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INDEPENDENT AUDITORS' REPORT

To the Members
CARRERAS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Carreras Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 8 to 57, which comprise the group's and company's statement of financial position as at December 31, 2023 , the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at December 31, 2023 , and of the group's and company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of defined benefit pension asset and other retirement benefit obligations

See notes 2(c), 9 and 22(n) to the financial statements

Key audit matter	How the matter was addressed in our audit
The group and company recognised employee benefit obligation and employee benefit asset in the amount of $288 million and $57 million respectively (March 2023: $204 million and $44 million respectively). The group operates a defined benefit pension plan that provides retirement benefits to the members. The group also provides medical and life benefits for its pensioners. The valuation of these benefits depends on key assumptions including life expectancy, discount rates, inflation, future increases in salaries, pensions and medical benefits premium. Due to the complexity of the calculations, the group appointed an external actuarial expert to assist in measuring the employee benefit asset and obligation at the reporting date.	Our audit procedures in response to this matter, included amongst others: • Evaluated the independence and objectivity of the appointed actuarial expert by assessing the actuary's qualifications (i.e. professional certification, membership in an appropriate professional body), and experience and reputation in the field. • Tested the design and implementation of controls over the preparation of the estimate including management review and approval of the data and assumptions used by the actuary. • Used our own actuarial specialist to: (a) assist us in evaluating whether the actuarial valuation was performed in accordance with the requirements of the applicable financial reporting framework and tested the reasonableness of the actuarial results.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

Key audit matter (continued)	**How the matter was addressed in our audit (continued)**
An error in the calculation could give rise to a material misstatement in the amounts recognised.	Our audit procedures in response to this matter, included amongst others (continued): • Used our own actuarial specialist to (continued): (b) assess the reasonableness of key assumptions used by comparing to independent sources such as agreeing discount and inflation rates to published advisory by the Institute of Chartered Accountants of Jamaica, and performed other procedures as relevant. • Tested the accuracy of data used by the actuary in the calculation by verifying, on a sample basis to underlying supporting documents such as payroll records. • Tested the valuation of the plan assets by obtaining confirmations to support their existence and tested fair values by obtaining and comparing prices from independent sources. Our own valuation specialist was used to assist in determining the reasonableness of the fair value of investment properties. • Assessed whether disclosures in the financial statements are appropriate in respect of the group's and company's employee benefit arrangements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or 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 Financial Statements

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

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6 to 7, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

The engagement partner on the audit resulting in this independent auditors' report is Cynthia Lawrence.

KPMG

Chartered Accountants
Kingston, Jamaica

March 1, 2024

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
CARRERAS LIMITED

Appendix to the Independent Auditors' report

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
CARRERAS LIMITED

Appendix to the Independent Auditors' report (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

CARRERAS LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	9 Months December 2023 $'000	12 Months March 2023 $'000
Operating revenue	3	13,840,881	16,225,315
Cost of goods sold	4	(7,005,820)	(8,670,561)
Gross margin		6,835,061	7,554,754
Other operating income	5	183,737	92,228
		7,018,798	7,646,982
Administrative, distribution and marketing expenses	6	(2,179,108)	(2,749,017)
Lease interest expense	11	(40,682)	(19,418)
Expected credit loss	18(i)	(92,525)	(22,068)
		(2,312,315)	(2,790,503)
Profit before income tax		4,706,483	4,856,479
Income tax	7(a)	(1,178,892)	(1,220,764)
Profit for the period/year		3,527,591	3,635,715
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss:			
Change in effect of asset ceiling	9(i)(f)	1,009,975	(1,091,500)
Remeasurement loss on plan assets	9(i)(f)	(330,457)	(383,300)
Remeasurement gain on obligation	9(i)(f),9(ii)(d)	(735,646)	1,617,100
Income tax on other comprehensive income	15(b)	14,032	(35,575)
Other comprehensive (loss)/income, net of tax		(42,096)	106,725
Total comprehensive income for the period/year		3,485,495	3,742,440
Profit attributable to:			
Stockholders' interest in parent	8	3,527,591	3,635,715
Total comprehensive income attributable to:			
Stockholders' interest in parent		3,485,495	3,742,440
Basic Earnings per ordinary stock unit	8	72.67¢	74.90¢

The accompanying notes form an integral part of the financial statements.

CARRERAS LIMITED

Group Statement of Financial Position
December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	December 2023 $'000	March 2023 $'000
Assets			
Deferred tax asset	15	142,850	84,235
Employee benefits asset	9(i)(a)	57,447	44,400
Property, plant and equipment	10	480,953	474,440
Right-of-use assets	11	246,371	231,618
Non-current assets		927,621	834,693
Cash and cash equivalents	12	2,037,825	1,926,039
Accounts receivable	13	3,888,652	2,278,937
Income tax recoverable		-	2,535
Inventories		358,475	459,310
Current assets		6,284,952	4,666,821
Total assets		7,212,573	5,501,514
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		2,348,377	1,921,154
Total equity		2,469,737	2,042,514
Liabilities			
Lease liabilities	11	229,311	233,801
Employee benefits obligation	9(ii)(a)	288,222	203,900
Non-current liabilities		517,533	437,701
Accounts payable	16	3,103,232	2,104,120
Current portion of lease liabilities	11	60,518	34,597
Income tax payable		1,061,553	882,582
Current liabilities		4,225,303	3,021,299
Total liabilities		4,742,836	3,459,000
Total equity and liabilities		7,212,573	5,501,514

The financial statements on pages 8 to 57, were approved for issue by the Board of Directors on March 1, 2024 and signed on its behalf by:

________________________ Director
Patrick Smith

________________________ Director
Franklin Murillo

The accompanying notes form an integral part of the financial statements.

CARRERAS LIMITED

Group Statement of Changes in Equity
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

	Share capital (note 14) $'000	Unappropriated profits $'000	Total $'000
Balances at March 31, 2022	121,360	1,965,146	2,086,506
Profit for the year	-	3,635,715	3,635,715
Other comprehensive loss:			
Remeasurement of employee benefit assets and obligation, net of taxes	-	106,725	106,725
Total comprehensive income for the year	-	3,742,440	3,742,440
Transactions with owners			
Dividends paid (note 19)	-	(3,786,432)	(3,786,432)
Balances at March 31, 2023	121,360	1,921,154	2,042,514
Profit for the period	-	3,527,591	3,527,591
Other comprehensive loss:			
Remeasurement of employee benefit assets and obligation, net of taxes	-	(42,096)	(42,096)
Total comprehensive income for the period	-	3,485,495	3,485,495
Transactions with owners			
Dividends paid (note 19)	-	(3,058,272)	(3,058,272)
Balances at December 31, 2023	**121,360**	**2,348,377**	**2,469,737**

CARRERAS LIMITED

Group Statement of Cash Flows
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	9 Months December 2023 $'000	12 Months March 2023 $'000
Cash flows from operating activities			
Profit for the period/year		3,527,591	3,635,715
Adjustments for:			
Depreciation	10,11	122,933	187,400
Employee benefits charge		15,147	59,800
Income tax expense	7(a)	1,178,892	1,220,764
Foreign exchange loss	6	5,021	33,577
Gain on disposal of property, plant and equipment	5	(639)	(811)
Unclaimed dividend write back	5	(23,151)	(25,669)
Lease adjustments	11	(2,320)	2,044
Lease interest expense	11	40,682	19,418
Expected credit loss	18(i)	92,525	22,068
Write-off of property, plant and equipment		2,227	-
Interest income earned	5	(101,412)	(60,560)
		4,857,496	5,093,746
Changes in:			
Accounts receivable		(1,701,025)	(835,299)
Inventories		100,835	672,337
Accounts payable		999,112	611,081
Cash generated from operations		4,256,418	5,541,865
Interest paid	11(d)	(14,265)	(19,418)
Interest income received		100,197	55,832
Income tax paid		(1,024,968)	(1,406,934)
Net cash provided by operating activities		3,317,382	4,171,345
Cash flows from investing activities			
Additions to property, plant and equipment	10	(113,436)	(88,591)
Proceeds of disposal of property, plant and equipment		1,860	6,150
Net cash used in investing activities		(111,576)	(82,441)
Cash flows from financing activities			
Lease principal payment	11(d)	(36,877)	(40,887)
Dividends paid	19	(3,058,272)	(3,786,432)
Net cash used in financing activities		(3,095,149)	(3,827,319)
Net increase in cash and cash equivalents before effect of foreign exchange rate changes		110,657	261,585
Effect of exchange rate changes on cash and cash equivalents		1,129	(33,577)
Cash and cash equivalents at beginning of period/year		1,926,039	1,698,031
Cash and cash equivalents at end of period/year	12	2,037,825	1,926,039

The accompanying notes form an integral part of the financial statements.

CARRERAS LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	9 Months December 2023 $'000	12 Months March 2023 $'000
Operating revenue	3	13,840,881	16,225,315
Cost of goods sold	4	(7,005,820)	(8,670,561)
Gross margin		6,835,061	7,554,754
Other operating income	5	268,753	92,215
		7,103,814	7,646,969
Administrative, distribution and marketing expenses	6	(2,177,280)	(2,747,065)
Lease interest expense	11	(40,682)	(19,418)
Expected credit loss	18(i)	(92,525)	(22,068)
Profit before income tax		4,793,327	4,858,418
Income tax	7(d)	(1,178,892)	(1,220,764)
Profit for the period/year		3,614,435	3,637,654
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Change in effect of pension asset ceiling	9(i)(f)	1,009,975	(1,091,500)
Remeasurement loss on pension assets	9(i)(f)	(330,457)	(383,300)
Remeasurement gain on pension obligation	9(i)(f),9(ii)(d)	(735,646)	1,617,100
Income tax on other comprehensive gain	15(b)	14,032	35,575)
Other comprehensive (loss)/income, net of tax		(42,096)	106,725
Total comprehensive income for the period/year		3,572,339	3,744,379

The accompanying notes form an integral part of the financial statements.

CARRERAS LIMITED

Company Statement of Financial Position
December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	December 2023 $'000	March 2023 $'000
Assets			
Deferred tax asset	15	142,850	84,235
Employee benefits asset	9(i)(a)	57,447	44,400
Property, plant and equipment	10	480,953	474,440
Right-of-use assets	11	246,371	231,618
Investment in subsidiary	20	-	15,549
Non-current assets		927,621	850,242
Cash and cash equivalents	12	2,037,825	1,826,018
Accounts receivable	13	3,888,652	2,279,080
Inventories		358,475	459,310
Current assets		6,284,952	4,564,408
Total assets		7,212,573	5,414,650
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		2,348,377	1,834,310
Total equity		2,469,737	1,955,670
Liabilities			
Lease liabilities	11	229,311	233,801
Employee benefits obligation	9(ii)(a)	288,222	203,900
Non-current liabilities		517,533	437,701
Accounts payable	16	3,103,232	2,104,120
Current portion of lease liabilities	11	60,518	34,597
Income tax payable		1,061,553	882,562
Current liabilities		4,225,303	3,021,279
Total liabilities		4,741,236	3,458,980
Total equity and liabilities		7,212,573	5,414,650

The financial statements on pages 8 to 57, were approved for issue by the Board of Directors on March 1, 2024, and signed on its behalf by:

______________________ Director
Patrick Smith

______________________ Director
Franklin Murillo

The accompanying notes form an integral part of the financial statements.

CARRERAS LIMITED

Company Statement of Changes in Equity
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

	Share capital (note 14) $'000	Unappropriated profits $'000	Total $'000
Balances at March 31, 2022	121,360	1,876,363	1,997,723
Profit for the year	-	3,637,654	3,637,654
Other comprehensive income:			
Remeasurement of employee benefit asset and obligation, net of taxes	-	106,725	106,725
Total comprehensive income for the year	-	3,744,379	3,744,379
Transactions with owners			
Dividends paid (note 19)	-	(3,786,432)	(3,786,432)
Balances at March 31, 2023	121,360	1,834,310	1,955,670
Profit for the period	-	3,614,435	3,614,435
Other comprehensive income:			
Remeasurement of employee benefit asset and obligation, net of taxes	-	(42,096)	(42,096)
Total comprehensive income for the period	-	3,572,339	3,572,339
Transactions with owners			
Dividends paid (note 19)	-	(3,058,272)	(3,058,272)
Balances at December 31, 2023	121,360	2,348,377	2,469,737

The accompanying notes form an integral part of the financial statements.

CARRERAS LIMITED

Company Statement of Cash Flows
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	9 Months December 2023 $'000	12 Months March 2023 $'000
Cash flows from operating activities			
Profit for the period/year		3,614,435	3,637,654
Adjustments for:			
Depreciation	10,11	122,933	187,400
Employee benefits charge		15,147	59,800
Gain on disposal of property, plant and equipment	5	(639)	(811)
Unclaimed dividend write back	5	(23,151)	(25,669)
Lease adjustments	11	(2,320)	2,044
Dividend income	5	(86,874)	-
Foreign exchange loss	6	2,609	31,667
Income tax expense	7(d)	1,178,892	1,220,764
Interest expense	11	40,682	19,418
Expected credit loss	18(i)	92,525	22,068
Write-off of property, plant and equipment		2,227	-
Interest income earned	5	(101,425)	(60,565)
		4,855,041	5,093,770
Changes in:			
Accounts receivable		(1,701,025)	(835,299)
Inventories		100,835	672,337
Accounts payable		999,112	611,081
Cash generated from operations		4,253,963	5,541,889
Interest paid	11(d)	(14,265)	(19,418)
Interest income received		100,210	55,837
Income tax paid		(1,024,968)	(1,406,934)
Net cash provided by operating activities		3,314,940	4,171,374
Cash flows from investing activities			
Capital distribution received	20	101,023	-
Proceeds from share buy-back	20	1,400	-
Additions to property, plant and equipment	10	(113,436)	(88,591)
Proceeds from disposal of property, plant and equipment		1,860	6,150
Net cash used in investing activities		(9,153)	(82,441)
Cash flows from financing activities			
Lease principal payment	11(d)	(36,877)	(40,887)
Dividends paid	19	(3,058,272)	(3,786,432)
Net cash used in financing activities		(3,095,149)	(3,827,319)
Net increase in cash and cash equivalents before effect of foreign exchange rate changes		210,638	261,614
Effect of exchange rate changes on cash and cash equivalents		1,169	(31,667)
Cash and cash equivalents at beginning of period/year		1,826,018	1,596,071
Cash and cash equivalents at end of period/year	12	2,037,825	1,826,018

The accompanying notes form an integral part of the financial statements.

1. Identification and principal activity

Carreras Limited ("the company") is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is a 50.4% subsidiary of Rothmans Holdings (Caricom) Limited, which is incorporated in St. Lucia. The ultimate parent company is British American Tobacco plc, incorporated in the United Kingdom and listed on the London Stock Exchange. The principal activities of the company are the marketing and distribution of cigarettes.

The address of the principal place of business and the registered office of the company is 13A Ripon Road, Kingston 5, Jamaica.

The company's year end was changed from March 31 to December 31, to coincide with that of its parent company. The financial statements have been prepared for the nine months period with comparative for the audited twelve month period ended March 31, 2023. The amounts presented in the financial statements are therefore not entirely comparable.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and their interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

New and amended standards that became effective during the year

Certain new and amended standards that were in issue came into effect during the current financial year. The adoption of those new standards and amendments did not have any impact on the amounts recognised or disclosures in the financial statements.

A summary of significant accounting policies is included in note 22.

(b) Basis of measurement and functional currency:

The financial statements are presented on the historical cost basis unless otherwise indicated in other accounting policies. The financial statements are presented in thousands of Jamaica dollars ($'000), which is the functional currency of the company, unless otherwise stated.

(c) Accounting estimates and judgements:

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period/year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation (continued)

(c) Accounting estimates and judgements (continued):

Key sources of estimation uncertainty:

- Employee benefits [see notes 9 and 22(n)]:

The amounts recognised in the statement of financial position and statement of profit or loss and other comprehensive income for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-employment obligations, life expectancy, inflation, future increases in salaries and the expected rate of increase in medical costs for post-employment medical benefits.

Any changes in these assumptions would impact the amounts recorded in the financial statements for these obligations.

3. Operating revenue

Operating revenue for the group and the company represents the invoiced value of products and services sold and includes special consumption tax aggregating $5,640,150,000 (March 2023: $7,184,184,000).

4. Cost of goods sold

Cost of goods sold includes cost of raw materials and other related costs and taxes. Inventory write-off recognised in group's and company's profit or loss is $2,292,000 (March 2023: $1,051,000).

5. Other operating income

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Interest income	101,412	60,560	101,425	60,565
Gain on disposal of property, plant and equipment	639	811	639	811
Unclaimed dividends written back (note 16)	23,151	25,669	23,151	25,669
Net distribution on wind up of subsidiary (note 20)	-	-	86,874	-
Credit card rebates	42,953	-	42,953	-
Miscellaneous income	15,582	5,188	13,711	5,170
	183,737	92,228	268,753	92,215

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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6. **Expense by nature:**

(a) Administrative expenses:

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Staff costs	396,071	342,490	396,071	342,490
Directors' fees	7,897	14,190	7,897	14,190
Depreciation	85,688	110,581	85,688	110,581
Auditors' remuneration	11,500	9,900	11,500	9,900
Occupancy costs	52,696	38,592	52,696	38,592
Transportation, travel and entertainment	34,416	50,297	34,416	50,297
Legal, professional and consultancy fees	85,105	95,982	85,105	95,982
Technical and advisory fees	128,034	184,153	128,034	184,153
Business support services	182,314	145,222	182,314	145,222
Shared service centre	65,971	128,661	65,971	128,661
Information technology	94,748	162,549	94,748	162,549
Bank charges	52,710	46,898	52,710	46,898
Exchange loss	5,021	33,577	2,609	31,667
Other expenses	81,319	49,762	81,903	49,718
	1,283,490	1,412,854	1,281,662	1,410,900

(b) Distribution expenses:

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Staff costs	294,987	502,012	294,987	502,012
Depreciation	37,246	76,819	37,246	76,819
Occupancy costs	27,123	37,964	27,123	37,964
Transportation and travel	81,619	128,401	81,619	128,401
Security	75,352	102,083	75,352	102,083
Customer management software	-	231,821	-	231,821
Other expenses	45,002	47,911	45,002	47,913
	561,329	1,127,011	561,329	1,127,013

(c) Marketing expenses:

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Sponsorship	206,753	107,096	206,753	107,096
Promotions	69,630	22,938	69,630	22,938
Product development	34,316	8,818	34,316	8,818
	310,699	138,852	310,699	138,852
(d) Employee benefits expense9(i)(e),9(ii)(c)	23,590	70,300	23,590	70,300
Total administrative, distribution and marketing expenses	2,179,108	2,749,017	2,177,280	2,747,065

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
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7. Income tax

The Group:

(a) Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	December 2023 $'000	March 2023 $'000
Current:		
Provision for charge on current year's profit	1,223,475	1,250,651
Deferred:		
Origination and reversal of temporary differences [note 15(b)]	(44,583)	(29,887)
Income tax expense for the year	1,178,892	1,220,764

(b) Reconciliation of actual tax charge and effective tax rate:

	December 2023 $'000	March 2023 $'000
Profit before income tax	4,706,483	4,856,479
Computed "expected" tax charge at 25%	1,176,621	1,214,120
Taxation difference between profit for financial statements and tax reporting purposes on:		
Tax exempt income	(16,482)	(6,417)
Non-deductible expenses	18,753	13,061
Actual tax charge	1,178,892	1,220,764
Effective tax rate	25.05%	25.14%

(c) Tax losses in subsidiary, which was wound up during the period; subject to agreement by Tax Administration Jamaica was approximately $777,748,000 as at March 31, 2023.

The Company:

(d) Income tax is computed at 25% of the profit for the period/year, as adjusted for taxation purposes, and is made up as follows:

	December 2023 $'000	March 2023 $'000
Current:		
Provision for charge on current period/year's profit	1,223,475	1,250,651
Deferred:		
Origination and reversal of temporary differences [note 15(b)]	(44,583)	(29,887)
Income tax expense for the period/year	1,178,892	1,220,764

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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(Expressed in Jamaican Dollars unless otherwise indicated)

7. Income tax (continued)

The Company (continued):

(e) Reconciliation of actual tax charge and effective tax rate:

	December 2023 $'000	March 2023 $'000
Profit before income tax	4,793,327	4,858,418
Computed "expected" tax charge at 25%	1,198,332	1,214,605
Taxation difference between profit for financial statements and tax reporting purposes on:		
Tax exempt income	(25,788)	(6,417)
Non-deductible expenses	6,348	12,576
Actual tax charge	1,178,892	1,220,764
Effective tax rate	24.59%	25.13%

8. Earnings per ordinary stock unit

Earnings per ordinary stock unit is calculated by dividing the profit for the year attributable to stockholders by the number of ordinary stock units in issue as follows:

	December 2023	March 2023
Profit for the year attributable to stockholders	$3,527,591,000	$3,635,715,000
Ordinary stock units in issue	4,854,400,000	4,854,400,000
Earnings per stock unit	72.67 ¢	74.90 ¢

The company does not have any arrangement that will dilute the earnings per share reported.

9. Employee benefits

The Carreras Group Limited Superannuation Scheme ("the old scheme") was discontinued with effect from December 31, 2006 and is being wound up in accordance with the rules, applicable legislation and subject to the oversight of the Financial Services Commission ("FSC"). Benefit improvements have been agreed for the pensioners, deferred pensioners and active members of the old scheme.

A replacement fund, the Carreras Limited Superannuation Fund ("the new fund") was established with effect from January 1, 2007. The new fund is divided into two sections – a defined benefit (DB) section and a defined contribution (DC) section. The employees who were members of the old scheme are now participating in the DB section of the new fund whilst the individuals employed after December 31, 2006, are participating in the DC section of the new fund.

The liabilities in respect of current pensioners and deferred pensioners, who opted to transfer the value of their pension entitlement in the old scheme to the DB section of the new fund to provide for all future pension payments, have been transferred to the DB section. The liabilities in respect of the active members who became members of the new fund and opted to transfer the total or a part of their past service to the new fund have also been transferred.

Retired employees from the respective funds are entiled to receive an annual pension payment.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

Under the DB section, at normal retirement age of 60, the pension payable is equal to 2% of the employee's pensionable earnings during the year prior to retirement or termination of service, multiplied by the number of years of pensionable service (including service credited to the member on transfer from the Scheme). However, the maximum pension is 75% of the member's final earnings after 37½ years of service.

The pension fund is administered by a Board of Trustees and is a legally separated from the company and the group. The Board of Trustees is required by law to act in the best interest of the fund participants and is responsible for setting investment and other policies of the Plan. They are responsible to ensure benefits are funded and paid, assets are invested to maximize return subject to acceptable investment risks while considering the liability profile.

The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. However, based on experience, the working party of actuaries and auditors agreed on a rate of 0.25% of payroll per annum as the minimum.

The Rules of the Fund require each member to contribute 5% of pensionable earnings but permit the payment of voluntary contributions of up to 5% of pensionable earnings. The company is required to contribute to the Fund to finance the balance of the cost of the benefits and expenses. During the period, the company contributed at the rate of 5% of pensionable earnings (March 2023: 5%).

The economic benefit is determined based on the present value of the company's future contribution reduction, subject to the agreed minimum funding rate.

The Fund exposes the company and group to actuarial risks such as longevity risk, interest rate risk and market risk. There are no significant and usual risks at the company or Fund level.

The amounts recognised are computed as follows:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Pension benefits asset	(57,447)	(44,400)
Post employment health and group life insurance benefit	288,222	203,900

(i) Pension benefits:

(a) Asset recognised in the statement of financial position:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Present value of funded obligations	2,975,848	2,277,300
Fair value of plan assets	(6,149,810)	(6,081,600)
	(3,173,962)	(3,804,300)
Unrecognised amount due to asset ceiling	3,116,515	3,759,900
Asset recognised in statement of financial position	(57,447)	(44,400)

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

(i) Pension benefits (continued):

(b) Movements in the net asset recognised in the statement of financial position:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Net asset at beginning of the period/year	(44,400)	(83,600)
Contributions paid	(778)	(1,000)
Expense/income recognised in the statement of profit or loss and other comprehensive income	(12,269)	40,200
Net asset at end of the period/year	(57,447)	(44,400)

(c) Movements in present value of funded obligation:

	The Group and the Company	
	December 2023	March 2023
	$’000	$’000
Balance at start of period/year	2,277,300	3,666,000
Current service cost	3,431	8,300
Interest cost	213,243	285,000
Re-measurements -		
Change in financial assumptions	668,237	(1,458,300)
Members’ contributions	1,139	500
Benefits paid	(187,502)	(224,200)
Balance at end of period/year	2,975,848	2,277,300

(d) Movements in plan assets:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Fair value of plan assets at beginning of the period/year	6,081,600	6,220,300
Interest income on plan assets	584,252	487,900
Contributions paid	1,917	2,500
Benefits paid	(187,502)	(224,200)
Administrative expenses	(1,046)	(21,600)
Remeasurement loss on assets	(329,411)	(383,300)
Fair value of plan assets at end of the period/year	6,149,810	6,081,600
Plan assets consist of the following:		
Quoted equities	2,389,547	2,339,000
Unquoted equities	464,409	593,300
Real property	810,796	818,800
Resale agreements & certificate of deposits	154,823	55,100
Government and corporate bonds	2,111,061	2,138,200
Net current assets	202,618	121,400
Pooled money market fund	16,556	15,800
	6,149,810	6,081,600

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

(i) Pension benefits (continued):

(e) Expense recognised in profit for the period/year:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Current service costs	2,385	7,300
Interest cost on obligation	213,243	285,000
Interest income on assets	(584,252)	(487,900)
Interest on effect of asset ceiling	366,590	197,700
Administrative expenses	1,046	21,600
	(988)	23,700

(f) Remeasurements recognised in other comprehensive income:

	December 2023	March 2023
	$'000	$'000
Change in effect of asset ceiling	(1,009,975)	1,091,500
Remeasurement loss on plan assets	329,411	383,300
Remeasurement gain on obligation	668,237	(1,458,300)
	(12,327)	16,500

(g) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	December 2023	March 2023
	%	%
Discount rate	11.00	13.00
Future salary increases	6.50	6.50
Inflation	6.00	5.50
Administrative expenses	8.50	6.80
Minimum funding rate	0.25	0.25
Future pension increases	6.00	5.50

i. Assumptions regarding future mortality are based on GAM 94 Tables with ages reduced by five years (March 2023: five years). Death rates per 1,000 are set out below:

Age	**Males**	**Females**
20 – 30	0.35 – 0.66	0.22 – 0.29
30 – 40	0.66 – 0.85	0.29 – 0.48
40 – 50	0.85 – 1.58	0.48 – 0.97
50 – 60	1.58 – 4.43	0.97 – 2.29
60 – 70	4.43 – 14.53	2.29 – 8.63

ii. Retirement: It is assumed that members will elect to retire at age 55 given the provision for unreduced pensions on early retirement within 10 years of their normal retirement age of 60 years.

iii. Terminations: No assumption was made for exit prior to retirement.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

Pension benefits (continued):

(g) Principal actuarial assumptions at the reporting date (expressed as weighted averages) (continued):

iv. Marital status- 90% of members are assumed to be married at retirement with males being three (3) years older than females.

At December 31, 2023, the weighted average duration of the defined benefit obligation (pension fund) was 10 years (March 2023: 10 years). In addition, the weighted average duration of the defined benefit obligation (medical and life) was 13 years (March 2023: 12 years).

(h) Sensitivity analysis of principal actuarial assumptions:

	The Group and the Company			
	1% point increase December 2023 $'000	1 ½% point increase March 2023 $'000	1% point decrease December 2023 $'000	1 ½% point decrease March 2023 $'000
Discount rate	(277,749)	(189,400)	332,861	166,100
Salary increases	5,272	3,700	(5,543)	(3,400)
Life expentancy	72,810	45,500	(73,758)	(46,500)
Pension increases	340,559	221,500	(287,069	(228,300)

(i) Plan assets include ordinary stock units issued by the company with a fair value of $297,665,617 (March 2023: $281,836,000).

(ii) Post employment health and group life insurance benefits:

(a) Liability recognised in the statement of financial position:

	The Group and the Company	
	December 2023 $'000	March 2023 $'000
Present value of future obligations, being liability recognised in statement of financial position	288,222	203,900

(b) Movements in the net liability recognised in the statement of financial position:

	The Group and the Company	
	December 2023 $'000	March 2023 $'000
Net liability at the beginning of the period/year	203,900	325,600
Benefits paid	(7,665)	(9,500)
Expense/(income) recognised in the statement of profit or loss and other comprehensive income	91,987	(112,200)
Net liability at the end of the period/year	288,222	203,900

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

The amounts recognised are computed as follows (continued):

(ii) Post employment health and group life insurance benefits (continued):

(c) Expense recognised in profit for the period/year:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Current service costs	5,057	19,400
Interest on obligation	19,521	27,200
	24,578	46,600

(d) Remeasurements recognised in other comprehensive income:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Remeasurement loss/(gain) on obligation	67,409	(158,800)

(e) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	December 2023	March 2023
	%	%
Discount rate	11.00	13.00
Annual increase in health-care cost	8.00	7.50
Inflation	6.00	5.50
Administrative expenses	8.50	6.80
Minimum funding rate	0.25	0.25
Salary increase	6.50	6.50

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

(ii) Post employment health and group life insurance benefits (continued):

(f) Sensitivity analysis of principal actuarial assumptions:

	The Group and the Company			
	One percentage point increase		One percentage point decrease	
	December 2023	March 2023	December 2023	March 2023
	$'000	$'000	$'000	$'000
Discount rate	(33,103)	(20,500)	41,674	25,200
Health-care cost increases	40,931	24,700	(32,813)	(20,100)
Life expectancy	7,821	4,800	7,835	(4,800)
Salary increases	325	6,200	(287)	5,600

Impact on post-employment obligation of a one year increase/decrease in life expectancy:

The post-employment obligation would increase by about $72,810,000 (March 2023: $45,500,000) or decrease by about $73,758,000 (March 2023: $46,500,000). In addition, the post-employment obligation (medical and life) would increase by about $7,821,000 (March 2023: $4,800,000) or decrease by about $7,835,000 (March 2023:$ 4,800,000).

(iii) Employee benefits expenses:

Expense recognised in profit for the period/year:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Salaries and related expenses	630,063	715,211
Statutory contributions	38,348	72,640
Contribution to defined contribution	22,647	30,902
Pension benefits note 9(i)(e)	(988)	23,700
Post employment health and group life note 9(ii)(c)	24,578	46,600
	714,648	889,053

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

10. Property, plant and equipment

The Group and The Company:

	Freehold land, buildings and leaseholds	Work-in-progress	Motor vehicle	Furniture & equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
March 31, 2022	306,249	45,322	454,431	331,307	1,137,309
Additions	2,059	42,889	42,444	1,199	88,591
Transfers	7,321	(62,305)	24,851	30,133	-
Disposals	(4,093)	-	(21,585)	-	(25,678)
March 31, 2023	311,536	25,906	500,141	362,639	1,200,222
Additions		104,570	6,707	2,159	113,436
Transfers	11,238	(86,350)	62,822	12,290	-
Write-offs	-	(2,227)	-	-	(2,227)
Disposals	-	-	(7,245)	-	(7,245)
December 31, 2023	322,774	41,899	562,425	377,088	1,304,186
/					
Depreciation:					
March 31, 2022	137,198	-	229,834	236,834	603,866
Charge for the year	28,258	-	84,229	29,768	142,255
Eliminated on disposals	(396)	-	(19,943)	-	(20,339)
March 31, 2023	165,060	-	294,120	266,602	725,782
Charge for the period	21,631	-	58,337	23,507	103,475
Eliminated on disposals	-	-	(6,024)	-	(6,024)
December 31, 2023	186,691	-	346,433	290,109	823,233
Net book values:					
December 31, 2023	136,083	41,899	215,992	86,979	480,953
March 31, 2023	146,476	25,906	206,021	96,037	474,440

Freehold land, buildings and leaseholds for the group and the company include freehold land in the amount of $700 (March 2023: $700).

11. Leases

The Group and The Company:

The group and the company leases property and motor vehicles. The leases typically run for 3 to 10 years, with options to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. The group and the company has elected not to recognise right-of-use assets and lease liabilities for leases that are short- term and/or leases of low-value items.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
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11. Leases (continued)

The Group and The Company:

Information about leases for which the group is a lessee is presented below.

(a) Right-of-use assets

	Motor vehicle $'000	Land and buildings $'000	Total $'000
Cost:			
Balance at March 31, 2022	-	370,371	370,371
Additions	50,937	-	50,937
Decommission	-	(6,829)	(6,829)
Balance at March 31, 2023	50,937	363,542	414,479
Additions	40,988	-	40,988
Adjustment	-	13,870	13,870
Balance at December 31, 2023	91,925	377,412	469,337
Depreciation:			
Balances at March 31, 2022	-	142,501	142,501
Charge for the year	8,490	36,655	45,145
Depreciation on decommission	-	(4,785)	(4,785)
Balance as at March 31, 2023	8,490	174,371	182,861
Charge for the year	8,934	10,524	19,458
Adjustment	-	20,647	20,647
Balance at December 31, 2023	17,424	205,542	222,966
Net book values:			
Balance at December 31, 2023	74,501	171,870	246,371
Balance at March 31, 2023	42,447	189,171	231,618

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	December 2023 $'000	March 2023 $'000
Less than one year	77,082	48,853
One to five years	273,772	209,257
More than five years	-	71,707
	350,854	329,817
Less: future interest	(61,025)	(61,419)
Total discounted lease liabilities at December 31 and March 31	289,829	268,398
Less: current portion	(60,518)	(34,597)
Non-current	229,311	233,801

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

11. Leases (continued)

The Group and The Company:

(b) Lease liabilities (continued)

Maturity analysis – contractual undiscounted cash flows(continued):

(i) Set out below are the carrying amount of lease liabilities and the movement during the period

	December 2023	March 2023
	$'000	$'000
As at April 1	268,398	258,348
Additions	52,010	50,937
Accretion of interest	14,265	19,418
Adjustment	6,298	-
Payments	(51,142)	(60,305)
As at December 31 and March 31	289,829	268,398
Classified as:		
Current	60,518	34,597
Non-current	229,311	233,801
	289,829	268,398

The Group and The Company:

(c) Amounts recognised in profit or loss

	December 2023	March 2023
	$'000	$'000
Interest on lease liabilities	14,265	19,418
Adjustment	26,417	-
Depreciation expense	40,104	45,145
Expenses relating to short-term leases	11,994	15,525

(d) Amounts recognised in the statement of cash flows

	December 2023	March 2023
	$'000	$'000
Total cash outflow for leases	51,142	60,305

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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11. Leases (continued)

(e) Extension options

Some property leases contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where deemed appropriate, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The group and the company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The group and the company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The group and the company have estimated that potential future lease payments, should it exercise extension options in these leases, would result in an increase in lease liability of Nil (March 2023: $ Nil).

12. Cash and cash equivalents

	The Group		The Company	
	December 2023	March 2023	December 2023	March 2023
	$'000	$'000	$'000	$'000
Demand and short term deposits	2,037,825	1,926,039	2,037,825	1,826,018

The group and the company have been given guarantees in the ordinary course of business under banking arrangements in favour of the Collector of Customs in the amount of $1,561,000,000 (March 2023: $1,561,000,000).

13. Accounts receivable

	The Group		The Company	
	December 2023	March 2023	December 2023	March 2023
	$'000	$'000	$'000	$'000
Trade accounts receivable	3,690,632	2,017,573	3,690,632	2,017,573
Interest and other investment income receivable	7,370	6,155	7,370	6,155
Prepayments	189,583	193,236	189,583	193,236
Related parties (see also note 17)	8,066	59,737	8,066	59,737
Other receivables and advances:				
Other	111,066	27,776	111,066	27,919
	4,006,717	2,304,477	4,006,717	2,304,620
Less: Expected credit losses [note 18(i)]	(118,065)	(25,540)	(118,065)	(25,540)
	3,888,652	2,278,937	3,888,652	2,279,080

During the period/year, net bad debts recognised in profit or loss aggregated $92,525,000 (March 2023: $22,068,000) for the group and the company.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

13. Accounts receivable (continued)

Allowances for doubtful accounts are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are recognised over their term.

Under this ECL model, the group and the company uses accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. A weighted average ECL rate is used as at December 31, 2023 to apply against the accounts receivable balance (see note 18).

14. Share capital

	December 2023 $'000	March 2023 $'000
Authorised:		
4,854,400,000 (March 2023: 4,854,400,000) ordinary shares of no par value		
Stated:		
Issued and fully paid:		
4,854,400,000 (March 2023: 4,854,400,000) ordinary shares of no par value	121,360	121,360

Holders of these shares are entitled to dividend distributions as declared from time to time and are entitled to one vote per share at general meetings of the company.

15. Deferred tax asset

(a) Deferred tax assets and liabilities are attributable to the following:

The Group and the Company :

	December 2023					
	Assets		Liabilities		Net	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Accounts payable	2,300	3,925	-	-	2,300	3,925
Property, plant and equipment	53,577	26,868	-	-	53,577	26,868
Leases, net	28,376	15,571	-	-	28,376	15,571
Employee benefits	72,056	50,975	(14,362)	(11,100)	57,694	39,875
Accounts receivable	-	-	(1,843)	(1,539)	(1,843)	(1,539)
Unrealised foreign exchange loss	2,746	-	-	(465)	2,746	(465)
Deferred tax asset	159,055	97,339	(16,205)	(13,104)	142,850	84,235

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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15. Deferred tax asset (continued)

(a) Deferred tax assets and liabilities are attributable to the following(continued):

	March 2023					
	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Accounts payable	3,925	3,812	-	-	3,925	3,812
Property, plant and equipment	26,868	19,230	-	-	26,868	19,230
Leases, net	15,571	7,608	-	-	15,571	7,608
Employee benefits	50,975	81,400	(11,100)	(20,900)	39,875	60,500
Accounts receivable	-	853	(1,539)	(356)	(1,539)	497
Unrealised foreign exchange loss	-	-	(465)	(1,724)	(465)	(1,724)
Deferred tax asset	97,339	112,903	(13,104)	(22,980)	(84,235)	89,923

(b) Movements in temporary differences during the year are as follows:

The Group and the Company:

	December 2023			
	Opening balance	Recognised in OCI	Recognised in profit or loss [note 7(d)]	Closing balance
	$'000	$'000	$'000	$'000
Accounts payable	3,925	-	(1,625)	2,300
Property, plant and equipment	26,868	-	26,708	53,576
Employee benefits	39,875	14,032	3,787	57,694
Leases, net	15,571	-	12,806	28,377
Accounts receivable	(1,539)	-	(304)	(1,843)
Unrealised foreign exchange (loss)/gain	(465)	-	3,211	2,746
	84,235	14,032	44,583	142,850

The Group and the Company:

	March 2023			
	Opening balance	Recognised in OCI	Recognised in profit or loss [note 7(d)]	Closing balance
	$'000	$'000	$'000	$'000
Accounts payable	3,812	-	113	3,925
Property, plant and equipment	19,230	-	7,638	26,868
Employee benefits	60,500	(35,575)	14,950	39,875
Leases, net	7,608	-	7,963	15,571
Accounts receivable	497	-	(2,036)	(1,539)
Unrealised foreign exchange (loss)/gain	(1,724)	-	1,259	(465)
	89,923	(35,575)	29,887	84,235

(c) As at March 31, 2023 deferred tax asset arising in subsidiary is $194,370,000) in respect of unutilised tax losses of subsidiary because it is not probable that the subsidiary will have sufficient taxable profits in the foreseeable future to realise this benefit [see note 7(c)].

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Notes to the Financial Statements (Continued)
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16. Accounts payable

	The Group and The Company	
	December 2023 $'000	March 2023 $'000
Trade accounts payable	104,779	40,665
General consumption tax payable	251,310	106,426
Related parties (see also note 17)	283,301	177,074
Employee related	23,280	42,308
Unclaimed dividends*	478,408	469,612
Corporate credit card	1,184,197	926,241
Other	777,957	341,794
	3,103,232	2,104,120

*Article 117 of the Articles of Association provides that dividends declared after the date of adoption of this Article, which remain unclaimed after a period of twelve years from the date of declaration, shall be forfeited and revert to the company (see also note 5).

17. Related party transactions and statutory disclosures

a) The financial statements include the following transactions with related parties in the ordinary course of business: within the profit and loss.

The Company:

	December 2023 $'000	March 2023 $'000
Royalties paid to fellow subsidiary	36,507	46,499
Purchases from fellow subsidiary – cigarettes	818,375	969,352
Technical fees paid to ultimate parent company	128,034	184,153
Technical fees and business support services paid to fellow subsidiary	248,285	262,950
IT support fees paid to fellow subsidiary	85,007	371,985
Pension schemes:		
Dividends	21,680	26,842
Directors' remuneration:		
Fees	7,863	14,190
Management remuneration	69,081	86,495
Key management personnel:		
Short-term employee benefits	133,535	147,533
Post-employment benefits	233	300

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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17. Related party transactions and statutory disclosures (continued)

b) Due from related companies (note 13)

	December 2023 $'000	March 2023 $'000
Service recharges:		
Fellow subsidiaries:		
RAI Services Company	8,066	7,900
Imperial Tobacco Company Limited	-	678
The West Indian Tobacco Comapany Limited	-	24,994
British American Tobacco Colombia S.A.S.	-	5,677
British American Tobacco Exports Limited	-	10,564
Demerara Tobacco Company Limited	-	678
British American Tobacco Ltd	-	9,246
	8,066	59,737

c) Due to fellow subsidiaries (note 16)

	December 2023 $'000	March 2023 $'000
Inventory supplies:		
The West Indian Tobacco Comapany Limited	85,533	67,351
Tabacalera Hondureña S.A.	619	-
Recharges:		
BAT Espana	2,088	-
Nicoventures Trading Limited	3,632	-
British American Tobacco Exports Limited	12,403	7,290
British-American Tobacco (Holdings) Limited	8,034	-
British American Tobacco Servicios, S.A. DE C.V. (IT support)	170,992	102,433
	283,301	177,074

All related party balances are unsecured, interest free and repayable within 12 months of the reporting date. The directors believe that the credit risks associated with this financial instrument are minimal. There is no significant increase in credit risk associated with related parties and therefore the probability of default is considered insignificant as such no expected credit loss is recognised on balances due from related companies.

18. Financial instruments and risk management

The group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the group's and the company's risk management framework. Senior management has responsibility for monitoring the group's risk management policies and reporft to delegates of the Board of Directors on its activities, on a monthly basis.

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and the group's activities.

(i) Credit risk:

Credit risk is the risk of loss arising from a counterparty to a financial contract failing to discharge its obligations, and arises principally from the group's receivables from customers, cash and cash equivalents and due from related parties.

The maximum exposure to credit risk at the reporting date is represented by the carrying value of its financial assets.

Trade receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed for creditworthiness prior to being offered a credit facility. Each customer is given a credit period which represents the maximum time allowed for having balances outstanding; these are reviewed monthly. Management has procedures in place to restrict customer orders if the customers have not cleared outstanding debts within the credit period. Customers that fail to meet the group's benchmark creditworthiness may transact business with the group on a cash basis.

The group's average credit period on the sale of goods is 28 days for certain established large (wholesale) customers and 7 days for other (retail) customers. Credit risk is monitored according to each customer's characteristics, such as whether it is an individual or company, its geographic location, industry, aging profile and financial history.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(i) Credit risk (continued):

The group and company uses an allowance matrix to measure expected credit losses (ECLs) in respect of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at December 31and March 31:

	The Group and the Company December 2023			
Age categories	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.55	3,010,630	16,659	No
1 - 30 days	2.56	279,823	7,173	No
31-60 days	6.42	293,839	18,859	No
61-90 days	16.25	15,310	2,489	No
91-180 days	24.98	24,188	6,043	No
Over 180 days	100	66,842	66,842	Yes
		3,690,632	118,065	

	The Group and the Company March 2023			
Age categories	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.14	1,662,098	2,351	No
1 - 30 days	1.22	47,055	576	No
31-60 days	2.48	29,968	743	No
61-90 days	2.38	185,301	4,413	No
91-180 days	1.56	76,896	1,202	No
Over 180 days	100	16,255	16,255	Yes
		2,017,573	25,540	

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	The Group and the Company	
	December 2023 $'000	March 2023 $'000
Balance at 1 April	25,540	3,472
Expected credit loss recognised in the statement of profit or loss	92,525	22,068
Balance at December 31 and March 31	118,065	25,540

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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18. Financial instruments and risk management (continued)

(i) Credit risk (continued):

Cash and cash equivalents

Management has an investment policy in place and the group's and the company's exposure to credit risk is monitored on an ongoing basis. Cash and cash equivalents are held with reputable financial institutions with high credit ratings and as such the credit risk is considered to be low and the expected credit loss cash and cash equivalents is immaterial. The carrying amount of cash and bank balances (excluding cash on hand) totalling $2.037 billion for both the group and the company (March 2023: $1.926 billion for the group and $1.826 billion for the company) at the reporting date represents the group's and the company's maximum exposure to this class of financial assets.

(ii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Fixed rate instruments:				
Cash and cash equivalents	1,123,839	1,065,244	1,123,839	965,348

(b) Foreign currency risk:

The group incurs foreign currency risk primarily on purchases that are denominated in a currency other than the Jamaica dollar. The principal foreign currency risks of the group, represented by balances in the respective currencies, are as follows:

The Group:

	December 2023		March 2023	
	US$ '000	GBP (£) '000	US$ '000	GBP (£) '000
Cash and cash equivalents	1,451	-	2,379	-
Related party receivables	52	-	113	-
Related party payables	(1,743)	(41)	(1,148)	-
Other payables	(155)	-	(18)	-
Exposure, net	(395)	(41)	1,326	-

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(ii) Market risk (continued):

(b) Foreign currency risk (continued):

The Company:

	December 2023		March 2023	
	US$ '000	GBP (£) '000	US$ '000	GBP (£) '000
Cash and cash equivalents	1,451	-	1,713	-
Related party receivables	52	-	113	-
Related party payables	(1,743)	(41)	-	-
Other payables	(155)	-	(18)	-
Exposure, net	(395)	(41)	660	-

Sensitivity analysis

Strengthening or weakening of the currencies against the Jamaica dollar would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group:

	December 2023 Increase/(decrease) in profit		March 2023 Increase/(decrease) in profit	
	1% Strengthening $'000	4% Weakening $'000	4% Strengthening $'000	1% Weakening $'000
US ($)	607	(2,427)	7,954	(1,989)
GBP (£)	78	(313)	-	-

The Company:

	December 2023 Increase/(decrease) in profit		March 2023 Increase/(decrease) in profit	
	1% Strengthening $'000	4% Weakening $'000	4% Strengthening $'000	1% Weakening $'000
US ($)	607	(2,427)	3,959	(990)
GBP (£)	78	(313)	-	-

Exchange rates, in terms of Jamaica dollars, were as follows:

	US$	GBP(£)
At December 31, 2023:	153.5857	190.9816
At March 31, 2023:	149.9642	184.3452

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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18. Financial instruments and risk management (continued)

(iii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity problems may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed facilities. The group manages its liquidity risk by maintaining a substantial portion of its financial assets in highly liquid assets.

The contractual outflows as at December 31, 2023 and March 31, 2023 for trade accounts payable, General Consumption Tax payable, due to related parties, employee related payables, unclaimed dividends and other payables are represented by their carrying amounts and will require settlement within 12 months of the reporting date.

The following tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group and the company can be required to pay. The analysis also assumes that all other variables, in particular interest and exchange rates, remain constant.

The Group and the Company:

	December 2023				
	Carrying amount $'000	Contractual cash flows $'000	0-1 year $'000	1-5 years $'000	Over 5 years $'000
Accounts payable	3,101,632	3,101,632	3,101,632	-	-
Lease liabilities	289,829	350,854	77,082	273,772	-
	3,391,461	3,452,486	3,178,714	273,772	-

The Group and the Company:

	March 2023				
	Carrying amount $'000	Contractual cash flows $'000	0-1 year $'000	1-5 years $'000	Over 5 years $'000
Accounts payable	2,104,120	2,104,120	2,104,120	-	-
Lease liabilities	268,398	322,817	48,853	202,257	71,707
	2,372,518	2,426,937	2,152,973	202,257	71,707

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(iv) Capital management:

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders. The Board of Directors monitors the return on capital (shareholders' equity), which the group defines as net operating income divided by total shareholders' equity.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the group's approach to capital management during the year. Also, the group is not exposed to any externally imposed capital requirements.

(v) Fair value disclosure:

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. The fair value of a liability reflects its non-performance risk.

Due to their short term nature, the amounts reflected in the financial statements for cash and cash equivalents, accounts receivable (excluding prepayments), related party balances, and accounts payable are considered to approximate to their fair values. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. The fair value of lease liabilities is assumed to approximate the carrying value as no discount on settlement is anticipated.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
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18. Financial instruments and risk management (continued)

(v) Fair value disclosure (continued):

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and those inputs have a significant effect on the instrument valuation. This category includes instruments that are valued based on prices for similar instruments for which significant adjustments or assumptions are made to reflect differences between the instruments.

19. Dividends

	December 2023 $'000	March 2023 $'000
Declared and paid:		
First quarter ended June 30, 2023 [(March 2023): June 30, 2022] :		
Ordinary - 21¢ (March 2023: 23¢)	1,019,424	1,116,512
Second quarter ended September 30, 2023 [(March 2023): [September 30, 2022)]:		
Ordinary – 19¢ (March 2023: 13¢)	922,336	631,072
Third quarter ended December 31, 2023 [(March 2023): [December 31, 2022)]:		
Ordinary – 23¢ (March 2023:19¢)	1,116,512	922,336
Fourth quarter ended March 31, 2023		
Ordinary – nil (March 2023: 23¢)	-	1,116,512
Total dividends to stockholders	3,058,272	3,786,432

20. Investment in subsidiary

The subsidiary and its own subsidiary company are incorporated in Jamaica, are as follows:

Name of company	Principal activity	Percentage of ordinary shares held by Company December 2023 %	Company March 2023 %	Subsidiary December 2023 %	Subsidiary March 2023 %
Sans Souci Development Limited and its subsidiary,	Dormant	-	100.00	-	-
Sans Souci Limited	Dormant	-	-	-	100.00

Pursuant to a resolution passed by the Board of Directors of San Souci Limited and in agreement with San Souci Development Limited on December 12, 2023, the following was agreed and approved to effectively immediately:

(a) repay capital reserves of $556,333 to the immediate parent

(b) repurchase the paid up share capital of $113,790

(c) The remaining funds on the bank account be used to make a dividend payment to the parent company

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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20. Investment in subsidiary (continued)

A resolution was also passed by the Board of Directors of the subsidiary, San Souci Development Limited in agreement with the company on December 12, 2023 to effectively immediately:

(a) repayment the intercompany balance payable to the company of $143,499
(b) repay capital reserves of $100,284,186
(c) repurchase the paid-up share capital of $1,400,000 from the company

No shares are therefore held in the subsidiary as at December 31, 2023.

The application for the companies to be struck off the register of the Companies Office of Jamaica is in progress.

It was agreed that in the event of any future tax liability of the components, these will be settled by the company with no recourse from the components.

The effect of the transaction is as follows:

	Company
Investment in subsidiary	15,549
Net distribution received, including share buy back	(102,423)
Net distribution	86,874

	Group
Net assets of subsidiary	102,423
Net distribution received	(102,423)
	-

21. Commitments

There were no capital commitments as at December 31, 2023 nor March 31, 2023.

22. Material accounting policies

Certain new and amended standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its financial statements. The adoption did not result in any changes to the amounts recognised or disclosed in these consolidated financial statements.

Set out below is an index of the significant accounting polices, the details of which are available on the pages that follows:

22. Material accounting policies (continued)

Certain new and amended standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its financial statements. The adoption did not result in any changes to the amounts recognised or disclosed in these consolidated financial statements

Set out below is an index of the significant accounting polices, the details of which are available on the pages that follows (continued):

(a) Basis of consolidation:

Subsidiaries are entities controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements combine the financial position of the company and its subsidiary as at December 31, 2023 and their results of operations and cash flows for the year then ended, after eliminating significant intra-group amounts. The company and its subsidiary are collectively referred to in the financial statements as “the Group”.

(b) Cash and cash equivalents:

Cash comprises cash in hand and demand and term deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. The amounts included are short-term fixed deposits with original maturity of less than 90 days.

(c) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses [see note 22(o)].

(d) Accounts payable:

Accounts payable are measured at amortised cost.

(e) Inventories:

Inventories comprising finished products are measured at the lower of cost, determined principally on the weighted average cost basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
Nine months ended December 31, 2023
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22. Material accounting policies (continued)

(f) Investment in subsidiary:

The company's investment in subsidiary is measured at cost less impairment.

(g) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity, that is, the group").

(i) A person or a close member of that person's family is related to the group if that person:

(a) has control or joint control over the group;

(b) has significant influence over the group; or

(c) is a member of the key management personnel of the group or of a parent of the group.

(ii) An entity is related to the group if any of the following conditions applies:

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

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

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

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

(e) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(f) The entity is controlled, or jointly controlled, by a person identified in (i).

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

(ii) An entity is related to the group if any of the following conditions applies (continued):

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

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

The company has related party relationships with its ultimate parent company, British American Tobacco plc (BAT) and other subsidiaries and affiliates of the BAT Group, its subsidiaries, directors and key management personnel and companies with common directors, and its pension schemes. "Key management personnel" comprises the group's leadership team which includes executive directors and specified senior officers.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material accounting policies (continued)

(h) Property, plant and equipment:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

With the exception of freehold land and work-in-progress, on which no depreciation is provided, property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of such assets, at the following annual rates:

Buildings	1.4% to 2.5%
Leasehold improvements	8% to 11%
Right-of-use-assets	9% to 14% and 63%
Machinery, furniture and equipment	3.3% to 33.3%
Motor vehicles	20% to 33.3%

The depreciation methods, useful lives and residual values are reassessed annually at each reporting date.

(i) Income tax:

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

(i) Current income tax:

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

(ii) Deferred income tax:

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

22. Material accounting policies (continued)

(i) Income tax (continued):

(ii) Deferred income tax (continued):

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss

- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

- Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(j) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. The group's monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaica dollars at the rates of exchange ruling at that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(k) Revenue recognition:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The group and company recognises revenue when it transfers control over a good or service to a customer.

Nature and timing of satisfaction of performance obligations, including significant payment terms

Revenue is recognised at a point in time in the amount of the price before tax on sales expected to be received by the group and company for the supply of goods, as contractual performance obligations are fulfilled,when the goods are delivered and have been accepted by the customers.

Invoices are usually payable within 7 to 45 days.

22. Material accounting policies (continued)

(l) Other operating income:

Other operating income is mainly comprised of interest income, gains on disposal of property, plant and equipment and refund of pension surplus.

(m) Leases:

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencementdate;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain to terminate early.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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22. Material accounting policies (continued)

(m) Leases (continued):

i. As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(n) Employee benefits:

Employee benefits comprising pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the group's and the company's post-employment benefits assets and obligations as computed by the actuary.

(i) Pension assets:

The group and company is participating employers in a pension scheme, the assets of which are held separately from those of the group and company, and remain under the full control of the appointed trustees.

The group's and company's net obligation in respect of its defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any scheme assets is deducted. To the extent that the obligation is less than the fair value of scheme assets, the asset recognised is restricted to the discounted value of unconditional future benefits available to the group and company in the form of any future refunds from the scheme or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The discount rate applied is the yield at the reporting date on long-term government instruments that have maturity dates approximating the terms of the group's and company's obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

22. Material accounting policies (continued)

(n) Employee benefits (continued):

(i) Pension assets (continued):

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group and company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in profit or loss as incurred.

(ii) Other post-retirement health and group life insurance benefits:

The group and company provides post-retirement health care and group life insurance benefits, which are not entitlements, to certain of its retirees. These benefits are usually conditional upon 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 a methodology similar to that for defined benefit pension plans and the present value of future benefits at the reporting date is shown as an obligation on the statement of financial position.

Actuarial gains and losses are recognised in a manner similar to the defined benefit pension plan.

(iii) Other employee benefits:

Employee leave entitlements are recognised as they accrue to employees. A provision is made for the estimated liability for vacation and sick leave, as a result of services rendered by employees up to the reporting date.

(o) Impairment:

Financial assets

The group and company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The group and company measures loss allowances at an amount equal to lifetime ECLs.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group and company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward looking information such as inflation, GDP, unemployment and foreign exchange.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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22. Material accounting policies (continued)

(o) Impairment (continued):

Financial assets (continued)

The group and company assumes that the credit risk on financial assets has increased significantly if it is more than 30 days past due.

The group and company recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to action such as realising security if any is held; or

- the financial asset is more than 180 days past due. Based on historical experience management deemed this to be appropriate.

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material accounting policies (continued)

(o) Impairment (continued):

Financial assets (continued)

Write-off (continued)

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Non- financial assets

The carrying amount of the group and company's non-financial assets (other than inventories and deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

(p) Determination of profit or loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

(q) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The group's and company's activities are limited to the distribution of cigarettes to Jamaican external consumers, operating in a single segment. There is no single customer to which 10% or more of the group's and company's sales are made. All non- current assets are located in Jamaica

(r) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents and accounts receivable. Similarly, financial liabilities mainly comprise accounts payable.

22. Material accounting policies (continued)

(r) Financial instruments (continued):

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

22. Material accounting policies (continued)

(r) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment (continued)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

The group's objective is to hold financial assets to collect contractual cash flows. In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The group's financial liabilities, which mainly comprise accounts payables is recognised initially at fair value.

Financial assets and liabilities – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

(iii) Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the asset.

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

22. Material accounting policies (continued)

(r) Financial instruments (continued):

(iii) Derecognition (continued)

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. There is no offsetting in the current or prior period.

(s) Fair value:

Definition of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

Determination of fair value:

The group's financial instruments lack an available trading market. The fair value of all financial instruments included in current assets and current liabilities are considered to approximate their carrying values, due to their short-term nature. The fair values of amounts due from and due to subsidiary companies are assumed to approximate carrying values.

(t) Dividends:

Dividends are recognised in the period in which they are declared.

23. Adoption of new and revised International Financial Reporting Standards

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the group and company have not early-adopted. The group and company has assessed them with respect to its operations and has determined that the following are relevant:

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)* is effective for periods beginning on or after January 1, 2024, with earlier application permitted. Amendments to IFRS 16 *Leases* impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

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Notes to the Financial Statements (Continued)
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23. Adoption of new and revised International Financial Reporting Standards (continued)

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (continued)*

  The amendments confirm the following:

  a) On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  b) After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

  The company is assessing the impact that this amendment will have on its future financial statements.

- *Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements*) is effective for periods beginning on or after January 1, 2024, with earlier application permitted. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an *unconditional right* to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.

  A company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.
  After reconsidering certain aspects of the 2020 amendments1, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.

  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

  The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)
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23. Adoption of new and revised International Financial Reporting Standards (continued)

- *Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements*) (continued)

  When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 *Financial Instruments: Presentation*. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

  The company is assessing the impact that this amendment will have on its future financial statements.

- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)* is effective for periods beginning on or after January 1, 2024, with earlier application permitted.

  The IASB's amendments apply to supplier finance arrangements that have all of the following characteristics.

  - A finance provider pays amounts a company (the buyer) owes its suppliers.
  - A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
  - The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

  The amendments do not apply to arrangements for financing receivables or inventory. The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

  The company is assessing the impact that this amendment will have on its future financial statements.

- *Lack of exchangeability (Amendments to IAS 21)* is effective for periods beginning on or after January 1, 2025, with earlier application permitted. Under IAS 21 *The Effects of Changes in Foreign Exchange Rates*, a company uses a spot exchange rate when translating a foreign currency transaction. However, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate.

  Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets.

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23. Adoption of new and revised International Financial Reporting Standards (continued)

- Lack *of exchangeability (Amendments to IAS 21) (continued)*

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Using an observable rate

A company can use an observable rate if that rate meets the estimation objective – i.e. the rate reflects that at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

When making this assessment, a company needs to consider:

- whether several observable exchange rates exist;
- the purpose for which the currency is exchangeable;
- the nature of the exchange rate; and
- the frequency with which exchange rates are updated.

Using another estimation technique

When estimating a spot rate, a company may use any observable exchange rate and adjust it as necessary. This includes using rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations. However, the technique used needs to meet the estimation objective.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable

The company is assessing the impact that this amendment will have on its future financial statements.