds on disposal of property, plant and equipment		-	691
Proceeds from disposal of shares in associated company	17	-	2,266,864
Disposal of investment securities, net		<u>33,910</u>	<u>774,054</u>
Net cash (used in)/provided by investing activities		<u>(426,910)</u>	<u>2,965,989</u>
Cash Flows from Financing Activities			
Increase in amount due from related parties		260,353	(2,585,639)
Loans received		-	3,428,132
Loans repaid	35b	(209,500)	(3,029,000)
Interest paid	35b	(996,858)	(945,934)
Principal elements of lease payments	35b	(16,987)	(10,284)
Dividends paid to shareholders	34	<u>(768,897)</u>	<u>(1,497,955)</u>
Net cash used in financing activities		<u>(1,731,889)</u>	<u>(4,640,680)</u>
Net (decrease)/increase cash and cash equivalents		(784,878)	836,134
Effect of exchange rate changes on cash and cash equivalents		49,469	(30,744)
Cash and cash equivalents at beginning of year		<u>2,885,851</u>	<u>2,080,461</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	<u><u>2,150,442</u></u>	<u><u>2,885,851</u></u>

Pan Jamaica Group Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Pan Jamaica Group Limited (formerly PanJam Investment Limited (“the company”) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange (JSE).

(b) Business combinations

On 1 April 2023 the company completed the acquisition of the core operating business of Jamaica Producers Group Limited (“JP”). The acquisition took the form of the company acquiring 100% of the share capital of JP Global Holdings Limited (“JPGH”) in exchange for issuing 561,565,133 newly created ordinary shares to JP. JPGH was a holding company formed by JP to hold its core operating businesses prior to the transfer. Following the transfer of shares JP holds 34.5% of the issued share capital of the company. See note 39 for details of the business combination.

Also on the 1 April 2023, the company changed its name from PanJam Investments Limited to Pan Jamaica Group Limited.

(c) The main activities of the company are providing governance, oversight and strategic support to its subsidiaries and associates, and the holding of investments. The company’s income consists mainly of dividends, interest income and management fees earned from its subsidiaries. The registered office of the company is located at 60 Knutsford Boulevard, Kingston 5.

(d) The main activities of the company’s subsidiaries associated companies, and other consolidated entities, which, together with the company are referred to as “the group” are in four segments: Financial Services; Property and Infrastructure; Specialty Food; and Global Services. The entities are identified below:

Pan Jamaica Group Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

	Place of Incorporation	Principal Activities	Equity Held Company	Equity Held Subsidiary	Equity Held Group
CORPORATE Subsidiaries					
Pan Jamaica Group Limited	Jamaica	Investment Holding Company	n/a	n/a	n/a
Portfolio Partners Limited	Jamaica	Investment Management	100%	0%	100%
Scotts Preserves Limited	Jamaica	Non-trading	50%	0%	50%
Castleton Investments Limited	St Lucia	Investment Management	100%	0%	100%
Norbury Investments Limited	Canada	Property Investment	0%	100%	100%
PJ-AL Corp Limited	United States of America	Property Investment	100%	0%	100%
Palisadoes Investment Limited	Canada	Property Investment	0%	100%	100%
Simcoe Investments Limited	Barbados	Investment Management	100%	0%	100%
JP Global Holdings Limited	Jamaica	Investment Holding Company	100%	0%	100%
JP International Group Limited	Cayman Islands	Investment Holding Company	0%	100%	100%
JP Tropical Group Limited	Jamaica	Investment Holding Company	0%	100%	100%
Panacea Insurance Limited	St Lucia	Captive Insurance	0%	100%	100%
Associated companies					
Downing Street Realty Fund VII	Canada	Property Development	0%	29%	29%
Downing Street Realty Fund XI	Canada	Property Development	0%	21%	21%
Downing Street Realty Fund XIV	Canada	Property Development	0%	31%	31%
Downing Street Realty Fund XV	Canada	Property Development	0%	7%	7%
PAUW Developers Inc	Guyana	Property Development	25%	0%	25%
PROPERTY & INFRASTRUCTURE Subsidiaries					
Jamaica Property Company Ltd	Jamaica	Property Management and Development	100%	0%	100%
Jamaica Property Management Limited	Jamaica	Property Management	0%	100%	100%
Jamaica Property Developers Limited	Jamaica	Property Development	0%	100%	100%
Imbrook Properties Limited	Jamaica	Property Development	0%	100%	100%
Desnoes Estates Limited	Jamaica	Property Development	0%	100%	100%
Downing Street Caribbean Place	Jamaica	Property Development	0%	100%	100%
Kingchurch Property Holdings Limited	Jamaica	Property Management and Development	0%	100%	100%
Knutsford Holdings Limited	Jamaica	Property Management	32%	28%	60%
ROK Operating Limited	Jamaica	Hotel Management	0%	100%	100%
PanJam Hospitality Limited	Jamaica	Hotel Management	100%	0%	100%
Baywest Development Limited	Jamaica	Property Development	100%	0%	100%
Joint Ventures					
Capital Infrastructure Managers Limited	Barbados	Investment Management	50%	0%	50%
Associated companies					
Caribe Hospitality Jamaica Limited	Jamaica	Hotel Management	35%	0%	35%
Williams Offices (Caribbean) Limited	Barbados	Office Services	25%	0%	25%
GLOBAL SERVICES Subsidiaries					
Kingston Wharves Limited	Jamaica	Port Terminal and Logistics	1%	42%	43%
Harbour Cold Stores Limited	Jamaica	Cold Storage Services	0%	100%	100%
Western Terminal Limited	Jamaica	Property Rental	0%	100%	100%
Western Storage Limited	Jamaica	Property Rental	0%	100%	100%
Newport Stevedoring Services Limited	Jamaica	Contract Labour	0%	100%	100%

Pan Jamaica Group Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

Kingston Terminal Operators Limited	Jamaica	Dormant	0%	100%	100%
Security Administrators Limited	Jamaica	Security Services	0%	67%	67%
KW Warehousing Services Limited	Jamaica	Property Rental	0%	100%	100%
KWL Group Holdings (St Lucia) Limited	St Lucia	Non-Trading	0%	100%	100%
Kingston Wharves Group Limited	Jamaica	Non-Trading	0%	100%	100%
KW Logistics Limited	Jamaica	Logistics	0%	100%	100%
KW Stevedores Limited	Jamaica	Non-Trading	0%	100%	100%
JP Logistics Solutions Limited	United Kingdom	Logistics	0%	100%	100%
Miami Freight & Shipping Company	United States of America	Logistics	0%	100%	100%
Joint Ventures					
Geest Line Limited	United Kingdom	Shipping and Logistics	0%	50%	50%
Associated companies					
Chukka Caribbean Holdings Limited	St Lucia	Tourism	18%	0%	18%
Outsourcing Management Limited	St Lucia	Business Process Outsourcing	15%	0%	15%
SPECIALTY FOODS					
Subsidiaries					
Agri Services Limited	Jamaica	Labour Provision	0%	100%	100%
St. Mary Banana Estates Limited	Jamaica	Non-trading	0%	100%	100%
Eastern Banana Estates Limited	Jamaica	Non-trading	0%	100%	100%
JP Tropical Foods Limited	Jamaica	Farming	0%	100%	100%
JP Snacks Caribbean Limited	Cayman Islands	Food Manufacture and Sales	0%	70%	70%
Antillean Foods, Inc	Cayman Islands	Food Manufacture and Sales	0%	70%	70%
Tortuga International Holdings Limited	St Lucia	Food Manufacture and Sales	0%	62%	62%
Tortuga Caribbean Rum Cake Jamaica Limited	Jamaica	Food Manufacture and Sales	0%	62%	62%
Tortuga Barbados Limited	Barbados	Food Manufacture and Sales	0%	62%	62%
Tortuga Imports, Inc	United States of America	Food Manufacture and Sales	0%	62%	62%
JP Juice Group Limited	United Kingdom	Drink Manufacture and Sales	0%	100%	100%
Cooperatief JP Foods U.A.	The Netherlands	Drink Manufacture and Sales	0%	100%	100%
A.L. Hoogesteger Fresh Specialist BV	The Netherlands	Drink Manufacture and Sales	0%	100%	100%
JP Juice Belgium BV	Belgium	Drink Manufacture and Sales	0%	100%	100%
HPP Belgium BV	Belgium	Drink Manufacture and Sales	0%	100%	100%
The Juicy Group NV	Belgium	Drink Manufacture and Sales	0%	100%	100%
Joint Ventures					
Grupo Frontera	St Lucia	Drink Manufacture and Sales	0%	50%	50%
Grupo Alaska	Dominican Republic	Drink Manufacture and Sales	0%	50%	50%
Associated companies					
Co Beverage Lab. S.L.	Spain	Drink Manufacture and Sales	0%	50%	50%
Tortuga Cayman Limited	Cayman Islands	Food Manufacture and Sales	0%	40%	40%
FINANCIAL SERVICES					
Associated companies					
Sagicor Group Jamaica Limited	Jamaica	Life and Health Insurance, Pension Management, Investment and Banking	30%	0%	30%
Terms Finance Jamaica Limited	Jamaica	Loan Financing	20%	0%	20%

Pan Jamaica Group Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The presentation of the income statement and statement of financial position has been modified to assist users in their understanding of the composition of the financial performance and position of the group following the recent business combination. The change in the presentation has had no impact on the prior year net profit, equity and earnings per share reported in the prior year financial statements. A reconciliation of prior period reporting formats with the current year is included in note 40.

(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 as issued by the IASB ("IFRS Accounting Standards").

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss 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 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 financial statements are disclosed in Note 3.

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

Certain new standards, amendments and interpretations 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 17 Insurance Contracts (including Amendments to IFRS 17 issued in June 2020 and Amendment to IFRS 17 Initial Application of IFRS 17 and IFRS 9—Comparative Information (effective for annual periods beginning on or after 1 January 2023). The Group has initially applied IFRS 17, including any consequential amendments to other standards, from January 1, 2023, for the first time. The standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts.

Pan Jamaica Group Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

The Group adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable.

The Group identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and any resulting net difference was recognised in equity.

The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity. Refer to note 4 and 41 for details on restatements.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. There was no material impact on the Group on adoption of this amendment.

Amendment to IAS 12 – International tax reform – pillar two model rules (effective for annual periods beginning on or after 1 January 2023). On 23 May 2023, the IASB issued narrow-scope amendments to IAS 12. The amendments provide a temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments also introduce targeted disclosure requirements for affected companies. The amendments to IAS 12 are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', including the requirement to disclose the fact that the exception has been applied if the entity's income taxes will be affected by enacted or substantively enacted tax law that implements the OECD's Pillar Two model rules. The Group has made an assessment and have concluded that there is no impact in the current year. However, this will be reassessed in future periods.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for accounting periods starting not earlier than 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. There was no significant impact on the statement financials as a result of the adoption of these amendments.

Pan Jamaica Group Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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 period beginning on or after 1 January 2024 or later period but were not effective at the statement of financial position date. The group has assessed the relevance of all such new standards, interpretations and amendments, 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' (effective for accounting periods starting not earlier than 1 January 2024; previously 1 January 2023). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

On 31 October 2022, the IASB has issued a new exposure draft proposing change to this amendment. This was in response to concerns raised on applying previous amendments to the classification of liabilities as current or non-current that would have become effective for reporting periods beginning on or after 2023. The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The new amendments are effective for annual reporting periods beginning on or after 1 January 2024 and override the previous amendments.

Amendment to IAS 1 – Non-current liabilities with covenants (effective for annual periods beginning on or after 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7 – Supplier finance (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025). An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

There are no other IFRS, IFRIC interpretations or IFRS sustainability standards that are not yet effective that would be expected to have a material impact on the Group.

Pan Jamaica Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all 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 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 value 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.

In the company stand-alone financial statements, 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 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 statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Pan Jamaica Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. 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 of 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. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(iii) Associates

Associates are all entities over which the group has significant influence but not control, generally but not necessarily accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its 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. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. In the company's statement of financial position, investments in associates are shown at cost.

The results of associates with financial reporting year-ends that are different from the group are determined by prorating the results for the audited period as well as the period covered by management accounts (in the event that their accounting year ends more than three months prior to 31 December) to ensure that a full year of operations is accounted for, where applicable.

Pan Jamaica Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iv) Joint ventures

A joint venture is a contractual arrangement in which the group has joint control and whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Joint ventures are recognised initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of joint ventures using the equity method, until the date on which joint control ceases. If the group's share of losses exceeds its interest in a joint venture the group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of a joint venture. If the joint venture subsequently reports gains, the group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

(c) Revenue recognition

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

A contract with a customer that results in a recognised financial instrument in the group's financial statements may be partially in the scope of IFRS9 and partially in the scope of IFRS 15. If this is the case, then the group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

(i) Terminal and logistic services

The group provides a full range of cargo handling, logistics, freight forwarding and trans-shipment services. Fees to its customers are calculated based on specific tariffs and charged based on services rendered. Revenue is generally recognised at the point in time that the service is delivered.

(ii) Sales of goods and services

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

The company provides services to its subsidiaries. Fees are based on the provision of comparable services in the market and are charged on a monthly or quarterly basis.

Pan Jamaica Group Limited

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3. Material Accounting Policies (Continued)

(c) Revenue recognition (continued)

(iii) Property income

Revenue comprises the invoiced value of rental and maintenance charges net of General Consumption Tax. Rental income from operating leases is recognised on a straight-line basis over the lease term. The Group currently does not provide incentives to its tenants.

(iv) Commission income

Commissions are recognised as revenue on the transfer of the service at a point in time and recognized in the accounting period in which the service is transferred. There was no contract asset or contract liability recognised in the accounting period.

(v) Other income

Other income comprises of interest income, dividend income, management fees and miscellaneous income.

- Management fees are contractual agreements with customers for the transfer of service at a point in time and are recognized in the accounting period in which the service is transferred.
- Interest income on financial assets at amortised cost, fixed income securities at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) is recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments.
- Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognized in the income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Pan Jamaica Group Limited

Notes to the Financial Statements

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2. Material Accounting Policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is also the company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary assets denominated in foreign currencies and classified at amortised cost are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes. Translation differences resulting from the changes in amortised cost are recognised in the income statement, and other changes are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive income.
- Investments foreign subsidiaries are carried at historical rates of exchange

Pan Jamaica Group Limited

Notes to the Financial Statements

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2. Material Accounting Policies (Continued)

(e) Taxation

Taxation expense in the income statement comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the income statement except where they relate to items recorded in other comprehensive income or equity, in which case they are also charged or credited to other comprehensive income or equity. Taxation is based on profit for the year adjusted for taxation purposes at rates applicable to the year.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on rates enacted at the year-end date.

Deferred tax is not recognised on changes in the fair values of investment properties in excess of cost, as it is management's intention to recover such surplus through sale, which would not attract any taxes.

Deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The group's financial assets comprise cash and bank balances, deposits, securities purchased under agreements to resell, investment securities, and accounts receivable including balances due from related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial liabilities

The group's financial liabilities comprise bank overdraft, trade payables, loans, lease liabilities and other liabilities. They are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

The fair values of the group's and the company's financial instruments are discussed in Note 37.

Pan Jamaica Group Limited

Notes to the Financial Statements

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2. Material Accounting Policies (Continued)

(g) Accounts receivable

Trade receivables

Trade receivables are amounts due from customers for goods transferred and services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less loss allowance.

Other miscellaneous assets

The group classifies other miscellaneous assets at amortised cost when both of the following criteria are met:

- the asset is held within a business model where the objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Due to the short-term nature of the other miscellaneous assets excluding land awaiting development, their carrying amount is considered to be the same as their fair value. Land awaiting development at year end was \$752,927,000 (2022 – \$752,927,000) representing purchase consideration and associated costs realizable.

(h) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost and adjusted for any potential credit loss. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short term deposits, securities purchased under agreements to resell and bank overdrafts (Note 14).

Pan Jamaica Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(i) Investments

(i) Classification

The group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost.

The classification is based on the company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

The group will reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are recognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction cost directly attributable to the acquisition of the financial asset in the case of a financial asset not at FVPL. Transaction costs that are directly attributable to the acquisition of the financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments is based on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

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

Pan Jamaica Group Limited

Notes to the Financial Statements

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2. Material Accounting Policies (Continued)

(i) Investments (continued)

(iii) Measurement (continued)

- FVOCI – Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in investment income. Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are also presented in investment income and impairment expenses are presented as a separate line item in the statement of profit or loss.
- FVPL – Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on a debt investment that is subsequently measured at FVPL are recognised in profit or loss and presented net within investment income in the period in which they arise.

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in investment income in the profit or loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost (including cash and cash equivalents but excluding bank balances) and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Pan Jamaica Group Limited

Notes to the Financial Statements

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2. Material Accounting Policies (Continued)

(j) Investment property

Investment property is held for long-term rental yields and is not occupied by the group. Investment property is treated as a long-term investment and is carried at fair value, based on fair market valuation exercises conducted annually by independent qualified valuers. Changes in fair values are recorded in the income statement.

All leases that meet the definition of investment property are classified as investment property and measured at fair value. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Investment property that is obtained through a lease is measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the group expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods, such as recent prices on less active markets, discounted cash flow projections or the sales approach. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

These valuations form the basis for the carrying amounts in the consolidated financial statements.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Pan Jamaica Group Limited

Notes to the Financial Statements

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2. Material Accounting Policies (Continued)

(k) Leases

The group acting as lessee, recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

Assets and liabilities arising from the 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 the fixed payments), less any lease incentives receivable
- Variable lease payments that are based on the 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, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value 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:

- where possible, uses recent third-party financing as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing; and
- makes adjustments specific to the lease, example term, currency and security.

The group is exposed to potential future increase in variable lease payments based on index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments are based on an index or rate effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and 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 (as applicable).

Pan Jamaica Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(k) Leases (continued)

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 and where the group is reasonably certain to exercise the purchase option, the right-of-use asset is depreciated over the underlying asset useful life. Right of use assets are not revalued.

Payments associated with short-term leases of equipment and all leases of low value are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

Variable lease payments

Some leases contain variable payment terms that are linked to rental income generated from property. These variable payments are recognised in the income statement in the period in which the condition that triggers those payments occurs.

Extension and termination options

Where extension and termination options are included, these are used to maximise the operational flexibility in terms of managing assets used in the group's operations. The options held are exercisable only by the group and not by the respective lessor.

Residual value guarantees

The group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of a lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the group does not expect to pay anything under the guarantees.

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. If such subsequent cost relates to a replaced part, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at annual rates, as follows:

Freehold premises/leasehold premises	1 $\frac{1}{3}$ %-5
Leasehold improvements	Life of lease
Plant and machinery	5% - 20%
Furniture, fixtures & equipment	5% - 33 $\frac{1}{3}$ %
Assets capitalised under lease liabilities	Life of lease
Motor vehicles	15% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Pan Jamaica Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(m) Properties for development and sale

Properties under construction that are intended for sale are classified as properties for development and sale. The properties are carried at the lower of cost and net realizable values. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses. Impairment losses on properties for development and sale and profit on the sale of the properties are recognized in the income statement.

Revenue is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

(n) Inventories

Inventories are valued on the first-in, first-out basis at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses.

(o) Biological assets

Biological assets represent the cost of, primarily, pineapple and banana fields, which are capitalised up to maturity. These are measured at cost, less accumulated amortisation and impairment losses. The costs are normally amortised over a period of two years for pineapples and seven years for bananas. The group adopted the policy to value biological assets on the basis of amortised cost due to the lack of available independent specialist to perform a fair value assessment on a regular basis.

(p) Employee benefits

(i) Pension obligations

The company and its subsidiaries operate a number of defined benefit pension plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and 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 expenses.

The group also participates in defined contributions plans, whereby it pays contributions to privately administered pension plans which are administered by trustees. Once the contributions have been paid, the group has no further payment obligations. The contributions are charged to profit or loss in the period in which they relate.

Pan Jamaica Group Limited

Notes to the Financial Statements

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2. Material Accounting Policies (Continued)

(p) Employee benefits (continued)

(ii) Other post-employment benefits

Some group companies provide post-employment healthcare benefits to their 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.

(iii) Annual leave entitlements

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

(iv) Equity compensation benefits

The group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense in the company which is the primary recipient of the employee's services. The total amount expensed over the vesting period is determined by reference to the fair value of the options or shares granted, excluding the impact of any non-market vesting conditions (for example, net profit growth target). Non-market vesting conditions are included in assumptions about the number of options or shares that are expected to become exercisable. At each statement of financial position date, the group reviews its estimates of the number of options or shares that are expected to become exercisable or share grants which will be vested. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised or share grants are vested.

The cost of equity transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Pan Jamaica Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(p) Employee benefits (continued)

(iv) Equity compensation benefits (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

(v) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

(q) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(r) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are realizable in the income statement under expenses and are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is considered an indefinite life intangible asset and is not amortised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are realizable in the income statement under expenses and are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software

Costs incurred to acquire computer software licences are realizable as intangible assets. These costs are being amortised using the straight-line method over their expected useful life of three years. All other costs associated with maintaining computer programs are recognized as an expense when incurred.

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2. Material Accounting Policies (Continued)

(r) Intangible assets (continued)

(iii) Franchise

Cost incurred for the right to use the Hilton brand “Tapestry Collection by Hilton” for a hotel. These costs are being amortised using the straight-line method over the right of use which expires July 2030. All other fees charged by the Hilton are recognized as an expense when incurred.

(iv) Brands and trademarks

These assets are associated with the acquisition of a subsidiary and are measured at fair value as at the date of acquisition. These assets are amortised using the straight line method over their useful lives, not exceeding a period of twenty years.

(v) Customer relationships

These assets are associated with the acquisition of a subsidiary and are measured at fair value as at the date of acquisition. These assets are amortised using the straight line method over their useful lives, not exceeding a period of twelve years.

(s) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(t) Dividends

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

(u) Share capital

Ordinary shares are classified as equity.

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

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee that makes strategic decisions is deemed to be the chief operating decision-maker.

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3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

(i) Income taxes

The group is subject to income taxes mainly in Jamaica. Significant judgement is required in determining the provision for income taxes. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods and valuation inputs and makes assumptions that are mainly based on market conditions existing at each statement of financial position date. The group uses references to prices for other instruments that are substantially the same for various financial assets that were not traded in active markets. Details of investment securities valued using other than quoted prices in an active market are provided in Note 37 of the financial statements.

(iii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses). Explanations of the inputs, assumptions and estimation techniques used in measuring the ECL is further detailed in Note 36 which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for assessing whether a significant increase in credit risk has occurred;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar assets for the purposes of measuring ECL.

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3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(iv) Pension plan assets and post-employment obligations

The cost of pension and other post-retirement benefits and the present value of these liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost or income for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost or income recorded for pension and post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The group determines the appropriate interest rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-employment benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of Government of Jamaica 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 pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation in the local economy. Other key assumptions for the pension and post-retirement benefits cost and credits are based in part on current market conditions. A change in any of the assumptions used could have a significant impact on the value of the related retirement benefit asset or liability.

(v) Investment properties

Investment properties are carried in the statement of financial position at market value. The group uses independent qualified property appraisers to value its investment properties annually, generally using the direct capitalisation approach and the discounted cash flow approach. The direct capitalisation approach takes into consideration various assumptions and factors including; the level of current and future occupancy, rent rates, a capitalisation rate, and the current condition of the properties while the discounted cash flow approach utilizes a discount rate. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

(vi) 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 determines the fair values of the identifiable intangible assets. In doing so, the group makes estimates about future cash flows which are derived based on factors such as revenue growth, attrition rates, and discount rates. Value for intangible assets ascribed to investment in associated companies

4. Prior Year Restatement

Effective 1 January 2023, the Group applied IFRS 17 – Insurance Contracts which replaces IFRS 4 Insurance Contracts for accounting periods and establishes new principles for the recognition, measurement, presentation and disclosures of insurance and reinsurance contracts. In accordance with the transition requirements of IFRS 17, Sagicor Group Jamaica Limited (“Sagicor”), a 30.2% associated company of Pan Jamaica Group Limited (“PJG”), was required to restate its prior year financial statements. The significant impact of Sagicor’s initial adoption of IFRS 17 on PJG’s results has required PJG to also restate its prior year financial statements.

The Group has restated the comparative periods in accordance with IFRS 17. See note 41

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5. Segmental Financial Information

The group is organised into five main business segments:

- (a) Property & Infrastructure – This incorporates businesses that are engaged in property rental and management, hotel operations and management, capital infrastructure development and related industries.
- (b) Financial Services – This incorporates businesses engaged in the financial management services and related industries.
- (c) Global Services – This incorporates the businesses that are engaged in logistics, transportation, port operations and related industries, business processing outsourcing and tourist attractions.
- (d) Speciality Foods – This incorporates businesses that are engaged in agriculture, processing, distribution and/or retail of food and drink.
- (e) Corporate services – This comprises interest and investment income, net of cost of corporate functions not directly charged to business units.

The operating segments have been determined by management based on the reports reviewed by the executive committee and which are used to make strategic and operational decisions.

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5. Segmental Financial Information

	2023						Total \$'000
	Property & Infrastructure \$'000	Financial Services \$'000	Global Services \$'000	Speciality Foods \$'000	Corporate \$'000	Eliminations \$'000	
Gross revenue	3,946,370	-	9,065,183	16,042,549	74,601	-	29,128,703
Inter- segment revenue	(53,009)	-	-	-	(73,994)	-	(127,003)
Revenue from external customers	3,893,361	-	9,065,183	16,042,549	607	-	29,001,700
Share of profits in associates and joint venture	(105,180)	4,308,019	(4,564)	(30,080)	(2,152)	-	4,166,043
Segment profit	1,234,324	4,308,019	2,842,734	2,927	(2,220,763)	-	6,167,241
Finance costs	-	-	-	-	-	-	(1,384,565)
Profit before taxation	-	-	-	-	-	-	4,782,676
Taxation charge	-	-	-	-	-	-	(1,058,394)
Non-controlling interest	-	-	-	-	-	-	(1,208,709)
Profit attributable to equity holders of the parent	-	-	-	-	-	-	2,515,573
Segment assets	19,602,221	-	60,538,257	14,461,928	17,585,197	(6,175,743)	106,011,860
Investment in associated companies	446,252	30,333,448	3,368,979	576,634	712,517	-	35,437,830
Total assets	20,048,473	30,333,448	63,907,236	15,038,562	18,297,713	(6,175,743)	141,449,690
Segment liabilities	7,442,021	-	13,917,345	8,988,424	14,282,492	(6,175,743)	38,454,539
Other segment items:							
Capital expenditure	547,795	-	4,230,426	339,649	8,646	-	5,126,516
Depreciation, amortisation and impairment	(282,566)	-	(866,250)	(890,712)	(7,942)	-	(2,047,470)

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5. Segmental Financial Information (Continued)

	2022						Total \$'000
	Property & Infrastructure \$'000	Financial Services \$'000	Global Services \$'000	Speciality Foods \$'000	Corporate \$'000	Elimination \$'000	
Gross revenue	2,580,183	-	-	-	-	-	2,580,183
Inter- segment revenue	(69,165)	-	-	-	-	-	(69,165)
Revenue from external customers	2,511,018	-	-	-	-	-	2,511,018
Share of profits in associates and joint venture	(44,286)	2,861,729	(4,312)	93,140	3,800	-	2,910,071
Segment profit	448,983	2,861,729	(4,312)	93,140	(52,902)	-	3,346,638
Finance costs	-	-	-	-	-	-	(1,025,204)
Profit before taxation	-	-	-	-	-	-	2,321,434
Taxation charge	-	-	-	-	-	-	420,625
Non-controlling interest	-	-	-	-	-	-	(47,758)
Profit attributable to equity holders of the parent	-	-	-	-	-	-	2,694,301
Segment assets	19,883,028	-	-	-	19,187,004	(7,800,203)	31,269,829
Investment in associated companies	104,671	25,606,109	561,381	-	714,669	-	26,986,830
Total assets	19,987,699	25,606,109	561,381	-	19,901,673	(7,800,203)	58,256,659
Segment liabilities	9,426,083	-	-	-	13,616,490	(7,800,203)	15,242,370
Other segment items:							-
Capital expenditure	1,981,959	-	-	-	1,769	-	1,983,728
Depreciation	(80,844)	-	-	-	(7,337)	-	(88,181)

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5. Segmental Financial Information (Continued)

Segment information below represents segment revenue based on the country receiving the benefit of our products/services and segment assets based on the country in which the owner is registered.

	Revenues		Non-current assets	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Jamaica	12,367,402	2,511,018	96,029,514	39,961,118
Netherlands	7,669,414	-	4,938,985	-
United Kingdom	421,833	-	3,825,240	-
North America	629,837	-	915,344	714,669
Other Caribbean countries	1,952,501	-	3,295,476	38,385
Other European countries	5,954,279	-	2,000,298	-
Other countries	6,434	-	-	-
	<u>29,001,700</u>	<u>2,511,018</u>	<u>111,004,857</u>	<u>40,714,172</u>

Revenue from one customer of the JP Food and Drink segment represents approximately \$8,768,000,000 or 30% of the group's total revenues.

6. Gross Operating Revenue

Gross operating revenue comprises the gross sales of goods and services of the group. This is shown after deducting returns, rebates and discounts, consumption taxes and eliminating sales within the group.

The following table shows disaggregation of contract revenue by primary markets, major products and services and timing of recognition:

Primary Geographic Market	The Group	
	2023	2022
	\$'000	\$'000
Europe	14,045,526	-
Caribbean and North America	14,956,174	2,511,018
	<u>29,001,700</u>	<u>2,511,018</u>

Major Products and Services	The Group	
	2023	2022
	\$'000	\$'000
Food and drinks	16,042,549	-
Terminal and logistics services	9,065,791	-
Property rental, property management and hotel related	3,893,360	2,511,018
	<u>29,001,700</u>	<u>2,511,018</u>

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7. Other Income

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Property revaluation gains	503,360	463,184	-	-
Management fees	113,860	58,403	86,584	53,971
Gain on sale of residential units	149,198	-	-	-
Reinsurance commissions	29,363	60,155	-	-
Grants and other income	73,036	16,978	1,039	6,403
	<u>868,817</u>	<u>598,720</u>	<u>87,623</u>	<u>60,374</u>

8. Net Investment Income/(Expense)

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest earned	689,714	169,271	677,954	728,394
Realised gains/(losses) on disposal of investments	70,847	(41,570)	(8,323)	(66,749)
Fair value losses on financial assets				
at fair value through profit or loss	(1,544,694)	(876,963)	(1,691,924)	(631,387)
Foreign exchange gains/(losses)	290,282	(75,916)	141,618	(102,793)
Dividends	142,479	80,308	1,524,864	1,997,102
Other	5,798	474	-	439
	<u>(345,574)</u>	<u>(744,396)</u>	<u>644,189</u>	<u>1,925,006</u>
Direct expenses				
Investment expense	(6,283)	(14,421)	(2,524)	(8,349)
	<u>(351,857)</u>	<u>(758,817)</u>	<u>641,665</u>	<u>1,916,657</u>

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9. Operating Expenses by Nature

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Amortisation	526,289	10,793	-	3,434
Auditors remuneration	128,359	41,734	20,553	14,466
Depreciation	1,667,104	96,933	9,924	7,337
Directors' fees	26,248	18,358	25,692	16,513
Staff costs	8,440,574	918,406	381,810	195,616
Insurance	541,650	164,426	3,170	208
IT & Communication	353,950	68,241	11,905	5,994
Legal and Professional Fees	789,724	416,363	653,761	337,198
Other hotel operating costs	466,166	88,780	-	-
Other port service related costs	1,221,094	-	-	-
Other property management related costs	951,721	459,767	-	-
Raw materials and packaging	8,082,149	-	-	-
Repairs and maintenance	944,432	193,817	-	-
Selling, marketing and distribution	805,694	72,129	-	-
Utilities	1,002,062	363,846	-	-
Other	1,570,246	380,574	187,318	119,985
	<u>27,517,462</u>	<u>3,294,167</u>	<u>1,294,133</u>	<u>700,751</u>

Professional fees include an amount of \$16,545,000 (2022: \$2,853,000) for remuneration to auditors in relation to non-audit services.

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10. Finance Costs

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest expense	1,374,797	1,019,845	1,022,958	970,490
Commitment fees	9,768	5,359	9,768	5,359
	<u>1,384,565</u>	<u>1,025,204</u>	<u>1,032,726</u>	<u>975,849</u>

11. Gains on Disposal of Shares in Associated Companies

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
New Castle Limited				
Consideration	-	2,266,864	-	2,266,864
Carrying value at disposal	-	(887,051)	-	(310,306)
Gain on disposal	<u>-</u>	<u>1,379,813</u>	<u>-</u>	<u>1,956,558</u>

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12. Taxation

(a) Composition of tax charge/(credit)

The taxation credit for the year is comprised of:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current income tax	678,698	25,824	5,798	7,616
Deferred income taxes (Note 18)	379,696	(446,449)	407,820	(254,120)
	<u>1,058,394</u>	<u>(420,625)</u>	<u>413,618</u>	<u>(246,504)</u>

Subject to agreement with the Tax Administration Jamaica, the group has losses available for offset against future taxable profits amounting to approximately \$2,670,000,000 (2022 - \$1,959,000,000).

(b) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Profit before tax	<u>4,782,676</u>	<u>4,373,228</u>	<u>(2,191,137)</u>	<u>2,249,684</u>
Computed "expected" tax charge at 25%	1,195,669	1,093,307	(547,857)	562,421
Adjusted for the effects of:				
Effects of non-standard tax rates and tax rates of foreign jurisdictions	(199,038)	-	-	-
Unrelieved tax losses less tax relief utilised	37,963	-	-	-
Income not subject to tax	(359,951)	(102,976)	(16,527)	(44,120)
Employment tax credit clawback	71,264	-	-	-
Employment tax credit	(76,416)	-	-	-
Adjustment for income taxed at a different rate	-	(13,443)	(361,296)	(477,410)
Disposal of shares in associated companies	-	(344,953)	-	(489,139)
Share of associates' profit included net of tax	(1,041,511)	(1,236,456)	-	-
Expenses not deductible for tax purposes	867,870	224,101	671,851	215,201
Tax losses unrecognised	599,882	-	599,884	-
Other charges and credits	(37,338)	(40,205)	67,563	(13,457)
Income tax charge/(credit)	<u>1,058,394</u>	<u>(420,625)</u>	<u>413,618</u>	<u>(246,504)</u>

Income not subject to tax consists principally of property revaluation gains (for the group), and certain dividend and interest income (for the group and company). Expenses not deductible for tax consist principally of certain interest expense.

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13. Earnings Per Stock Unit/Net Profit Attributable to Owners of the Parent

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to owners of the parent and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the group and held as treasury stock. For the financial year the group had a weighted average of 3,024,006 (2022 – 1,763,752) treasury stock units.

For fully diluted EPS, the weighted average number of stock units in issue is adjusted to assume conversion of all potentially dilutive ordinary stock units. The net profit is also adjusted to reflect the after-tax effect of income arising from the conversion of such potential ordinary stock units. There were no dilutive ordinary stock units. For 2023 and 2022 the calculation of fully diluted earnings per stock unit is the same as basic earnings per stock unit.

	2023	2022
Net profit attributable to stockholders (\$'000)	2,515,573	2,694,301
Weighted average number of stock units in issue (thousands)	<u>1,484,694</u>	<u>1,064,394</u>
Earnings per stock unit (\$)	<u>\$1.69</u>	<u>\$2.53</u>

The net profit of the group is reflected in the records of the company, its subsidiaries, associated companies and joint venture as follows:

	2023	2022
	\$'000	\$'000
Net (Loss)/Profit		
The company	(2,607,753)	2,496,188
Associated companies	2,341,249	984,390
Subsidiaries	<u>3,990,786</u>	<u>(738,519)</u>
	<u>3,724,282</u>	<u>2,742,059</u>

Net profit attributable to associated companies and subsidiaries is shown net of dividends.

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14. Cash and Cash Equivalents

For the purposes of the consolidated and company statements of cash flows, cash and cash equivalents comprise the following balances with original terms to maturity not exceeding 90 days.

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and bank balances	2,227,467	232,347	40,916	61,616
Deposits	2,533,218	3,073,457	1,094,884	2,557,366
Securities purchased under agreements to resell	11,230,538	434,025	1,064,197	297,592
Bank overdraft	(24,383)	(20,665)	(24,383)	(20,665)
	<u>15,966,840</u>	<u>3,719,164</u>	<u>2,175,614</u>	<u>2,895,909</u>
Restricted cash and deposits	-	(253,543)	-	-
Deposits with maturity exceeding 90 days	(48,385)	(31,144)	(25,172)	(10,058)
Cash and cash equivalents	15,918,455	3,434,477	2,150,442	2,885,851
Expected credit loss provision	(2,380)	(3,681)	(1,349)	(2,552)
	<u>15,916,075</u>	<u>3,430,796</u>	<u>2,149,093</u>	<u>2,883,299</u>

Security for the bank overdraft includes certain specific investments. The effective rate on the overdraft facility -was – 14.65% (2022 – 14.65%).

The group has entered into collateralized reverse repurchase agreements (securities purchased under agreements to resell), which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. All amounts were due within 12 months. The balance listed is carried gross of provision for expected credit losses amounting to \$1,393,000 and \$678,000 (2022 - \$1,301,000 and \$673,000) for the group and company respectively.

Restricted cash and deposits represent funds held in escrow accounts, pending completion of certain transactions.

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15. Investment Securities

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets at fair value through other comprehensive income:				
Debt securities -				
Government of Jamaica	64,484	96,351	64,484	96,351
Other Government	80,037	81,818	38,830	47,207
Corporate	253,064	277,361	230,244	255,467
Equity securities	743,890	170,422	208,758	180,422
	<u>1,141,475</u>	<u>625,952</u>	<u>542,316</u>	<u>579,447</u>
Financial assets at fair value through profit or loss:				
Equity securities	4,996,085	6,148,843	3,017,690	3,720,039
Debt securities	111,584	1,057,298	111,584	1,057,298
	<u>5,107,669</u>	<u>7,206,141</u>	<u>3,129,274</u>	<u>4,777,337</u>
Financial assets at amortised cost:				
Debt securities -				
Corporate bonds	274,388	397,498	274,388	397,498
Loans and receivables	104,595	54,498	452,078	399,212
	<u>378,983</u>	<u>451,996</u>	<u>726,466</u>	<u>796,710</u>

Included in the financial assets at fair value through other comprehensive income above is interest receivable amounting to \$3,481,000 and \$3,023,000 (2022 - \$4,557,000 and \$4,063,000) for the group and the company respectively.

The financial assets at fair value through profit or loss consist of equities held for trading, as well as non-trading equities and convertible notes. Non trading equities total \$2,470,650,000 and \$444,431,000 (2022 - \$2,248,635,000 and \$319,798,000) for the group and company respectively.

The financial assets at amortised cost above are carried net of an expected credit loss provision. The provision for bonds is \$2,704,000 (2022 - \$17,400,000) for the group and company and for loans and receivable \$9,381,000 (2022- \$1,918,000) for the group and company. Included in the total for bonds is interest receivable amounting to \$2,893,000 (2022 - \$3,929,000) for the group and company and in loans and receivables \$1,685,000 (2022 - 125,000 for the group and \$32,473,000 (2022 - \$28,750,000) for the company.

The current portion of investment securities is \$197,556,000 (2022 - \$313,125,000) for the group and \$227,886,000 (2022 - \$341,255,000) for the company.

Pan Jamaica Group Limited

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16. Investment Properties

	The Group	
	2023	2022
	\$'000	\$'000
At 1 January	10,398,827	10,024,752
Acquired on acquisition of subsidiary	1,128,000	-
Transferred to property plant & equipment (Note 21)	(65,823)	(501,965)
Improvements	60,461	6,383
Transferred from capital work-in-progress (Note 21)	284,126	406,473
Fair value gains	503,361	463,184
At 31 December	<u>12,308,952</u>	<u>10,398,827</u>

Amounts recognised in income statement for investment properties includes:

	The Group	
	2023	2022
	\$'000	\$'000
Rental income	2,214,646	1,935,722
Direct operating expenses from property that generated rental income	(1,296,966)	(1,056,139)
Fair value gains recognised in income	<u>503,361</u>	<u>463,184</u>

There were no direct operating expenses from property that did not generate rental income for the years ended 31 December 2023 and 2022.

Pan Jamaica Group Limited

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16. Investment Properties (Continued)

Properties were valued at current market value as at 31 December by D.C. Tavares & Finson Realty Limited, independent qualified property appraisers and valuers. The values for the properties have been established using the direct capitalization approach and discounted cash flow method. The direct capitalization approach uses as key inputs rental income from existing contracts, a vacancy factor which contemplates decrements in rental cash flows consequent on vacancies, and a capitalization rate, reflective of a rate of return. The discounted cash flow method considers the present value of net cash flows to be generated from a property considering an expected rental growth rate, a vacancy factor and a discount rate. Land owned by the group is valued using the comparable sales method.

The fair values of the investment property are at level 3 in the fair value hierarchy, as, consistent with requirements of IFRS 13, certain of the inputs into the valuation process are deemed to be unobservable; those being the vacancy factor, the capitalisation rate and the discount rate. Management considers the rental rates used in the calculation to be observable as they represent actual rentals which are unadjusted.

The assumptions to which the values are most sensitive are the occupancy levels, as reflected in the vacancy factor and the capitalization factors. Vacancy factors and the capitalization rates or discount rate used, range from 2% to 14% (2022 – 4% to 16%) and 9% to 12% (2022 – 9% to 13%) respectively. Should the vacancy factor used increase/decrease by 0.25% the value of investment properties would decrease by \$27,000,000/ \$35,000,000 (2022 - \$184,000,000/\$292,000,000). Should the capitalization factor or the discount rate increase/decrease by 1.0% the value of investment properties would decrease/increase by \$637,000,000/\$1,047,000,000 (2022 - \$770,000,000 /\$916,000,000).

Certain of the group's investment property has been pledged as collateral for some of the group's loan facilities, as discussed in Note 27.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk the group may obtain bank guarantees for the term of the lease.

Minimum lease payments receivable on leases of investment properties are as follows:

	The Group	
	2023	2022
	\$'000	\$'000
Within 1 year	949,692	977,905
Between 1 and 2 years	421,824	190,885
Between 2 to 3 years	393,017	148,766
Between 3 to 4 years	185,222	131,043
Between 4 to 5 years	59,338	41,086
Later than 5 years	-	11,884
	2,009,093	1,501,569

Pan Jamaica Group Limited

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17. Investment in Subsidiaries and Associated Companies

Investment in subsidiaries

	The Company	
	2023	2022
	\$'000	\$'000
Subsidiary companies -		
Balance at 1 January	1,128,119	1,128,119
Acquisition of subsidiary (Note 39)	29,824,724	-
Increase in equity investment in subsidiary	1,500,000	-
Balance at 31 December	<u>32,452,843</u>	<u>1,128,119</u>

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held. The parent company also owns 100% of the preference shares of the subsidiaries included in the consolidation.

Summarised financial information for each material subsidiary that has a non-controlling interest before intra-group eliminations but after adjustments to align accounting policies:

	2023				
	Kingston Wharves Limited	Tortuga International Holdings Limited	JP Snacks Caribbean Limited	Knutsford Holdings Limited	Scotts Preserves Limited
	58%	38%	30%	40%	50%
	\$'000	\$'000	\$'000	\$'000	\$'000
NCI percentage					
Non-current assets	46,667,989	208,686	406,997	1,104,914	
Current assets	13,842,057	464,514	458,373	691,466	16,737
Non-current liabilities	(9,575,405)	(218,070)	(847,185)	(599,609)	(1,329)
Current liabilities	(3,687,253)	(261,651)	(187,320)	(24,709)	-
Net assets/(liabilities)	<u>47,247,388</u>	<u>193,479</u>	<u>(169,135)</u>	<u>1,172,062</u>	<u>15,408</u>
Revenue	9,710,789	1,384,144	1,756,462	195,714	(112)
Profit/(loss) for the year	2,949,992	(115,534)	(207,320)	139,520	-
Other comprehensive income	780,447	6,595	13,159	-	-
Total comprehensive income	3,730,439	(108,939)	(194,161)	139,520	(112)
Profit/(loss) allocated to NCI	1,323,765	(54,885)	(87,446)	(55,808)	(15)
Other comprehensive income allocated to OCI	452,386	1,349	(1,676)	-	-
Cash flows from operating activities	3,222,957	112,328	(97,025)	(419,252)	(832)
Cash flows from investment activities	(3,716,526)	(1,619)	(52,491)	(61,661)	651
Cash flows from financing activities	2,747,801	(22,698)	87,690	481,695	469
Net increase/(decrease) in cash and cash equivalents	<u>2,254,232</u>	<u>88,011</u>	<u>(61,826)</u>	<u>782</u>	<u>288</u>

Pan Jamaica Group Limited

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in subsidiaries

	2022	
	Knutsford Holdings Limited	Scotts Preserves Limited
NCI percentage	40%	50%
	\$'000	\$'000
Non-current assets	974,000	-
Current assets	178,114	16,687
Non-current liabilities	(98,130)	(8)
Current liabilities	(16,442)	(1,226)
Net assets	1,037,542	15,453
Revenue	259,361	-
Profit/(loss) for the year	124,538	(171)
Total comprehensive income	124,538	(171)
Profit/(loss) allocated to NCI	49,815	(171)
Cash flows from operating activities	61,811	(358)
Cash flows from investment activities	(5,333)	412
Cash flows from financing activities	-	(5)
Net increase in cash and cash equivalents	56,478	49

Pan Jamaica Group Limited

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Opening balance	26,986,832	37,995,085	7,364,184	7,600,639
Adjustment on the implementation of IFRS 17	-	(8,860,299)	-	-
Other IFRS17 related adjustments	1,149,368	-	-	-
On acquisition of subsidiary	3,723,221	-	-	-
Additions	452,175	73,851	452,175	73,851
Disposal	-	(887,051)	-	(310,306)
Share of net profits	4,166,043	2,910,071	-	-
Dividends received	(1,824,614)	(1,925,681)	-	-
Share of reserves	715,137	(2,319,144)	-	-
Impairment	-	-	(606,361)	-
Foreign exchange adjustments	69,668	-	-	-
Closing balance	<u>35,437,830</u>	<u>26,986,832</u>	<u>7,209,998</u>	<u>7,364,184</u>

The change in reserves included the elimination of the Group's share of revaluation reserve based on a difference in accounting policy.

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Associated companies - Life and Health Insurance, Pension Management, Investment and Banking				
Balance at 1 January	25,557,876	35,768,348	6,377,529	6,377,529
Adjustment on the implementation of IFRS17	-	(8,860,299)	-	-
Other IFRS17 related adjustment	1,149,368	-	-	-
Share of net profit	4,303,704	2,859,236	-	-
Dividends received/declared	(1,445,185)	(1,890,299)	-	-
Share of reserves	715,137	(2,319,110)	-	-
	<u>30,280,900</u>	<u>25,557,876</u>	<u>6,377,529</u>	<u>6,377,529</u>

Pan Jamaica Group Limited

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Associated companies (continued) -				
Consumer Products				
Balance at 1 January	-	829,293	-	310,306
On acquisition of subsidiary	472,451	-	-	-
Disposal	-	(887,051)	-	(310,306)
Share of net (loss)/profit	(3,492)	93,140	-	-
Dividends received	-	(35,382)	-	-
Foreign exchange adjustments	10,602	-	-	-
	<u>479,561</u>	<u>-</u>	<u>-</u>	<u>-</u>
Shipping and Logistics				
Balance at 1 January	-	-	-	-
On acquisition of subsidiary	3,117,000	-	-	-
Share of net profit	556,817	-	-	-
Dividends received	(379,429)	-	-	-
Foreign exchange adjustment	52,605	-	-	-
	<u>3,346,993</u>	<u>-</u>	<u>-</u>	<u>-</u>
Realty Funds				
Balance at 1 January	714,669	710,869	-	-
Share of net (loss)/profit	(2,152)	3,800	-	-
	<u>712,517</u>	<u>714,669</u>	<u>-</u>	<u>-</u>
Other				
Balance at 1 January	714,285	686,575	986,655	912,804
Additions	452,175	73,851	107,992	73,851
On acquisition of subsidiary	133,770	-	-	-
Share of net loss	(688,833)	(46,107)	-	-
Share of reserves	-	(34)	-	-
Impairment	-	-	(606,361)	-
Foreign exchange adjustment	6,462	-	-	-
	<u>617,859</u>	<u>714,285</u>	<u>488,286</u>	<u>986,655</u>
Comprising:				
Share of net assets	31,386,097	25,243,280	-	-
Intangible assets (including goodwill)	4,051,733	1,743,552	-	-
	<u>35,437,830</u>	<u>26,986,832</u>	<u>7,209,998</u>	<u>7,364,184</u>

Pan Jamaica Group Limited

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

A portion of the group's shareholding in Sagicor Group Jamaica Limited has been pledged as collateral for loan liabilities, as discussed in Note 27 of the financial statements.

The group's associated company, Sagicor Group Jamaica Limited is listed on the JSE. The JSE indicative values based on closing bid for this company at 31 December is shown in the tables below.

	The Group			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2023	2023	2022	2022
	\$'000	\$'000	\$'000	\$'000
Sagicor Group Jamaica Limited	30,280,900	57,217,511	25,557,876	70,100,299

	The Company			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2023	2023	2022	2022
	\$'000	\$'000	\$'000	\$'000
Sagicor Group Jamaica Limited	6,377,529	57,217,511	6,377,529	70,100,299

Pan Jamaica Group Limited

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

The summarised information for associates that were accounted for using the equity method for the years ended 31 December 2023 and 2022 is as presented in the tables below. The summarized financial information reflects balances which are due to the equity holders of the companies.

Summarised statement of financial position

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Shipping and Logistics	Realty Funds	Other
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Total assets	560,648,971	1,221,069	5,037,904	18,645,424	17,141,348
Total liabilities	(458,433,972)	(1,162,363)	(3,290,040)	(15,785,082)	(19,241,198)
Non-controlling interest	(2,369,675)	-	-	-	(120,675)
Net assets	99,845,324	58,706	1,747,864	2,860,342	(2,220,525)
2022					
Total assets	515,781,091	-	-	12,219,809	14,321,842
Total liabilities	(429,865,273)	-	-	(9,325,523)	(13,444,066)
Non-controlling interest	(2,301,339)	-	-	-	(111,783)
Net assets	83,614,479	-	-	2,894,286	765,993

Pan Jamaica Group Limited

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

Summarised statement of comprehensive income (continued)

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Shipping and Logistics	Realty Funds	Other
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Revenue	46,818,336	1,891,829	11,970,894	136,698	16,179,816
Depreciation and amortisation	1,562,215	154,360	-	-	1,578,708
Net investment/Interest income	26,447,411	-	-	-	17,630
Profit/(loss) from continuing operations	19,061,730	9,465	1,409,706	(30,228)	(4,807,715)
Taxation expense	(4,488,453)	(16,305)	(282,241)	-	(5,399)
Post tax profit/(loss) from continuing operations	14,573,277	(6,840)	1,127,465	(30,228)	(4,813,114)
Other comprehensive income	2,975,645	-	(90,774)	-	-
Non-controlling interest	(256,515)	-	-	-	-
Total comprehensive income	17,292,407	(6,840)	1,036,691	(30,228)	(4,813,114)
Dividends received from associate	1,445,185	-	379,429	-	-
	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Shipping and Logistics	Realty Funds	Other
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Revenue	40,671,501	2,381,224	-	76,032	15,548,986
Depreciation and amortisation	2,644,240	59,757	-	-	1,149,369
Net investment/Interest income	137,398	-	-	-	36,354
Profit/(loss) from continuing operations	14,740,901	279,448	-	65,668	(120,089)
Taxation expense	(4,897,479)	-	-	-	(4,500)
Post tax profit/(loss) from continuing operations	9,843,422	279,448	-	65,668	(124,589)
Other comprehensive income	(4,084,070)	-	-	-	(34)
Non-controlling interest	(1,659,607)	-	-	-	-
Total comprehensive income	4,099,745	279,448	-	65,668	(124,623)
Dividends received from associate	1,890,299	35,382	-	-	-

Pan Jamaica Group Limited

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

Reconciliation of summarised financial information

A reconciliation of summarised financial information presented to the carrying amount of its interest in associates is shown in the table below. The amounts shown in the table are the amounts attributable to the equity holders of the associated companies.

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Shipping and Logistics	Realty Funds	Other
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Opening net assets at 1 January	83,614,449	-	-	2,894,284	982,374
IFRS 17 Restatement	3,805,097	-	-	-	-
On acquisition of subsidiary	-	882,360	1,666,918	-	146,798
Capital contribution	-	-	-	-	1,530,272
Profit or loss for the period	14,368,019	(6,839)	1,036,691	(30,287)	(4,744,522)
Other comprehensive income	2,924,388	-	(90,774)	-	-
Change in reserves	(82,256)	-	-	22,886	154
Adjustment	-	-	-	(190,006)	73,722
Dividends paid	(4,784,403)	-	(991,100)	-	-
Translation gains	-	-	126,128	163,613	17,702
Closing net assets at 31 December	99,845,294	875,521	1,747,863	2,860,490	1,993,500
Interest in associate (J\$)	30,159,270	437,760	873,932	602,025	(70,810)
Additional investment	-	-	-	111,637	-
Adjustment for pre-acquisition goodwill	(200,041)	-	2,560,548	-	182,004
Other adjustments	(987,510)	41,801	(87,487)	(1,145)	506,665
Goodwill and intangible assets	1,309,181	-	-	-	-
Carrying value	30,280,900	479,561	3,346,993	712,517	617,859

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Shipping and Logistics	Realty Funds	Other
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Opening net assets at 1 January	114,823,622	2,488,143	-	3,030,701	744,177
IFRS17 restatement	(29,332,912)	-	-	-	-
Capital contribution	-	-	-	64,745	208,650
Profit or loss for the period	9,585,965	279,448	-	61,910	(124,609)
Other comprehensive income	(5,486,220)	-	-	-	-
Change in reserves	282,023	-	-	103,700	(1,876)
Adjustment	-	-	-	-	138,376
Dividends paid	(6,257,999)	(106,246)	-	-	-
Translation gains/(losses)	-	-	-	(366,772)	17,656
Closing net assets at 31 December	83,614,479	2,661,345	-	2,894,284	982,374
Interest in associate (J\$)	25,256,590	887,051	-	583,431	303,497
Additional investment	-	-	-	111,637	38,385
Adjustment for pre- acquisition goodwill	(200,041)	-	-	-	-
Other adjustments	(844,154)	-	-	19,601	(25,666)
Goodwill and intangible assets	1,345,481	-	-	-	398,071
Disposal	-	(887,051)	-	-	-
Carrying value	25,557,876	-	-	714,669	714,287

See Note 1 for shareholding in associated companies.

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18. Deferred Income Taxes

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

Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	-	686,407	58,984	457,036
Deferred tax liabilities	(3,220,005)	(626,584)	(333,233)	(320,966)
Net deferred tax assets/(liabilities)	<u>(3,220,005)</u>	<u>59,823</u>	<u>(274,249)</u>	<u>136,070</u>

The gross movement on the deferred income tax balance is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at a 1 January	59,823	(255,934)	136,070	(145,101)
On acquisition of subsidiary	(2,869,601)	-	-	-
Tax (charged)/credited to income statement (Note 12)	(379,696)	446,449	(407,820)	254,120
Tax (charged)/credited to components of other comprehensive income	(30,531)	(130,692)	(2,499)	27,051
Balance at 31 December	<u>(3,220,005)</u>	<u>59,823</u>	<u>(274,249)</u>	<u>136,070</u>

Pan Jamaica Group Limited

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18. Deferred Income Taxes (Continued)

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

	The Group						
	Pension and other post employment benefits \$'000	Interest payable \$'000	Stock compensation provision \$'000	Unutilised tax losses \$'000	unrealised Foreign exchange loss \$'000	Other \$'000	Total \$'000
Deferred income tax assets							
At 1 January 2022	218,090	15,825	45,389	355,969	-	20,626	655,899
Credited/(charged) to the income statement	21,349	38,902	(11,428)	134,761	-	4,666	188,250
At 31 December 2022	239,439	54,727	33,961	490,730	-	25,292	844,149
Acquisition of subsidiary	32,344	3,921	-	283	6,842	4,284	47,674
(Charged)/credited to the income statement	4,030	7,416	1,361	(403,839)	(6,320)	4,593	(392,759)
At 31 December 2023	275,813	66,064	35,322	87,174	522	34,169	499,064

	The Group							
	Property, plant and equipment \$'000	Pension benefits \$'000	Investment property \$'000	Interest receivable \$'000	Unrealised foreign exchange gains \$'000	Investment securities \$'000	Intangibles \$'000	Total \$'000
Deferred income tax liabilities								
At 1 January 2022	17,808	41,952	220,767	109,851	123,368	398,087	-	911,833
(Credited)/charged to the income statement	6,843	(4,206)	(102,203)	126,048	(50,255)	(234,426)	-	(258,199)
Charged to other comprehensive income	-	130,692	-	-	-	-	-	130,692
At 31 December 2022	24,651	168,438	118,564	235,899	73,113	163,661	-	784,326
Acquisition of subsidiary	1,798,160	69,862	-	4,346	-	-	1,044,907	2,917,275
(Credited)/charged to the income statement	3,723	5,908	1,716	47,830	(384)	(30,427)	(41,429)	(13,063)
Credited to other comprehensive income	-	30,531	-	-	-	-	-	30,531
At 31 December 2023	1,826,534	274,739	120,280	288,075	72,729	133,234	1,003,478	3,719,069

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(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes (Continued)

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

	The Company					Total \$'000
	Pension and other post retirement benefits \$'000	Interest payable \$'000	Stock compensation provision \$'000	Unutilised tax losses \$'000	Other \$'000	
Deferred income tax assets						
At 1 January 2022	15,184	8,976	28,530	355,260	14,635	422,585
(Charged)/credited to income statement	(4,394)	(374)	(13,919)	48,296	4,842	34,451
At 31 December 2022	10,790	8,602	14,611	403,556	19,477	457,036
(Charged)/credit to income statement	-	4,889	1,361	(403,556)	(746)	(398,052)
At 31 December 2023	10,790	13,491	15,972	-	18,731	58,984

	The Company					Total \$'000
	Property, plant and equipment \$'000	Retirement benefits \$'000	Interest receivable \$'000	Unrealised foreign exchange gains \$'000	Unrealised trading gains \$'000	
Deferred income tax liabilities						
At 1 January 2022	896	43,839	80,038	119,334	323,579	567,686
(Credited)/Charged to income statement	6,843	(4,206)	54,916	(50,657)	(226,565)	(219,669)
Charged to other comprehensive income	-	(27,051)	-	-	-	(27,051)
At 31 December 2022	7,739	12,582	134,954	68,677	97,014	320,966
Charged/(credited) to income statement	(366)	562	40,135	(136)	(30,427)	9,768
Credited to other comprehensive income	-	2,498	-	-	-	2,498
At 31 December 2023	7,373	15,642	175,089	68,541	66,587	333,232

Deferred income tax liabilities have not been established for the potential distribution of the unappropriated profits of subsidiaries as such distributions are not subject to tax.

Pan Jamaica Group Limited

Notes to the Financial Statements

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18. Deferred Income Taxes (Continued)

The amounts shown in the statement of financial position include the following:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deferred tax assets to be recovered after more than 12 months	311,134	273,399	26,762	25,401
Deferred tax assets to be recovered within 12 months	187,930	570,750	32,222	431,635
	<u>499,064</u>	<u>844,149</u>	<u>58,984</u>	<u>457,036</u>
Deferred tax liabilities to be settled after more than 12 months	(3,225,032)	(311,653)	(23,015)	(20,321)
Deferred tax liabilities to be settled within 12 months	(494,037)	(472,673)	(310,218)	(300,645)
	<u>(3,719,069)</u>	<u>(784,326)</u>	<u>(333,233)</u>	<u>(320,966)</u>
Net assets/(liabilities)	<u>(3,220,005)</u>	<u>59,823</u>	<u>(274,249)</u>	<u>136,070</u>

19. Trade Receivables and Miscellaneous Assets

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables	3,858,245	62,743	-	-
Managed properties receivables	228,026	175,165	-	-
Prepaid expenses	404,432	61,630	8,286	10,178
Premium receivables	48,440	37,672	-	-
Reinsurance receivables	87,249	66,114	-	-
Other receivables	1,072,573	514,305	155,702	154,691
Advances and note receivables	776,539	-	-	-
Land awaiting development	<u>752,927</u>	<u>752,927</u>	<u>-</u>	<u>-</u>
	7,228,431	1,670,556	163,988	164,869
ECL provision	<u>(305,249)</u>	<u>(62,869)</u>	<u>-</u>	<u>-</u>
	<u>6,923,182</u>	<u>1,607,687</u>	<u>163,988</u>	<u>164,869</u>

Included in other receivables are amounts due from related parties totaling \$367,205,000 (2022 - \$276,630,000) for the group and \$201,826,000 (2022 - 142,000,000) for the company.

Land awaiting development comprises properties owned by the group for which the group intends to either develop for owner occupancy or for sale and for which no decision has been taken on the type of development.

Pan Jamaica Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

20. Inventories

	<u>The Group and The Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Raw materials and consumables	935,610	-
Processed goods	219,832	-
Operating supplies and fuel	<u>693,146</u>	<u>55,957</u>
	<u>1,848,588</u>	<u>55,957</u>

Inventory balances are shown net of a provision of \$47,622,000 (2022 - nil). This provision arises predominantly in the group's consumer food businesses and reflects an adjustment in the value of inventory items to the lower of cost and realisable value.

Pan Jamaica Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

21. Property, Plant and Equipment

	Note	The Group					Total \$'000
		Freehold Land \$'000	Freehold Premises \$'000	Leasehold Improvements \$'000	Furniture, Fixtures & Equipment \$'000	Capital Work in Progress \$'000	
At Cost -							
1 January 2022		-	65,964	14,325	610,908	3,077,800	3,768,997
Transfer from investment property		-	501,965	-	-	-	501,965
Additions		-	727,660	-	713,506	435,223	1,876,389
Disposals		-	-	-	(57,659)	-	(57,659)
Transfer to investment properties		-	2,680,490	-	-	(2,680,490)	-
	16	-	-	-	-	(406,473)	(406,473)
31 December 2022		-	3,976,079	14,325	1,266,755	426,060	5,683,219
Acquired on acquisition of subsidiary		16,858,118	15,563,980	122,874	5,151,767	4,640,251	42,336,990
Additions		20,377	336,708	577	303,278	4,635,735	5,296,675
Disposals		-	(189)	-	(204,579)	-	(204,768)
Adjustments		-	-	-	(6,909)	-	(6,909)
Transfer from investment property		-	65,823	-	-	-	65,823
Transferred to right of use assets		-	-	-	-	(25,505)	(25,505)
Transferred to property for development and sale		-	(52,951)	-	(1,120)	-	(54,071)
Transfer to investment properties		-	699,171	-	58,212	(818,815)	(61,432)
	16	-	-	-	143,319	(427,505)	(284,186)
Foreign exchange adjustment		-	93,664	(1,792)	94,878	25,495	212,245
31 December 2023		16,878,495	20,682,285	135,984	6,805,601	8,455,716	52,958,081
Accumulated Depreciation -							
1 January 2022		-	16,421	10,180	295,818	-	322,419
Charged for year		-	696	-	87,485	-	88,181
Relieved on disposals		-	-	-	(57,339)	-	(57,339)
31 December 2022		-	17,117	10,180	325,964	-	353,261
Charged for year		-	748,594	7,077	780,514	48,894	1,585,079
Relieved on disposals		-	(5,377)	-	(202,343)	-	(207,720)
Foreign exchange adjustment		-	4,882	(774)	4,144	2,460	10,712
31 December 2023		-	765,216	16,483	908,279	51,354	1,741,332
Net Book Value -							
31 December 2023		16,878,495	19,917,069	119,501	5,897,322	8,404,362	51,216,749
31 December 2022		-	3,958,961	4,145	940,792	426,060	5,329,958

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21. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Property	Leasehold Improvements	Furniture & Fixtures	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -					
1 January 2022	79,235	199	24,189	59,105	162,728
Additions	-	-	1,769	25,505	27,274
Disposal	-	-	(160)	(30,812)	(30,972)
31 December 2022	79,235	199	25,798	53,798	159,030
Additions			1,996	6,650	8,646
Transfer to right of use assets	(79,235)	-	-	(25,505)	(104,740)
31 December 2023	-	199	27,794	34,943	62,936
Accumulated Depreciation -					
1 January 2022	5,943	199	10,541	56,512	73,195
Charged for the year	1,981	-	2,766	2,590	7,337
Relieved on disposal	-	-	(160)	(30,812)	(30,972)
31 December 2022	7,924	199	13,147	28,290	49,560
Transfer to right of use assets	(7,924)	-	-	-	(7,924)
Charged for the year	-	-	2,842	-	2,842
31 December 2023	-	199	15,989	28,290	44,478
Net Book Value -					
31 December 2023	-	-	11,805	6,653	18,458
31 December 2022	71,311	-	12,651	25,508	109,470

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22. Right-of-Use Assets

	Note	The Group			The Company		
		Leasehold Land and Buildings \$'000	Furniture, Fixtures, Equipment and Motor Vehicles \$'000	Total \$'000	Leasehold Land and Buildings \$'000	Furniture, Fixtures, Equipment and Motor Vehicles \$'000	Total
At Cost -							
1 January 2022 and 31 December 2022		-	-	-	-	-	-
Arising on acquisition of subsidiaries		442,162	11,488	453,650	-	-	-
Additions		649,052	20,765	669,817	-	-	-
Disposals		(18,885)	-	(18,885)	-	-	-
Transfer from property, plant and equipment	21	-	25,505	25,505	71,311	25,505	96,816
Exchange adjustments		6,343	1,214	7,557	-	-	-
31 December 2023		1,078,672	58,972	1,137,644	71,311	25,505	96,816
Accumulated Depreciation -							
At 1 January and 31 December 2022		-	-	-	-	-	-
Charged for year		149,507	13,283	162,790	1,981	5,101	7,082
Exchange adjustments		2,842	337	3,179	-	-	-
31 December 2023		152,349	13,620	165,969	1,981	5,101	7,082
Net Book Value -							
31 December 2023		926,323	45,352	971,675	69,330	20,404	89,734
31 December 2022		-	-	-	-	-	-

23. Properties for Development and Sale

	The Group	
	2023 \$'000	2022 \$'000
At 1 January	1,588,234	967,119
Transferred from property, plant & equipment	54,071	-
Capital expenditure	41,249	621,115
Sales of units	(903,081)	-
At 31 December	780,473	1,588,234

The above represents the cost of property and residential units under development for sale and are located in St. Andrew and at the ROK Hotel & Residences in Downtown, Kingston.

Pan Jamaica Group Limited

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24. Intangibles

	The Group					Total \$'000
	Goodwill \$'000	Computer Software \$'000	Brand Franchise \$'000	Customer Relationship \$'000	Brand/ Trademarks \$'000	
At Cost -						
1 January 2022	33,082	92,743	-	-	-	125,825
Additions	-	3,141	17,522	-	-	20,663
31 December 2022	33,082	95,884	17,522	-	-	146,488
Additions on acquisition of subsidiary	2,076,211	44,296	-	3,947,000	1,641,000	7,708,507
Additions	-	2,116	-	-	-	2,116
Transfer	-	15,457	-	-	-	15,457
Exchange adjustment	-	84	-	-	-	84
31 December 2023	2,109,293	157,837	17,522	3,947,000	1,641,000	7,872,652
Accumulated Amortisation						
1 January 2022	-	73,354	-	-	-	73,354
Amortisation	-	8,752	2,041	-	-	10,793
31 December 2022	-	82,106	2,041	-	-	84,147
Amortisation	-	23,215	2,041	380,047	66,249	471,552
Exchange adjustment	-	31	-	-	-	31
31 December 2023	-	105,352	4,082	380,047	66,249	555,730
Net Book Value -						
31 December 2023	2,109,293	52,485	13,440	3,566,953	1,574,751	7,316,922
31 December 2022	33,082	13,778	15,481	-	-	62,341

Goodwill is allocated to JP Global Holdings Limited and Downing Street (Caribbean) Place Limited.

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25. Retirement Benefits

The company and its subsidiaries have established a number of pension schemes covering all permanent employees. The assets of funded plans are held independently of the group's assets in separate funds administered by the trustees of the plans.

The benefit plans are summarized as follows:

- (i) Three defined contribution schemes for qualifying employees in Jamaica and another in the United Kingdom. The total contributions under these schemes for the period were \$25,649,000 (2022: \$nil).
- (ii) An industry-wide multi-employer defined benefit scheme in the Netherlands. The subsidiary is required to contribute a specified percentage of payroll costs to the scheme to fund the benefits. This percentage may increase or decrease as a result of changes in actuarial valuation. The only obligation of the group with respect to this scheme is to make the specified contributions. Accordingly, it is treated as a defined contribution scheme for the purpose of the group's financial reporting.
- (iii) A defined benefit scheme for certain employees of its subsidiary also in the Netherlands. The group has contracted out all legal and constructive commitments of this scheme to an insurance company and is only obligated to make annual specified contributions. Accordingly, this scheme is treated as a defined contribution scheme for the purpose of the group's financial reporting.
- (iv) A defined benefit scheme operated by the parent company and two of its subsidiaries also provides other retirement benefits giving rise to obligations. The assets of funded plans are held independently of the group's assets in separate funds administered by the trustees of the plans.

Defined benefit plans are valued by independent actuaries annually, using the projected unit credit method.

The latest actuarial valuations were carried out as at 31 December 2023.

The Trustees are responsible for reviewing the investment portfolio mix of the plans to ensure that the assets are invested efficiently whilst maintaining the prescribed limits as set by the Regulator, within each portfolio class. The Trustees also ensure that the funding contributions are within acceptable levels.

The amounts recognised in the statement of financial position comprise:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Assets				
(Note 25(a))	1,530,336	-	80,800	115,559
Liabilities				
Funded pension obligations (Note 25(a))	380,252	33,455	-	-
Unfunded pension obligations (Note 25(b))	277	269	277	269
Other (Note 25(c))	603,239	200,437	58,964	42,891
	983,768	234,161	59,241	43,160

The expense recognised in the income statement comprises:

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25. Retirement Benefits (Continued)

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Pension obligations - funded (Note 25(a))	(10,451)	79,711	(1,222)	524
Pension obligations – unfunded (Note 25(b))	31	25	31	25
Other post-employment obligations:				
Medical and life insurance (Note 25(c))	78,181	48,669	6,462	7,235
	<u>67,761</u>	<u>128,405</u>	<u>5,271</u>	<u>7,784</u>

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

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of year	33,455	285,519	(115,559)	(240,780)
On acquisition of subsidiary	558,899	-	-	-
Benefit expense	(10,451)	79,711	(1,222)	524
Re-measurement recognised in OCI	(592,347)	(315,139)	41,257	129,261
Employer's contribution	(21,842)	(16,636)	(5,276)	(4,564)
Balance at end of year	<u>(32,286)</u>	<u>33,455</u>	<u>(80,800)</u>	<u>(115,559)</u>

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

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Present value of funded obligations	3,758,713	1,228,076	311,951	326,070
Fair value of plan assets	<u>(5,090,321)</u>	<u>(1,539,633)</u>	<u>(574,275)</u>	<u>(786,641)</u>
	(1,331,608)	(311,557)	(262,324)	(460,571)
Unrecognised asset due to asset ceiling	<u>181,524</u>	<u>345,012</u>	<u>181,524</u>	<u>345,012</u>
Liability/(asset) in the statement of financial position	<u>(1,150,084)</u>	<u>33,455</u>	<u>(80,800)</u>	<u>(115,559)</u>

Sagicor Group Jamaica Limited, an associated company which manages the group's pension fund assets, has invested through its pooled investment funds in 117,749,854 (2022 – 118,703,610) ordinary stock units of the company with a fair value of \$5,969,917,000 (2022 – \$6,789,846,000).

In a previous period, the company submitted a windup proposal for one of its pension plans to the Financial Services Commission and was awaiting a ruling from the Supreme Court regarding the actuarially recommended distribution of the surplus. During the year, the Supreme Court made its ruling bringing the matter to a close resulting in a settlement of the company pension obligations.

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25. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

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

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of year	1,228,076	1,792,663	326,070	448,334
On acquisition of subsidiary	1,674,637	-		
Current service cost	56,086	53,822	6,279	15,105
Interest cost	331,860	131,667	22,852	26,054
	<u>3,290,659</u>	<u>1,978,152</u>	<u>355,201</u>	<u>489,493</u>
Re-measurements -				
Loss/(gain) from change in financial assumptions	517,078	(758,982)	38,663	(174,212)
Gain from change in demographic assumptions	(44,260)	-	-	-
Experience losses/(gains)	297,287	20,517	55,695	9,308
	<u>770,105</u>	<u>(738,465)</u>	<u>94,358</u>	<u>(164,904)</u>
Members' contributions	84,644	38,680	9,932	9,124
Benefits paid	(499,032)	(74,842)	(85,740)	(7,643)
Purchased annuities	211,082	24,551	36,945	-
Effect of settlement	(98,745)	-	(98,745)	-
Balance at end of year	<u>3,758,713</u>	<u>1,228,076</u>	<u>311,951</u>	<u>326,070</u>

The movement in the fair value of plan assets over the year is as follows:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of year	1,539,633	1,657,660	786,641	839,630
On acquisition of subsidiary	3,728,121	-	-	-
Interest income	637,545	117,819	75,205	52,676
Re-measurements -				
Gain/(loss) from change in financial assumptions	22,707	(49,573)	9,745	(21,163)
Experience losses	(492,243)	(191,298)	(99,751)	(90,547)
Members' contributions	84,644	38,680	9,932	9,124
Employer's contributions	21,842	16,636	5,276	4,564
Benefits paid	(499,032)	(74,842)	(85,740)	(7,643)
Purchased annuities	211,082	24,551	36,945	-
Effect of settlement	(163,978)	-	(163,978)	-
Balance at end of year	<u>5,090,321</u>	<u>1,539,633</u>	<u>574,275</u>	<u>786,641</u>

The actual return on plan assets for 2023 was gain of \$123,111,000 and loss of \$8,595,000.00 (2022 – gain of \$106,960,000 and \$52,510,000) for the group and the company, respectively. The effect of settlement in the tables above arose from the wind up of one of the pension plans.

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25. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The expected employer and members contributions for the year 2024 are \$117,343,000 for the group and \$12,278,000 for the company.

The movement on the asset ceiling during the year is as follows:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of year	345,012	150,515	345,012	150,515
On acquisition of subsidiary	1,494,585	-	-	-
Change in asset ceiling, excluding amounts included in interest expense	239,148	12,041	44,852	12,041
Re-measurement	(1,897,221)	182,456	(208,340)	182,456
	<u>181,524</u>	<u>345,012</u>	<u>181,524</u>	<u>345,012</u>

The amounts recognised in the income statement are as follows:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current service cost	56,086	53,822	6,279	15,105
Interest cost/(credit)	(66,537)	25,889	(7,501)	(14,581)
Total	<u>(10,451)</u>	<u>79,711</u>	<u>(1,222)</u>	<u>524</u>

The principal actuarial assumptions used were as follows:

	The Group and Company	
	2023 %	2022 %
Discount rate	11.00	13.0
Future salary increases	8.00	7.50
Future pension increases	3.70	2.75
Inflation	<u>6.00</u>	<u>5.50</u>

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25. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions for the group is:

2023	Increase/(decrease) in post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(328,828)	409,253
Future salary increases	1%	98,507	(88,151)
Future pension increases	1%	329,790	(283,074)
		Increase Assumption by One Year	Decrease Assumption by One Year
Life expectancy		9,931	(10,198)
		Increase/(decrease) in post-employment obligations	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(78,991)	95,746
Future salary increases	1%	31,492	(27,628)
Future pension increases	1%	75,657	(66,696)
		Increase Assumption by One Year	Decrease Assumption by One Year
Life expectancy		7,160	(7,480)

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.

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25. Retirement Benefits (Continued)

(b) Unfunded pension obligations

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

	<u>The Group and Company</u>	
	2023	2022
	\$'000	\$'000
Present value of unfunded obligations	277	269

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

	<u>The Group and Company</u>	
	2023	2022
	\$'000	\$'000
Balance at beginning of year	269	339
Current service cost	31	25
	<u>300</u>	<u>364</u>
Re-measurements -		
Experience losses	36	(36)
	<u>36</u>	<u>(36)</u>
Benefits paid	(59)	(59)
Balance at end of year	<u>277</u>	<u>269</u>

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25. Retirement Benefits (Continued)

(c) Other post-employment obligations

In addition to pension benefits, the company and certain subsidiaries offer retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The main actuarial assumption is a long-term increase in health costs of 8.5% per year (2022 – 8.5%).

Other assumptions were as for the pension plans set out above.

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

	<u>The Group</u>		<u>The Company</u>	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Present value of unfunded obligations	603,239	200,437	58,964	42,891

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

	<u>The Group</u>		<u>The Company</u>	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of year	200,437	368,660	42,891	60,397
On acquisition of subsidiary	258,749	-	-	-
Benefit expense	19,972	19,541	1,159	2,549
Interest cost on defined benefit obligation	58,209	29,128	5,303	4,686
Re-measurements -				
(Losses)/gains from change in financial assumptions	135,221	(214,996)	8,799	(28,750)
Gains from change in demographic assumptions	(34,926)	-	-	-
Experience (gains)/losses	(10,845)	7,401	5,147	7,728
Benefits paid	(23,578)	(9,297)	(4,335)	(3,719)
Balance at end of year	603,239	200,437	58,964	42,891

Pan Jamaica Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

25. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current service cost	19,972	19,541	1,159	2,549
Interest cost	58,209	29,128	5,303	4,686
Total, included in staff costs	<u>78,181</u>	<u>48,669</u>	<u>6,462</u>	<u>7,235</u>

The sensitivity of the long-term medical cost to changes in the weighted principal assumption for the group is:

2023	Increase/(decrease) in post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(66,936)	83,446
Medical inflation	1%	76,915	(60,917)
		Increase Assumption by One Year	Decrease Assumption by One Year
2023		8,660	(8,642)
2022	Increase/(decrease) in post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(23,342)	28,924
Medical inflation	1%	29,961	(24,413)
		Increase Assumption by One Year	Decrease Assumption by One Year
2022		5,414	(5,449)

Pan Jamaica Group Limited

Notes to the Financial Statements

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25. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

Plan assets for the post-employment benefits are comprised as follows:

	The Group			
	2023		2022	
	\$'000	%	\$'000	%
Equity	1,979,140	38	362,753	24
Debt	1,738,377	35	57,727	4
Unitised investments	1,372,804	27	1,119,153	72
	<u>5,090,321</u>	<u>100</u>	<u>1,539,633</u>	<u>100</u>
	The Company			
	2023		2022	
	\$'000	%	\$'000	%
Equity	124,413	22	165,608	21
Unitised investments	449,862	78	621,033	79
	<u>574,275</u>	<u>100</u>	<u>786,641</u>	<u>100</u>

Pan Jamaica Group Limited

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25. Retirement Benefits (Continued)

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 reduce the surplus or create a deficit with respect to the net assets available for benefits.

As the plan matures, the group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds largely represent investments in Government of Jamaica securities.

However, the group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the group's long-term strategy to manage the plans efficiently. See below for more details on the group'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 (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). A high percentage of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, 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 group ensures 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 scheme. Within this framework, the group'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 group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The group has not changed the processes used to manage its risks from previous periods. The group 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 employer contribution rates are between 4.25% of pensionable salaries. The last valuation was completed effective 30 September 2022. The group considers the contribution rates to be sufficient to prevent a deficit and that the plans are adequately funded.

Pan Jamaica Group Limited

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26. Related Party Balances and Transactions

(a) The statements of financial position include the following balances with related parties and companies:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Amounts due from related parties:				
Subsidiaries:				
PanJam Hospitality Limited	-	-	49,114	22,828
Portfolio Partners Limited	-	-	864	6,798
Knutsford Holding Limited	-	-	-	115
Castleton Investments Limited	-	-	-	375,237
PanJam Share Trust	-	-	105,681	-
Jamaica Property Company Limited	-	-	4,181,742	5,980,929
Scott's Preserves Limited	-	-	469	-
PJ-AL Corp Limited	-	-	1,159,161	1,015,895
Simcoe Investments Limited	-	-	347,927	443,087
Baywest Development Limited	-	-	85,979	82,155
Kingchurch Property Holdings Limited	-	-	371,403	585,623
ROK Operating Company Limited	-	-	198,400	320,881
JP Juice Group Limited	-	-	690,884	-
JP Tropical Foods Limited	-	-	46,447	-
Tortuga Caribbean Rum Cake Limited	-	-	108,116	-
Kingston Wharves Limited	-	-	4,758	-
JP Logistics Solutions Limited	-	-	31,870	-
Antillean Food Inc	-	-	61,257	-
Other Related parties:				
Capital Infrastructure Group Limited	-	-	799	-
Pelican Power Limited	-	-	17	-
Grupo Frontera Limited	-	-	59,010	-
	-	-	7,503,898	8,833,548
Loss provision	-	-	(26,204)	(26,204)
	-	-	7,477,694	8,807,344
Amounts due to related parties:				
The PanJam Share Trust	-	-	-	73,918
Subsidiaries:				
Panacea Insurance Limited	-	-	778	778
Castleton Investments Limited	-	-	40,794	-
JP International Group Limited	-	-	392,060	-
JP Global Holdings Limited	-	-	65,117	-
Other related party				
Jamaica Producers Group Limited	-	-	6,650	-
	-	-	505,399	74,696
Net asset	-	-	6,972,295	8,732,648

Pan Jamaica Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

26. Related Party Balances and Transactions Continued)

- (a) (continued) The statements of financial position include the following balances with related parties and companies:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Amounts due from related parties:				
Associates				
Grupo Frontera Limited	-	-	59,010	-
Capital Infrastructure Group Limited	-	-	799	-
Pelican Power Limited	-	-	17	-
Amount due to related parties				
Associated companies				
Jamaica Producer Group Limited			6,650	-
	-	-	66,476	8,833,548
	-	-	6,774,232	8,807,344

The current portion of amounts due from related parties was \$2,219,631,000 (2022 - \$3,529,102,000) and to related parties was \$72,545,000 (2022 - \$74,696,000) for the company.

Other balances with related parties are discussed in Notes 17, 19 and 21, which deal with "investment securities", "investments in subsidiaries and associated companies" and "prepayments and miscellaneous assets" respectively.

The group applies the IFRS 9 general approach to measuring expected credit losses for related parties' balances. There was no change in the loss allowance recognised for 2023 and 2022 for the company.

Pan Jamaica Group Limited

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26. Related Party Transactions and Balances (Continued)

(b) The consolidated and company income statements include the following transactions with related parties:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Subsidiaries -				
Management fees	-	-	86,585	53,972
Interest income	-	-	506,817	571,026
Dividend income	-	-	7,524	-
Associated companies -				
Dividend income	-	-	1,445,185	1,925,681
Other related parties -				
Debt securities	-	-	111,585	217,908
Interest and other income earned	60,560	31,599	38,721	22,149
Interest and other expenses incurred	(40,631)	(44,812)	(1,703)	(1,867)
Other expenses	(22,861)	(21,281)	(18,948)	(16,973)

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26. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries and other short-term employee benefits	690,924	344,379	196,968	136,694
Statutory contributions	47,927	17,516	13,262	12,168
Post-employment benefits	22,485	35,819	16,399	2,219
Share-based compensation	27,806	34,137	12,474	14,866
	<u>789,142</u>	<u>431,851</u>	<u>239,103</u>	<u>165,947</u>
Directors' emoluments				
Directors' fees	27,077	18,358	25,692	16,513
Consultant's fees	-	56,535	-	56,535
Management compensation (included above)	<u>164,612</u>	<u>217,858</u>	<u>126,535</u>	<u>71,500</u>
	<u>191,689</u>	<u>292,751</u>	<u>152,227</u>	<u>144,548</u>

(d) Loans from related parties:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	461,943	528,557	-	-
Repayments	(71,117)	(66,614)	-	-
Interest charged	37,615	41,048	-	-
Interest paid	(37,615)	(41,048)	-	-
	<u>390,826</u>	<u>461,943</u>	<u>-</u>	<u>-</u>

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27. Loan Liabilities

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Secured	18,989,439	9,481,289	8,791,967	8,973,977
Unsecured	6,312,477	4,471,843	4,463,388	4,458,257
	<u>25,301,916</u>	<u>13,953,132</u>	<u>13,255,355</u>	<u>13,432,234</u>

	Group		Company	
	2023	2022	2022	2021
	\$'000	\$'000	\$'000	\$'000
Bank borrowings	16,496,887	6,465,473	5,977,755	5,958,161
Corporate bonds	7,277,600	7,474,073	7,277,600	7,474,073
Other loans	1,527,429	13,586	-	-
Total borrowings	<u>25,301,916</u>	<u>13,953,132</u>	<u>13,255,355</u>	<u>13,432,234</u>

Corporate bonds and certain bank borrowings are carried net of deferred costs. All other bank borrowings and other loans are carried gross. The total deferred costs amounted to \$212,145,000 and the unamortised portion is \$106,757,000.

Interest rate on these loans range from 2% to 10% (2022 -6% to 9%)

The group has provided shares in subsidiary and associated companies and properties as security for certain loans.

Included in loan liabilities is interest payable of \$62,111,000 (2022 - \$61,788,000) for the group and company.

The current portion of loan liabilities is \$7,098,632,000 (2022 - \$342,405,000) for the group and \$5,362,111,000 (2022 - \$271,288,000) for the company.

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28. Lease Liabilities

The lease obligations are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments:				
Not later than 1 year	302,340	5,699	17,641	16,756
Later than 1 year and not later than 5 years	1,239,101	48,360	76,780	94,789
More than 5 years	410,483	-	-	-
	1,951,924	54,059	94,421	111,545
Future finance charges	(448,114)	(4,186)	(33,866)	(37,250)
Present value of lease obligations	1,503,810	49,873	60,555	74,295

The present value of the lease obligations is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	235,731	5,489	13,093	13,372
More than 1 year	1,268,079	44,384	47,462	60,923
	1,503,810	49,873	60,555	74,295

29. Other Liabilities

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Other liabilities and accrued expenses	3,824,906	433,078	297,699	49,357
Reinsurance liabilities	86,481	58,718	-	-
Tenants' deposits	85,626	69,710	-	-
Deposits	-	254,860	-	-
Trade payables	3,128,431	108,291	16,043	23,374
Other accounts payable	83,977	80,547	84,166	80,546
	7,209,421	1,005,204	397,908	153,277

The current portion of other liabilities amounted to \$7,052,932,000 (2022 - \$935,494,000) for the group and \$398,017 (2022 - \$153,277,000) for the company.

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30. Share Capital

	2023	2022
	No.	No.
	'000	'000
Authorised share capital of no-par value -		
Ordinary shares	1,627,725	1,250,000
	\$'000	\$'000
Issued and fully paid -		
1,627,725,023 (2022: 1,066,159,890) stock units	31,966,709	2,141,985

During the year the company issued an additional 561,565,133 stock units to Jamaica Producers Group Limited as consideration for the acquisition of its core operating business (Note 1 and 39)

31. Stock Grants and Options/Equity Compensation Reserve

The company operates a Long-Term Incentive Plan ("LTIP") administered by a committee of the company's Board of Directors. The company has reserved 7.5% of its authorized share capital for issue under the plan.

Under the LTIP, certain executive officers of the group are eligible to receive awards of a combination of company stock grants and stock options, once a predetermined company performance objective is met. The awards are made annually in May, and vest in four equal annual installments beginning with the first December 31 (for options) and April 30 (for grants) following the date of award. Vesting in both stock grants and stock options awarded under the plan is dependent on time-based, company and individual performance criteria. Vested options are exercisable for 7 years from the date of award. Awards of grants and options are formula-based dependent on the percentage of each awardee's base compensation at the date of award subject to the LTIP, and the fair value of stock options and stock grants awarded. The fair value of stock grants, and the exercise price and fair value of stock options, is set based on the closing bid price of the company's stock on the last trading day in March of the year in which the award is made.

Shares issued when stock grants are vested and when stock options are exercised have the same rights as other issued common shares.

During the year, grants of nil (2022: 414,875) shares of company stock were awarded under the plan to five executives, and 461,341 (2022 – 258,001) shares became fully vested and were issued.

At December 31, 2023, options over 1,276,182 (2022 – 8,098,573) shares were outstanding, 1,131,138 (2022 - 6,538,686) of which were vested and exercisable, at the prices per share as follows:

Expiring December 31	Outstanding	Vested	Exercise Price
2024	183,662	183,662	\$34.94
2025	370,945	370,945	\$42.57
2026	209,808	209,808	\$81.70
2027	221,679	221,679	\$77.50
2029	290,088	145,044	\$66.03
	<u>1,276,182</u>	<u>1,131,138</u>	

Pan Jamaica Group Limited

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31. Stock Grants and Options/Equity Compensation Reserve (Continued)

During 2023, options over 3,207,510 (2022 – 628,167) shares were exercised. Options over 3,614,881 shares (2022 – 604,914) expired or were forfeited during the year.

The company uses the Black-Scholes option pricing model for determining the fair value of stock options awarded, which is expensed over the vesting period. The range of values of stock options awarded as at December 31, 2023 and 2022, as determined using this model, was \$4.38 to \$19.27. The significant inputs into the model were as follows:

	2023	2022
Exercise price (range in \$ per share)	\$34.94- \$81.70	\$34.94- \$81.70
Annual risk-free rate	4.6%	4.6%
Volatility factor	30.3%	34.4%
Expected dividend yield	2.5%	2.5%
Expected life (in years)	4.00	4.00

Movement in Equity Compensation Reserves

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January	136,438	124,734	58,439	56,698
Value of service provided	27,806	34,136	12,474	14,866
Options/grants issued	(30,870)	(22,432)	(3,288)	(13,125)
Balance at 31 December	<u>133,374</u>	<u>136,438</u>	<u>67,625</u>	<u>58,439</u>

32. Property Revaluation Reserve

The balance represents the accumulated revaluation gains on investment properties attributable to owners of the parent, transferred from retained earnings.

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33. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Fair value gains on investments	(110,152)	(144,274)	(137,681)	(165,253)
Capital reserves	2,546,133	2,592,535	1,337,983	1,337,983
Capital redemption reserves	2,176	2,176	2,200	2,200
Share of other comprehensive income of associated companies	(708,372)	(1,424,007)	-	-
	<u>1,729,785</u>	<u>1,026,430</u>	<u>1,202,502</u>	<u>1,174,930</u>
Capital reserves:				
Realised gain on sale of treasury shares	(52,053)	51,991	-	-
Realised gain on sale of insurance operations	1,161,344	1,161,344	2,688,484	2,688,484
Realised gain on dilution of holding in subsidiaries and associates	433,516	433,516	-	-
Reserve arising on acquisition of non-controlling interest	522,816	623,267	(1,493,255)	(1,493,255)
Other	480,510	322,417	142,754	142,754
	<u>2,546,133</u>	<u>2,592,535</u>	<u>1,337,983</u>	<u>1,337,983</u>

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34. Dividends

	2023	2022
	\$'000	\$'000
First interim dividend for 2023 at \$0.225 (2022 - \$0.285) per stock unit - gross	239,886	303,856
Second interim dividend for 2023 at \$0.10 (2022 - \$0.285) per stock unit – gross	162,773	303,856
Third interim dividend for 2023 at \$0.10 (2022 - \$0.10) per stock unit – gross	162,773	106,616
Fourth interim dividend for 2023 at \$0.125 (2022 - \$0.10) per stock unit - gross	203,465	106,616
	<u>768,897</u>	<u>820,944</u>
Special dividends declared for 2023 at \$0 per stock unit (2022 – \$0.285) - gross	-	373,155
	<u>768,897</u>	<u>1,194,099</u>
Less: Dividends on treasury stock	(1,560)	(2,115)
Total dividends declared	<u><u>767,337</u></u>	<u><u>1,191,984</u></u>
Dividends paid by the company	<u>768,897</u>	<u>1,497,955</u>
Dividends paid by the group	<u>767,337</u>	<u>1,495,275</u>

On the 23 February 2024, the company declared a dividend of \$0.10 per stock unit for which there is no accruals in the 2023 financial statements.

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35. (a) Cash Flows from Operating Activities

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Net profit	3,724,282	2,742,059	(2,607,754)	2,496,188
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	1,585,078	88,181	2,842	7,337
Amortisation of right of use assets	162,790		7,082	-
(Loss)/profit on disposal of property, plant and equipment	84	(569)	-	(691)
Amortisation and impairment losses on biological assets	29,950	-	-	-
Amortisation of intangibles	471,551	10,793	-	3,434
Stock compensation expense	27,806	34,136	12,474	14,866
Interest income	(689,714)	(169,743)	(677,954)	(728,833)
Profit on sale of residential units	(149,198)	-		
Finance costs	1,384,565	1,025,204	1,032,726	975,849
Share of results of associated companies	(4,166,043)	(2,910,071)	-	-
Gain on disposal of shares in associated companies	-	(1,379,813)	-	(1,956,558)
Income tax expense/(credit)	1,058,394	(420,625)	413,618	(246,504)
Change in retirement benefit asset/obligation	22,282	102,413	(4,399)	(558)
Fair value gains on investment properties	(503,360)	(463,184)	-	-
(Gains)/losses on foreign currency denominated investments	(330,701)	75,916	(141,618)	102,793
Impairment loss on financial assets	39,713	29,642	596,566	7,305
Unrealised losses/(gains) on investment securities at fair value through profit or loss	1,544,694	876,963	1,691,924	631,387
Other operating activities	95,500	-	-	-
	4,307,673	(358,698)	325,507	1,306,015
Changes in operating assets and liabilities:				
Taxation recoverable	(65,072)	(10,774)	(8,769)	(8,233)
Trade receivables and other assets	(801,374)	(110,052)	881	(12,374)
Inventory	(136,766)	-	-	-
Other liabilities	362,726	426,332	244,630	(65,286)
Investment securities at fair value through profit or loss, net	297,370	1,611,920	140,396	591,287
	3,964,557	1,558,728	702,644	1,811,409
Interest received	623,995	143,936	677,073	707,031
Income tax paid	(532,001)	(141,694)	(5,797)	(7,615)
Net cash provided by operating activities	4,056,551	1,560,970	1,373,921	2,510,825

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35. (b) Movement in Net Debt

	The Group			The Company		
	Lease Liabilities \$'000	Loan Liabilities \$'000	Total \$'000	Lease Liabilities \$'000	Loan Liabilities \$'000	Total \$'000
Net debt as at 1 January 2022	28,424	13,594,422	13,622,846	56,647	13,005,731	13,062,378
Acquisition	25,505	3,428,132	3,453,637	25,504	3,428,132	3,453,636
Repayment	(4,056)	(3,096,886)	(3,100,942)	(10,284)	(3,029,000)	(3,039,284)
Interest expense	-	995,111	995,111	2,428	943,212	945,640
Interest paid	-	(997,740)	(997,740)	-	(945,934)	(945,934)
Deferred costs	-	30,093	30,093	-	30,093	30,093
Net debt as at 31 December 2022	49,873	13,953,132	14,003,005	74,295	13,432,234	13,506,529
On acquisition of subsidiary	268,077	7,072,211	7,340,288	-	-	-
Addition	1,371,863	5,407,085	6,778,948			
Repayment	(194,583)	(1,306,566)	(1,501,149)	(17,012)	(209,500)	(226,512)
Interest expense	-	1,352,243	1,352,243	3,272	997,132	1,000,404
Interest paid	-	(1,297,280)	(1,297,280)	-	(996,833)	(996,833)
Foreign exchange gains	8,580	88,769	97,349			
Deferred costs	-	32,322	32,322	-	32,322	32,322
Net debt as at 31 December 2023	1,503,810	25,301,916	26,805,726	60,555	13,255,355	13,315,910

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36. 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 continues to monitor the risks and implement measures to mitigate against any significant impact.

Risk management is carried out by the Investment Committee, which identifies, evaluates and manages financial risks in close co-operation with the group's operating business units. The Board of Directors sets guidelines for overall risk management including specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

(a) 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, interest rates, political risk and economic risk. Market risk is monitored by the group treasury function 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.

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States (US) and Canadian (CAD) dollars. Foreign exchange risk arises from transactions for purchases and recognised assets and liabilities.

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

Concentration of currency risk

The table below summarises the currencies in which the group's and company's financial assets and liabilities are denominated at 31 December:

	The Group					
	2023					
	Jamaican \$ J\$'000	US\$ J\$'000	CAD\$ J\$'000	GBP£ J\$'000	Euro€ J\$'000	Total J\$'000
Financial assets						
Cash and deposits	2,553,783	1,282,455	21,270	96,729	781,078	4,735,315
Investment securities	2,960,190	3,469,179	198,758	-	-	6,628,127
Securities purchased under agreements to resell	3,322,456	7,906,689	-	-	-	11,229,145
Trade and other receivables	1,515,668	1,186,522	165,379	145,438	2,752,815	5,765,822
Total financial assets	10,352,097	13,844,845	385,407	242,167	3,533,893	28,358,409
Financial liabilities						
Loan liabilities	22,325,548	282,347	-	107,340	2,586,681	25,301,916
Lease liabilities	622,739	707,654	-	130,508	42,909	1,503,810
Other liabilities	3,449,535	796,271	-	237,385	2,726,229	7,209,420
Total financial liabilities	26,397,822	1,786,272	-	475,233	5,355,819	34,015,146
Net position	(16,045,725)	12,058,573	385,407	(233,066)	(1,821,926)	(5,656,737)

Pan Jamaica Group Limited

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group			
	2022			
	Jamaican \$	US\$	CAD\$	Total
	J\$'000	J\$'000	J\$'000	J\$'000
Financial assets				
Cash and deposits	217,805	3,044,488	20,466	3,282,759
Investment securities	3,667,599	4,446,068	170,422	8,284,089
Securities purchased under agreements to resell	264,903	167,821	-	432,724
Trade and other receivables	528,545	129,960	134,625	793,130
Total financial assets	4,678,852	7,788,337	325,513	12,792,702
Financial liabilities				
Loan liabilities	13,953,132	-	-	13,953,132
Lease liabilities	49,873	-	-	49,873
Other liabilities	851,663	153,541	-	1,005,204
Total financial liabilities	14,854,668	153,541	-	15,008,209
Net position	(10,175,816)	7,634,796	325,513	(2,215,507)

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2023			
	Jamaican \$ J\$'000	US\$ J\$'000	CAD\$ J\$'000	Total J\$'000
Financial assets				
Cash and deposits	542,589	568,157	-	1,110,746
Investment securities	2,960,827	1,238,471	198,758	4,398,056
Securities purchased under agreements to resell	439,652	623,867	-	1,063,519
Due from related parties	5,018,670	2,459,024	-	7,477,694
Receivables	155,702	-	-	155,702
Total financial assets	9,117,440	4,889,519	198,758	14,205,717
Financial liabilities				
Due to related parties	113,339	392,060	-	505,399
Loan liabilities	13,255,355	-	-	13,255,355
Lease liabilities	60,555	-	-	60,555
Other liabilities	397,908	-	-	397,908
Total financial liabilities	13,827,157	392,060	-	14,219,217
Net position	(4,709,717)	4,497,459	198,758	(13,500)

	The Company			
	2022			
	Jamaican \$ J\$'000	US\$ J\$'000	CAD\$ J\$'000	Total J\$'000
Financial assets				
Cash and deposits	155,664	2,440,774	-	2,596,438
Investment securities	3,797,118	2,185,954	170,422	6,153,494
Securities purchased under agreements to resell	196,858	100,061	-	296,919
Due from related parties	6,973,125	1,834,219	-	8,807,344
Receivables	154,692	-	-	154,692
Total financial assets	11,277,457	6,561,008	170,422	18,008,887
Financial liabilities				
Due to related parties	74,696	-	-	74,696
Lease liabilities	13,432,234	-	-	13,432,234
Loan liabilities	74,296	-	-	74,296
Other liabilities	153,277	-	-	153,277
Total financial liabilities	13,734,502	-	-	13,734,502
Net position	(2,457,045)	6,561,008	170,422	4,274,385

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency-denominated financial instruments and adjusts their translation at the year-end for a 4% increase and 1% decrease (2022 - 4% increase and 1% decrease) in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange (gains)/losses on translation of foreign currency monetary financial assets and financial liabilities. The sensitivity of other components of equity was as result of translation gains/ (losses) on foreign currency denominated equities classified as fair value through other comprehensive income.

The Group						
	% Change in Currency Rate 2023	Effect on Profit before Tax 2023 \$'000	Effect on other Component s of Equity 2023 \$'000	% Change in Currency Rate 2022	Effect on Profit before Tax 2022 \$'000	Effect on other Component s of Equity 2022 \$'000
Currency:						
USD	4%	314,403	(9,012)	4%	300,567	2,795
USD	-1%	(78,600)	2,253	-1%	(75,142)	(699)
CAD	4%	7,466	7,950	4%	6,204	6,817
CAD	-1%	(1,866)	(1,988)	-1%	(1,551)	(1,704)
GBP	4%	-	(9,323)	4%	-	-
GBP	-1%	-	2,331	-1%	-	-
EUR	4%	-	(72,877)	4%	-	-
EUR	-1%	-	18,219	-1%	-	-

The Company						
	% Change in Currency Rate 2023	Effect on Loss before Tax 2023 \$'000	Effect on other Component s of Equity 2023 \$'000	% Change in Currency Rate 2022	Effect on Profit before Tax 2022 \$'000	Effect on other Component s of Equity 2022 \$'000
Currency:						
USD	4%	179,898	-	4%	262,440	-
USD	1%	(44,975)	-	-1%	(65,610)	-
CAD	4%	-	7,950	4%	-	6,817
CAD	1%	-	(1,988)	-1%	-	(1,704)

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

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

	The Group						Total \$'000
	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	
At 31 December 2023:							
Financial assets							
Cash and deposits	4,004,667	101,143	44,091	4,130	-	581,284	4,735,315
Investment securities	15,711	-	149,054	526,152	197,235	5,739,975	6,628,127
Securities purchased under agreements to resell	6,649,049	4,540,113	-	-	-	39,983	11,229,145
Trade and other receivables	1,773	-	165,379	-	-	5,598,670	5,765,822
Total financial assets	10,671,200	4,641,256	358,524	530,282	197,235	11,959,912	28,358,409
Financial liabilities							
Loan liabilities	413,641	-	9,273,692	2,487,172	13,062,368	65,043	25,301,916
Lease liabilities	-	-	-	994,626	509,184	-	1,503,810
Other liabilities	1,803	-	-	-	-	7,207,617	7,209,420
Total financial liabilities	415,444	-	9,273,692	3,481,798	13,571,552	7,272,660	34,015,146
Total interest repricing gap	10,255,756	4,641,256	(8,915,168)	(2,951,516)	(13,374,317)	4,687,252	(5,656,737)
Cumulative interest repricing gap	10,255,756	14,897,012	5,981,844	3,030,328	(10,343,989)	(5,656,737)	

Pan Jamaica Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

36. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						Total \$'000
	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	
At 31 December 2022:							
Financial assets							
Cash and bank balances	216,705	-	-	-	-	15,642	232,347
Deposits	2,971,893	68,216	17,268	13,700	-	-	3,071,077
Investment securities	10,096	62,803	148,162	1,420,151	323,612	6,319,265	8,284,089
Securities purchased under agreements to resell	257,456	175,268	-	-	-	-	432,724
Trade and other receivables	4,006	-	134,625	-	-	654,499	793,130
Total financial assets	3,460,156	306,287	300,055	1,433,851	323,612	6,989,406	12,813,367
Financial liabilities							
Bank overdraft	20,665	-	-	-	-	-	20,665
Loan liabilities	461,943	208,884	-	8,752,495	4,468,022	61,788	13,953,132
Lease liabilities	-	-	-	-	49,873	-	49,873
Other liabilities	4,031	-	-	-	-	1,001,173	1,005,204
Total financial liabilities	486,639	208,884	-	8,752,495	4,517,895	1,062,961	15,028,874
Total interest repricing gap	2,973,517	97,403	300,055	(7,318,644)	(4,194,283)	5,926,445	(2,215,507)
Cumulative interest repricing gap	2,973,517	3,070,920	3,370,975	(3,947,669)	(8,141,952)	(2,215,507)	

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						Total
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 December 2023:							
Financial assets							
Cash and deposits	1,085,642	-	25,104	-	-	-	1,110,746
Investment securities	15,711	-	149,054	809,608	197,235	3,226,448	4,398,056
Securities purchased under agreements to resell	639,779	423,740	-	-	-	-	1,063,519
Due from related parties	31,870	-	2,067,839	2,151,040	2,578,895	648,050	7,477,694
Receivables	1,773	-	-	-	-	153,929	155,702
Total financial assets	1,774,775	423,740	2,241,997	2,960,648	2,776,130	4,028,427	14,205,717
Financial liabilities							
Due to related parties	-	-	-	-	-	505,399	505,399
Loan liabilities	-	-	8,734,634	-	4,458,610	62,111	13,255,355
Lease liabilities	-	-	-	60,555	-	-	60,555
Other liabilities	1,803	-	-	-	-	396,105	397,908
Total financial liabilities	1,803	-	8,734,634	60,555	4,458,610	963,615	14,219,217
Total interest repricing gap	1,772,972	423,740	(6,492,637)	2,900,093	(1,682,480)	3,064,812	(13,500)
Cumulative interest repricing gap	1,772,972	2,196,712	(4,295,925)	(1,395,832)	(3,078,312)	(13,500)	

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						Total \$'000
	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	
At 31 December 2022:							
Financial assets							
Cash and bank balances	61,616	-	-	-	-	-	61,616
Deposits	2,545,663	-	-	9,824	-	-	2,555,487
Investment securities	10,096	62,803	148,162	1,742,71	289,001	3,900,461	6,153,494
Securities purchased under agreements to resell	257,456	39,463	-	-	-	-	296,919
Due from related parties	-	26,504	3,301,727	1,517,445	3,271,230	690,438	8,807,344
Receivables	4,006	-	-	-	-	150,686	154,692
Total financial assets	2,878,837	128,770	3,449,889	3,270,240	3,560,231	4,741,585	18,029,552
Financial liabilities							
Bank overdraft	20,665	-	-	-	-	-	20,665
Due to related parties	-	-	-	-	-	74,696	74,696
Loan liabilities	-	208,884	-	8,707,127	4,454,435	61,788	13,432,234
Lease liabilities	-	-	-	-	74,295	-	74,295
Other liabilities	4,031	-	-	-	-	149,246	153,277
Total financial liabilities	24,696	208,884	-	8,707,127	4,528,730	285,730	13,755,167
Total interest repricing gap	2,854,141	(80,114)	3,449,889	(5,436,887)	(968,499)	4,455,855	4,274,385
Cumulative interest repricing gap	2,854,141	2,774,027	6,223,916	787,029	(181,470)	4,274,385	

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group's and company's income statement and stockholders' equity.

The group's and company's interest rate risk arise from investment securities, securities purchased under agreements to resell and long-term borrowings. The sensitivity of the income statement is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and floating rate liabilities. The sensitivity of other components of equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates.

		The Group		The Company	
		Effect on Profit before Taxation 2023	Effect on Other Components of Equity 2023	Effect on Loss before Taxation 2023	Effect on Other Components of Equity 2023
		\$'000	\$'000	\$'000	\$'000
Change in basis points:					
2023	2023				
JA\$	US\$				
+25	+25	2,782	(3,302)	(7,759)	(2,693)
-25	-25	(2,782)	3,302	7,759	2,693

		The Group		The Company	
		Effect on Profit before Taxation 2022	Effect on Other Components of Equity 2022	Effect on Profit before Taxation 2022	Effect on Other Components of Equity 2022
		\$'000	\$'000	\$'000	\$'000
Change in basis points:					
2022	2022				
JA\$	US\$				
+100	+100	23,147	(9,668)	25,200	(9,668)
-50	-50	14,201	5,026	11,388	5,026

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36. Financial Risk Management (Continued)

(a) Market risk (continued)

(iii) Price risk

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

The impact on total stockholders' equity (before tax) of a 6% increase and 3% decrease (2022-6% increase and decrease) in equity prices is an increase of \$344,398,500 and a decrease of 172,199,000 for the group and an increase of \$193,587,000 and a decrease of 96,793,000 for the company (2022 – increase and decrease of \$379,158,420 and \$234,027,660) for the group and company.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents (excluding bank balances), contractual cash flows of debt investments carried at amortised cost, at FVOCI and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The group and company have policies in place to ensure that property rentals and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The group manages its credit risk by screening its customers, establishing credit limits, obtaining bankers' guarantees or collateral for loans where applicable, the rigorous follow-up of receivables and ensuring investments are low-risk or are held with sound financial institutions.

(i) Trade receivables

Trade receivables relate mainly to tenants of the group's commercial properties. Receivables are monitored and followed up on a regular basis and provisions made as deemed necessary based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments

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

(iii) Guarantees

The group's policy is not to provide financial guarantees on behalf of any other party than wholly owned subsidiaries and other entities in which the group has an equity investment.

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36. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure			
	The Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Credit risk exposures relating to on statement of financial position items are as follows:				
Assets:				
Cash and deposits	4,735,315	3,282,759	1,110,746	2,596,438
Financial assets at fair value through other comprehensive income	397,585	455,530	333,558	399,025
Financial assets at fair value through profit or loss	111,584	1,057,298	111,584	1,057,298
Financial assets at amortised cost	378,983	451,996	726,466	796,710
Securities purchased under agreements to resell	11,229,145	432,724	1,063,519	296,919
Trade and other receivables	5,765,822	793,130	155,702	154,692
Due from related parties	-	-	7,477,694	8,807,344
	<u>22,618,434</u>	<u>6,473,437</u>	<u>10,979,269</u>	<u>14,108,426</u>
Credit risk exposures relating to assets not recorded on the statement of financial position				
Lease commitments	<u>2,009,094</u>	<u>1,501,569</u>	<u>-</u>	<u>-</u>

The above table represents a worst-case scenario of credit risk exposure to the group and company at 31 December 2023 and 2022, without taking account of any collateral held or other credit enhancements. For assets carried on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

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36. Financial Risk Management (Continued)

(b) Credit risk (continued)

Impairment of financial assets

The group has three types of financial assets that are subject to the expected credit loss (ECL) model:

- trade receivables
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

(i) Trade and managed properties receivables

The following table summarises the group's and company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group	
	2023 \$'000	2022 \$'000
Trade Receivables	3,858,245	62,743
Managed properties	228,026	175,165
Premium receivables	48,440	37,672
	<u>4,134,711</u>	<u>275,580</u>
Less: Loss allowance	(305,249)	(62,869)
	<u>3,829,462</u>	<u>212,711</u>

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected credit loss rates are based on the historical credit losses experienced within a three-year period before 31 December 2023. The historical rates are adjusted to reflect current and forward-looking information on the macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the Gross Domestic Product (GDP), the interest rate and the inflation rate of the country in which it sells its services to be the most relevant factors and accordingly adjusts the historical loss rates based on the expected changes in these factors.

The group's exposure to credit risk for trade receivable and contract assets by geographic region was as follows;

	The Group	
	2023 \$'000	2022 \$'000
Europe	2,348,150	-
Caribbean and North America	1,786,561	275,580
	<u>4,134,711</u>	<u>275,580</u>

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(expressed in Jamaican dollars unless otherwise indicated)

36. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

On this basis, the loss allowance as at 31 December 2023 and 2022 was determined as follows for trade receivables:

	<u>The Group</u>	
	Expected Credit Loss Rate	Gross Carrying Amount \$'000
31 December 2023		
Current	0.3%	2,260,927
More than 30 days past due	0.7%	1,283,750
More than 90 days past due	70%	<u>313,568</u>
		3,858,245
Managed properties	23%	228,026
Premium receivables	35%	<u>48,440</u>
		4,134,711
Loss allowance		<u>(305,249)</u>
Total		<u><u>3,829,462</u></u>

	<u>The Group</u>	
	Expected Credit Loss Rate	Gross Carrying Amount \$'000
31 December 2022		
Current	11%	8,276
More than 30 days past due	25%	12,068
More than 90 days past due	60%	<u>42,399</u>
		62,743
Managed properties	9%	175,165
Premium receivables	44%	<u>37,672</u>
		275,580
Loss allowance		<u>(62,869)</u>
Total		<u><u>212,711</u></u>

Pan Jamaica Group Limited

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36. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

The closing loss allowances for trade receivables as at 31 December 2023 reconciles to the opening loss allowance as follows:

	<u>The Group</u>	
	2023	2022
	\$'000	\$'000
Opening loss allowance as at 1 January	62,869	40,408
Increase in loan loss allowance recognised in income statement	138,805	22,461
On acquisition of subsidiary	103,575	-
At 31 December	<u>305,249</u>	<u>62,869</u>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are included in the net impairment losses on financial assets in the income statement.

(ii) Other miscellaneous assets

Other miscellaneous assets at amortised cost include loans to related parties and other receivables totaling of \$367,205,000 (2022 - \$276,630,000).

The loss allowance for loans and other receivables to related parties carried at amortised was \$26,204,000 for 2023 and 2022 for the company.

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36. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments

The following table summarises the credit exposure of the group and company to businesses and government by sectors in respect of investments (excluding equities, investments in subsidiaries and associated companies and related parties' debt):

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Government of Jamaica	1,557,887	96,351	389,868	96,351
Corporate and other government	15,190,261	5,325,075	2,504,058	4,617,175
	<u>16,748,148</u>	<u>5,421,426</u>	<u>2,893,926</u>	<u>4,713,526</u>

Significant increase in credit risk

- Qualitative assessment – Credit ratings are associated with ranges of default probabilities based on historical information. Rating outlooks, which are inherently forward-looking, are used to determine the probability of default to be applied to a specific security within its respective range. In calculating the probability of default, the group uses credit ratings along with rating outlooks from recognised rating agencies. The ratings and risk estimates are mapped to an internal credit risk grading model in order to standardise across different rating systems and to clearly demarcate significant changes in credit risk over time.

A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default (PD) the security is categorised as stage 2 for the purpose of calculating the ECL. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

- Quantitative assessment - Investment securities considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

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36. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments (continued)

Expected credit loss measurement

IFRS 9 outlined a 'three stage' model for impairment based on changes in the credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Except for the investments in Government of Barbados securities and small loans to 2 companies, all of the entity's other debt investments at amortised cost and FVOCI are considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected losses (Stage 1). Management considers 'low credit risk' for bonds to be those with an investment grade or high yield credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In 2019 the group participated in the Government of Barbados debt exchange programme and at 31 December 2023 the bond was classified as purchased originated credit impaired and was carried at \$28,470,000 (2022 - \$26,970,540) for the group and company. In 2022 the group and company owned a USD indexed bond that was classified as stage 3. The bond was paid out in 2023 for full value and the ECL provision reversed (\$13,556,000). The total value of the 2 loans is \$8,886,000 and this is classified as stage 3.

Pan Jamaica Group Limited

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36. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments (continued)

The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI. The movement in loss allowance is as follows

	The Group					
	FVOCI	Amortised cost	Loans	Repos	Deposits	Total
	Bonds	Bonds				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	30,112	4,430	315	4,433	1,579	40,869
Increase/(Decrease) in loss allowance recognised in the income statement during the year	(5,063)	12,970	1,603	(3,132)	801	7,179
Balance at 31 December 2022	25,049	17,400	1,918	1,301	2,380	48,048
(Decrease)/Increase in loss allowance recognised in the income statement during the year	(1,327)	(14,696)	7,464	92	(1,394)	(9,861)
Closing loss allowance as at 31 December 2023	23,722	2,704	9,382	1,393	986	38,187

	The Company					
	FVOCI	Amortised cost	Loans	Repos	Deposits	Total
	Bonds	Bonds				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	29,392	4,430	315	3,444	1,347	38,928
(decrease)/(increase) in loss allowance recognised in the income statement during the year	(5,029)	12,970	1,603	(2,771)	532	7,305
Balance at 31 December 2022	24,363	17,400	1,918	673	1,879	46,233
Increase/decrease in loss allowance recognised in the income statement during the year	(1,358)	(14,696)	7,464	5	(1,209)	(9,794)
Closing loss allowance as at 31 December 2023	23,005	2,704	9,382	678	670	36,439

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36. Financial Risk Management (Continued)

(b) Credit risk (continued)

Total loss allowance on financial assets at 31 December 2023 was \$326,377,000 (investment securities \$38,187,000, and trade receivables, \$305,249,000) for the group and \$62,642,000 (investment securities, \$36,438,000 and related parties, \$26,204,000) for the company. Total loss allowance on financial assets at 31 December 2022 was \$110,917,000 (investment securities \$48,048,000, and trade receivables, 62,869,000) for the group and \$72,437,000 (investment securities, 46,233,000 and related parties, 26,204,000) for the company.

Sensitivity analysis

Set out below are the changes in ECL as at 31 December 2023 that would result from a reasonable possible change in the PDs used by the group:

Financial Assets	The Group			
	Actual PD ranges applied	% Change in PD	Impact on ECL	
			Higher threshold	Lower threshold
			\$'000	\$'000
Debt instruments- FVOCI	0.5% - 1.1%	+/- 20%	530	(530)
Debt instruments at amortised cost	3.3% - 15%	+/- 20%	711	(711)
Cash and cash equivalents	0.5% - 3.3%	+/- 20%	370	(370)
Trade receivables and other miscellaneous assets			3,164	(3,164)
Total			4,775	(4,775)

Financial Assets	The Company			
	Actual PD ranges applied	% Change in PD	Impact on ECL	
			Higher threshold	Lower threshold
			\$'000	\$'000
Debt instruments- FVOCI	0.5% - 1.1%	+/- 20%	387	(387)
Debt instruments at amortised cost	3.3% - 15%	+/- 20%	711	(711)
Cash and cash equivalents	0.5% - 3.3%	+/- 20%	270	(270)
Total			1,368	(1,368)

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(expressed in Jamaican dollars unless otherwise indicated)

36. Financial Risk Management (Continued)

(b) Credit risk (continued)

Sensitivity analysis (continued)

Set out below are the changes in ECL as at 31 December 2022 that would result from a reasonable possible change in the PDs used by the group:

Financial Assets	The Group			
	Actual PD ranges applied	% Change in PD	Impact on ECL	
			Higher threshold	Lower threshold
		\$'000	\$'000	
Debt instruments- FVOCI	1.0% - 3.3%	+/- 20%	941	(941)
Debt instruments at amortised cost	0.3% - 14.9%	+/-20%	1,152	(1,152)
Cash and cash equivalents	0.1% - 3.3%	+/-20%	736	(736)
Trade receivables and other miscellaneous assets			2,536	(2,536)
Total			5,365	(5,365)

Financial Assets	The Company			
	Actual PD ranges applied	% Change in PD	Impact on ECL	
			Higher threshold	Lower threshold
		\$'000	\$'000	
Debt instruments- FVOCI	1.0% - 3.3%	+/- 20%	804	(804)
Debt instruments at amortised cost	0.3% - 14.9%	+/-20%	1,152	(1,152)
Cash and cash equivalents	0.1% - 3.3%	+/-20%	510	(510)
Total			2,466	(2,466)

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36. Financial Risk Management (Continued)

(c) 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 Investment Committee, includes:

- (i) Monitoring future cash flows and liquidity on a weekly 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 lines of credit;
- (iv) Optimising cash returns on investments; and
- (v) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

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

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36. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below summarise the maturity profile of the group's and company's financial assets and liabilities at 31 December based on contractual undiscounted payments.

	The Group						Total
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2023							
Financial assets							
Cash and deposits	4,576,161	116,946	47,517	4,455	-	-	4,745,079
Investment securities	903	7,318	224,684	624,294	236,308	5,739,975	6,833,482
Securities purchased under agreements to resell	6,670,866	4,565,855	15,200	-	-	-	11,251,921
Trade and other receivables	4,448,412	951,812	203,975	152,603	9,022	-	5,765,824
Total financial assets (contractual maturity dates)	15,696,342	5,641,931	491,376	781,352	245,330	5,739,975	28,596,306
Financial liabilities							
Loans	75,217	667,367	7,567,079	11,992,423	14,101,620	2,932	34,406,638
Lease liabilities	25,269	50,538	226,534	1,239,100	410,483	-	1,951,924
Other liabilities	6,190,817	533,076	414,664	-	-	70,864	7,209,421
Total financial liabilities (contractual maturity dates)	6,291,303	1,250,981	8,208,277	13,231,523	14,512,103	73,796	43,567,983
Net Liquidity Gap	9,405,039	4,390,950	(7,716,901)	(12,450,171)	(14,266,773)	5,666,179	(14,971,677)
Cumulative Liquidity Gap	9,405,039	13,795,989	6,079,088	(6,371,083)	(20,637,856)	(14,971,677)	

The group has sufficient non-financial assets that could be liquidated should the need arise as well as access to additional financing to ensure it is able to meet its obligations as and when they fall due.

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36. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Group						Total
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2022							
Financial assets							
Cash and bank balances	232,356	-	-	-	-	-	232,356
Deposits	2,975,581	68,837	17,844	15,515	-	-	3,077,777
Investment securities	29,730	83,689	215,752	1,677,282	272,771	6,319,265	8,598,489
Securities purchased under agreements to resell	258,135	176,750	-	-	-	-	434,885
Trade and other receivables	286,660	165,707	201,736	139,050	-	-	793,153
Total financial assets (contractual maturity dates)	3,782,462	494,983	435,332	1,831,847	272,771	6,319,265	13,136,660
Financial liabilities							
Bank overdraft	20,706	-	-	-	-	-	20,706
Loans	23,290	212,511	1,078,852	9,256,342	10,969,357	-	21,540,352
Lease liabilities	475	950	4,275	22,800	25,559	-	54,059
Other liabilities	220,028	517,478	267,721	-	-	-	1,005,227
Total financial liabilities (contractual maturity dates)	264,499	730,939	1,350,848	9,279,142	10,994,916	-	22,620,344
Net Liquidity Gap	3,517,963	(235,956)	(915,516)	(7,447,295)	(10,722,145)	6,319,265	(9,483,684)
Cumulative Liquidity Gap	3,517,963	3,282,007	2,366,491	(5,080,804)	(15,802,949)	(9,483,684)	

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36. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						Total \$'000
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
As at 31 December 2023							
Assets							
Cash and deposits	1,072,646	15,587	28,177	-	-	-	1,116,410
Investment securities	3,328	12,168	242,535	982,358	236,308	3,226,448	4,703,145
Securities purchased under agreements to resell	641,300	425,466	-	-	-	-	1,066,766
Due from related parties	63,255	117,333	2,482,481	3,418,249	2,795,416	108,889	8,985,623
Receivables	1,783	-	14,879	139,050	-	-	155,712
Total financial assets (contractual maturity dates)	1,782,312	570,554	2,768,072	4,539,657	3,031,724	3,335,337	16,027,656
Liabilities							
Due to related parties	-	6,650	65,117	433,632	-	-	505,399
Loans	13,483	182,664	5,948,613	3,312,766	10,422,410	-	19,879,936
Lease liabilities	1,470	2,940	13,231	76,780	-	-	94,421
Other liabilities	1,814	-	396,096	-	-	-	397,910
Total financial liabilities (contractual maturity dates)	16,767	192,254	6,423,057	3,823,178	10,422,410	-	20,877,666
Net Liquidity Gap	1,765,545	378,300	(3,654,985)	716,479	(7,390,686)	3,335,337	(4,850,010)
Cumulative Liquidity Gap	1,765,545	2,143,846	(1,511,139)	(794,660)	(8,185,346)	(4,850,010)	

The company has sufficient non-financial assets that could be liquidated should the need arise as well as access to additional financing to ensure it is able to meet its obligations as and when they fall due.

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36. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	No Specific Maturity \$'000	
As at 31 December 2022							
Assets							
Cash and bank balances	61,618	-	-	-	-	-	61,618
Deposits	2,547,882	113	338	11,350	-	-	2,559,683
Investment securities	32,155	88,539	233,697	2,107,629	225,082	3,900,461	6,587,563
Securities purchased under agreements to resell	258,135	39,729	-	-	-	-	297,864
Due from related parties	18,880	73,325	3,859,688	2,858,564	3,498,873	284,510	10,593,840
Receivables	4,029	-	11,636	139,050	-	-	154,715
Total financial assets (contractual maturity dates)	2,922,699	201,706	4,105,359	5,116,593	3,723,955	4,184,971	20,255,283
Liabilities							
Bank overdraft	20,706	-	-	-	-	-	20,706
Due to related parties	-	-	-	-	-	74,695	74,695
Lease liabilities	13,483	192,897	990,589	8,755,973	10,914,772	-	20,867,714
Loans	1,397	2,793	12,569	76,613	18,173	-	111,545
Other liabilities	4,055	-	203,199	-	-	-	207,254
Total financial liabilities (contractual maturity dates)	39,641	195,690	1,206,357	8,832,586	10,932,945	74,695	21,281,914
Net Liquidity Gap	2,883,058	6,016	2,899,002	(3,715,993)	(7,208,990)	4,110,276	(1,026,631)
Cumulative Liquidity Gap	2,883,058	2,889,074	5,788,076	2,072,083	(5,136,907)	(1,026,631)	

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36. Financial Risk Management (Continued)

(d) Capital management

The group's objectives when managing capital are to provide superior returns for stockholders and benefits for other stakeholders, while maintaining a conservative capital structure. The Board of Directors monitors the return on equity, which the group defines as net profit attributable to equity holders divided by total stockholders' equity, excluding non-controlling interest. The Board of Directors also monitors and approves the level of dividends to ordinary stockholders.

The group will from time to time purchase its own shares on the market for employee share plan purposes, the timing of which depends on the prevailing market prices.

There were no changes to the group's approach to capital management during the year. The group's ratio of debt to total equity at 31 December 2023 was 24.3%, a reduction from 31.7% in the prior year. The group has borrowing relationships with multiple internationally recognised financial institutions in both Jamaica and in Europe. These borrowing facilities include financial and non-financial covenants which are regularly reviewed by the company to ensure compliance. At 31 December 2023 and 31 December 2022 the group had not received notification of any compliance breaches relating to these borrowing facilities.

The company and its subsidiaries have no externally imposed capital requirements.

37. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at statement of financial position dates.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (a) Cash and deposits, receivables, payables and related party balances reflect their approximate fair values due to the short-term nature of these instruments;
- (b) Investment securities classified as fair value through profit or loss and fair value through OCI are measured at fair value by reference to quoted market prices or valuation techniques such as a discounted cash flow model or the direct capitalization method where property is the underlying assets held;
- (c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts;
- (d) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans; and
- (e) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

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37. Fair Value of Financial Instruments (Continued)

The following financial assets and financial liabilities are not carried at fair value:

	The Group			
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
	2023	2023	2022	2022
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Financial assets at amortised cost	378,983	375,159	451,996	442,622
Financial Liabilities				
Loan liabilities	25,301,916	22,309,085	13,953,132	11,999,432
Lease liabilities	1,503,810	1,951,924	49,873	54,059
	<u>1,503,810</u>	<u>1,951,924</u>	<u>49,873</u>	<u>54,059</u>
	The Company			
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
	2023	2023	2022	2022
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Financial assets at amortised cost	726,466	716,575	796,710	781,299
Financial Liabilities				
Loan liabilities	13,255,355	11,690,759	13,432,234	11,499,807
Lease liabilities	60,555	94,421	74,295	111,545
	<u>60,555</u>	<u>94,421</u>	<u>74,295</u>	<u>111,545</u>

The fair value of financial assets and liabilities is within level 2 of the fair value hierarchy. Balances for other financial assets and liabilities carried at amortised cost not disclosed above, approximates their fair value because of their short-term nature.

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37. Fair Value of Financial Instruments (Continued)

The group follows the requirements of IFRS 7 for financial instruments that are carried on the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's financial assets that are measured at fair value at 31 December: See Note 3(v) and 16 for disclosure of investment properties that are measured at fair value.

	The Group			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2023				
Financial assets				
Investment securities	<u>2,620,210</u>	<u>501,568</u>	<u>3,127,366</u>	<u>6,249,144</u>
As at 31 December 2022				
Financial assets				
Investment securities	<u>3,972,313</u>	<u>553,847</u>	<u>3,305,933</u>	<u>7,832,093</u>
	The Company			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2023				
Financial assets				
Investment securities	<u>2,766,910</u>	<u>338,665</u>	<u>566,015</u>	<u>3,671,590</u>
As at 31 December 2022				
Financial assets				
Investment securities	<u>3,566,844</u>	<u>402,844</u>	<u>1,387,096</u>	<u>5,356,784</u>

There were no transfers between levels during the year.

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37. Fair Value of Financial Instruments (Continued)

The following table shows the changes in Level 3 instruments:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	3,305,933	3,202,712	1,387,096	1,270,507
Addition from acquired subsidiaries	545,132	-	-	-
Other additions	263,354	367,787	161,793	211,587
Settlements/distributions	(3,065)	(95,888)	(3,065)	(95,888)
Unrealised gains/(losses) included in the Income statement/OCI	(983,988)	(168,678)	(979,809)	890
	<u>3,127,366</u>	<u>3,305,933</u>	<u>566,015</u>	<u>1,387,096</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>(983,988)</u>	<u>(168,678)</u>	<u>(979,809)</u>	<u>890</u>
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>(983,988)</u>	<u>(168,678)</u>	<u>(979,809)</u>	<u>890</u>

The quoted market price used for financial assets held by the group is current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit or loss and available for sale.

The fair value of financial instruments that are not quoted on an exchange 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 inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 investments include investments in closed end real estate funds and other companies which are not publicly traded as well as investment in a venture capital fund.

To determine the carrying value for these investments management independently computes its share of the fair value of the net assets of the funds, by assessing the results of valuations and considering the fair values of cash and investment holdings as well as any debt obligations. For funds holding real estate, they are valued using the direct capitalisation or the discounted cash flow method. These consider the rental rates, rent multipliers, factors for vacancy and a capitalization rate. The capitalization factors and the rent multipliers for these real estate funds as well as the inputs for the valuation of the investments in the venture capital fund are largely unobservable inputs that have the greatest potential for volatility and have resulted in the classification of the investments in level 3. The capitalization rates and rental multipliers used in the real estate funds valuations range from 3% to 8% and 16.66 to 33.33 respectively.

Should the vacancy factor increase/decrease by 0.25%% (2022 - 0.25%), this would result in an increase/(decrease) in the carrying value of these respective investments, with all other factors remaining constant, of \$2,999,000 /(\$2,222,000) (2022 - \$3,416,604/(\$3,416,604)) for the group only. Should the capitalization factors increase/decrease by 1% (2022 -1%) it would result in a (decrease)/increase in the carrying value of the investments, with all other factors remaining constant, of (\$200,285,000)/\$182,042,000 (2022 – (\$170,526,000)/\$228,309,000) for the group only.

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37. Fair Value of Financial Instruments (Continued)

Specific valuation techniques used to value financial instruments include:

- (i) Quoted market prices or dealer quotes for similar instruments
- (ii) Other techniques, such as discounted cash flow analysis used to determine fair value for the remaining financial instruments.

38. Litigation and Contingent Liabilities

The company and its subsidiaries are 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, 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 financial position and results of operations.

39. Business Combination

On 1 April 2023 the company completed the acquisition of the core operating business of Jamaica Producers Group Limited ("JP") as part of its strategy to diversify its operating platforms both geographically and into new market segments. The acquisition took the form of the company acquiring 100% of the share capital of JP Global Holdings Limited ("JPGH") in exchange for issuing 561,565,133 newly created ordinary shares to JP. JPGH was a holding company formed by JP to hold its core operating businesses prior to the transfer. The business combination is expected to enhance returns for the Group through diversified interest in various industries.

	\$'000
Purchase consideration	
Ordinary shares issued	<u>29,824,724</u>

The fair value of the 561,565,133 shares issued as part of the consideration paid for JP Global Holdings Limited was based on the published closing share price on 31 March 2023 of \$53.11 per share.

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39. Business Combination (Continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value \$'000
Cash and deposits	1,912,795
Securities purchased under agreement to resell	8,298,566
Accounts receivable	4,891,951
Inventories	1,655,865
Property, plant and equipment and biological assets	42,406,640
Investment property	1,128,000
Right of Use assets	453,650
Post-employment benefit assets	558,899
Intangible assets	5,632,296
Interests in associate companies	3,723,221
Investment securities	545,132
Other assets	155,741
Accounts payable	(6,140,538)
Loan liabilities	(7,072,211)
Lease liabilities	(890,869)
Post-employment benefit obligations	(258,749)
Deferred taxation liabilities	(2,869,601)
Other liabilities	(89,103)
Net identifiable assets acquired	54,041,685
Less: Amounts attributable to non-controlling interests	(26,293,172)
Net assets acquired	<u>27,748,513</u>
Purchase consideration	29,824,724
Net identifiable assets acquired	<u>27,748,513</u>
Goodwill	<u>2,076,211</u>

The goodwill is attributable to the following factors and will not be deductible for tax purposes:

- Commercial, operational and transactional synergies expected from a larger consolidated platform of operations.
- The positive historical growth trend of the underlying businesses
- The assembled workforce.

IFRS 3 allows one year from the date of the acquisition to finalise the purchase accounting for business combinations and therefore allows for provisionally determined amounts to be included in the financial statements. Should the final amounts differ from the provisionally determined amounts, the amounts recognised as goodwill in the prior period will be adjusted. The amounts that are provisionally determined in these financial statements include deferred taxation and the allocation of goodwill to the cash generating units.

Acquisition-related costs are included in operating expenses (Note 9) in the income statement and in operating cash flows in the statement of cash flows.

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Notes to the Financial Statements

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39. Business Combination (Continued)

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in JPGH, the group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2 for the group's accounting policies for business combinations.

The acquired business contributed revenues of \$25,108,000,000 and net profit attributable to shareholders of \$1,351,574,000 to the group for the period from 1 April 2023 to 31 December 2023.

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and net profit attributable to shareholders for the year ended 31 December 2023 would have been \$36,064,000,000 and \$2,955,000,000 respectively.

Purchase consideration - cash inflow/(outflow)

Outflow of cash to acquire subsidiary, net of cash acquired	\$'000
Cash consideration	-
Less: cash and deposits acquired	10,211,361
Net inflow of cash - Investing activities	<u>10,211,361</u>

40. Change in Presentation

Following the acquisition of JP Global Holdings Limited (Note 1) and the adoption of IFRS 17, the group has revised the presentation of the income statement to enhance the information provided to users of the financial statements. As part of this revision, the group has restated the prior year income statement to conform with the current year presentation. A summary of the changes made to the prior year comparatives is set out in the table below.

	As previously reported	Reclassification of Incomes	Reclassification of Expenses	Other	As restated 31 December 2022
	\$'000	\$'000			\$'000
Income					
Investments	(758,817)	758,817	-	-	-
Property	2,398,906	(2,398,906)	-	-	-
Hotel management	575,296	(575,296)	-	-	-
Other	135,536	(135,536)	-	-	-
Expenses					
Operating expenses	(2,460,278)	-	2,460,278	-	-
Hotel Management expenses	(804,247)	-	804,247	-	-
Net Impairment (losses)/recovery on financial assets	(29,642)	-	29,642	-	-
Gross operating revenue	-	2,511,018			2,511,018
Cost of operating revenue	-	-	(1,143,992)		(1,143,992)
Other income and expenses, net	-	598,720	-	(18,780)	579,940
Net investment expense	-	(758,817)	-	-	(758,817)
Selling, administration and other operating expenses	-	-	(2,150,175)	18,780	(2,131,395)

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41. Prior Year Restatements

The details of restatements as a result of the adoption of IFRS 17 and related changes to IFRS 9 are detailed below:

Consolidated Income Statement

	As previously reported	Adjustments IFRS 9 & 17	As restated 31 December 2022
	\$'000	\$'000	\$'000
Gross operating revenue	2,511,018	-	2,511,018
Cost of operating revenue	(1,143,992)	-	(1,143,992)
	<u>1,367,026</u>	<u>-</u>	<u>1,367,026</u>
Other income			
Net investment expense	(758,817)	-	(758,817)
Other income	598,720	(18,780)	579,940
Selling, administration and other operating expenses	(2,150,175)	18,780	(2,131,395)
Share of results of associate companies	4,961,865	(2,051,794)	2,910,071
Gains on disposal of shares in associated companies	1,379,865	-	1,379,865
Profit before finance costs and taxation	<u>5,398,484</u>	<u>(2,051,794)</u>	<u>3,346,690</u>
Finance costs	(1,025,204)	-	(1,025,204)
Profit before taxation	4,373,280	(2,051,794)	2,321,486
Taxation	420,625	-	420,625
Net Profit	<u>4,793,905</u>	<u>(2,051,794)</u>	<u>2,742,111</u>
Attributable to:			
Owners of the parent	4,746,147	(2,051,794)	2,694,353
Non-controlling interests	47,758	-	47,758
	<u>4,793,905</u>	<u>(2,051,794)</u>	<u>2,742,111</u>

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41. Prior Year Restatement (Continued)

Consolidated Statement of Comprehensive Income

	As previously reported 31 December 2022 \$'000	Adjustments IFRS 9 & 17 \$'000	As restated 31 December 2022 \$'000
Net profit for the year	4,793,853	(2,051,794)	2,742,059
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss			
Change in the fair value of equity instruments at fair value through other comprehensive income	(49,002)	-	(49,002)
Re-measure of post-employment benefit obligations, net of taxation	392,076	-	392,076
Share of other comprehensive income of associated company, net of taxation	736,358	(766,304)	(29,946)
	<u>1,079,432</u>	<u>(766,304)</u>	<u>313,128</u>
Items that may be subsequently reclassified to profit or loss			
Exchange difference on translating foreign operations	(4,428)	-	(4,428)
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of taxations	(18,625)	-	(18,625)
Share of other comprehensive income of associated company, net of taxation	(4,826,968)	2,537,770	2,289,198
	<u>(4,850,021)</u>	<u>2,537,770</u>	<u>(2,312,251)</u>
Total comprehensive income	<u>1,023,264</u>	<u>(280,328)</u>	<u>742,936</u>
Attributable to:			
Owners of the parent	975,506	(280,328)	695,178
Non-controlling interests	47,758	-	47,758
	<u>1,023,264</u>	<u>(280,328)</u>	<u>742,936</u>

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42. Prior Year Restatement (Continued)

Consolidated Statement of Financial Position

	As previously reported 31 December 2022 \$'000	Adjustment IFRS 9 & 17 \$'000	As restated 31 December 2022 \$'000
ASSETS			
Cash and bank balances	232,347	-	232,347
Investment securities	8,284,089	-	8,284,089
Deposits	3,071,077	-	3,071,077
Securities purchased under agreements to resell	432,724	-	432,724
Investment properties	10,398,827	-	10,398,827
Investment in associated companies	36,127,459	(9,140,627)	26,986,832
	<u>58,546,523</u>	<u>(9,140,627)</u>	<u>49,405,896</u>
Other assets	8,871,428	-	8,871,428
Total asset	<u>67,417,951</u>	<u>(9,140,627)</u>	<u>58,277,324</u>
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to the Company's			
Equity holders			
Share capital	2,141,985	-	2,141,985
Equity compensation reserve	136,438	-	136,438
Property revaluation reserve	5,866,583	-	5,866,583
Investment and other reserves	(570,193)	1,596,623	1,026,430
Retained earnings	44,299,897	(10,737,250)	33,562,647
Treasury stock	(103,143)	-	(103,143)
	<u>51,771,567</u>	<u>(9,140,627)</u>	<u>42,630,940</u>
Non-controlling interest	383,349	-	383,349
	<u>52,154,916</u>	<u>(9,140,627)</u>	<u>43,014,289</u>
	<u>15,263,035</u>	<u>-</u>	<u>15,263,035</u>
	<u>67,417,951</u>	<u>(9,140,627)</u>	<u>58,277,324</u>