EVERYTHING FRESH LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2023

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INDEX

BDO

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Chartered Accountants
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Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Everything Fresh Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Everything Fresh Limited set out on pages 8 to 58, which comprise the group and the company's statements of financial position at 31 December 2023, and the group and the 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 significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of 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 group and 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 the IESBA Code.

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
Expected credit losses on trade receivables *See notes 3 (m)(iv) and 5 (c)(ii) to the financial statements for management's disclosures of related accounting policies* As at 31 December 2023, trade receivables, net of provision for credit losses amounted to $323 million or 25% of total assets of the group. An impairment provision of $2.8 million has been recognized by the group. The adequacy of the provision for credit losses on the group's trade receivables involves a high degree of estimation and judgement. The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.	The group's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard. This was achieved by: 1. We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. 2. We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management. The main macro factors used were compared to external public information, and calculations tested through recomputation. 3. We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of accounts receivable. Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
Transactions with related parties *See note 20 to the financial statements for management's disclosures of related accounting policies* A significant portion of the foreign purchases are made from a related party and as such these transactions could present a risk if not conducted at arm's length.	Our audit procedures included the following: 1. We verified that the transactions were approved in accordance with internal procedures including involvement of key personnel at the appropriate level; 2. We verified a sample of the purchases from the related party to determine that the transactions were made at reasonable market prices. Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.
Impairment Assessment of Goodwill *See notes 3(e), 4 and 16 of the consolidated financial statements* The carrying value of the group's goodwill may not be recoverable due to changes in the business and economic environment in which the subsidiary operates. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability. Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at 31 December 2023. We focused on this area as the goodwill impairment assessment requires significant management judgement and estimation.	Management's impairment assessment was tested by performing the following procedures, amongst others: 1. We obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the value in use of each cash generating unit (CGU). 2. We compared management's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. 3. We tested management's impairment testing model calculations for mathematical accuracy. Based on the audit procedures performed, no adjustments were made to the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
Accounting for business combinations (Group) *Refer to notes 3(b), 16 and 30 to the consolidated financial statements for disclosures of related accounting policies and balances.* On 1 June 2021 the company acquired 60% of the shareholding of Everything Fresh Bahamas Limited. On 27 April 2022 an additional 20% was acquired through the transfer for shares from a third party. Management assessed that the acquisition qualified as a business combination resulting in recognition of goodwill in the amount of $85.1 million. We focused on this area due to the nature of business combinations, the accounting requirements of which can be complex and require management to exercise judgment in determining certain estimates.	We evaluated the appropriateness of the accounting for the acquisition as a business combination and ensured it complied with management's accounting policies and the applicable accounting standards. We held discussions with management to understand and evaluate their basis for determining assumptions. This included evaluating the appropriateness of valuation methodologies utilised to derive the fair value of identified intangible assets and evaluating the reasonableness of the underlying valuation assumptions and inputs. We recalculated the goodwill, being the difference between the total net consideration and the fair values of the assets and liabilities acquired for mathematical accuracy. Based on the audit procedures performed, management's accounting, judgements and estimates relating to the business combination were not unreasonable.

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 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

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

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

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.

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group'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 group or the company to cease to continue as a going concern.

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

- 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 opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Everything Fresh Limited

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 kept, 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 Donna Hobson.

Chartered Accountants

11 March 2024

EVERYTHING FRESH LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
REVENUE	7	3,171,769	2,638,943
COST OF SALES		(2,492,950)	(2,102,724)
GROSS PROFIT		678,819	536,219
Other operating income	8	91	5,829
		678,910	542,048
EXPENSES:			
Administrative and other expenses		(498,606)	(397,941)
Selling and promotion expenses		(37,362)	(52,697)
		(535,968)	(450,638)
OPERATING PROFIT		142,942	91,410
Finance costs	11	(57,815)	(43,254)
PROFIT BEFORE TAXATION		85,127	48,156
Taxation	12	15,304	-
NET PROFIT FOR THE YEAR	13	100,431	48,156
OTHER COMPREHENSIVE INCOME:			
Item that will not be reclassified to profit or loss –			
Foreign currency translation adjustments		(657)	-
TOTAL COMPREHENSIVE INCOME		99,774	48,156
NET PROFIT ATTRIBUTABLE TO:			
Stockholders of the parent		98,677	42,575
Non-controlling interest		1,754	5,581
		100,431	48,156
TOTAL COMPRENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		98,151	42,575
Non-controlling interest		1,623	5,581
		99,774	48,156
EARNINGS PER STOCK UNIT	14	12.65¢	5.46¢

EVERYTHING FRESH LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	15	115,754	120,088
Intangible assets	16	85,625	85,574
Goodwill			
Right-of-use assets	17(a)	45,787	53,930
Deferred taxation	18	34,218	16,782
		281,384	276,374
CURRENT ASSETS:			
Inventories	21	576,892	541,320
Receivables	22	414,121	359,037
Related parties	20(c)	10,987	10,763
Taxation recoverable		521	506
Cash and short term deposit	23	165,767	73,984
		1,168,288	985,610
		1,449,672	1,261,984
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	24	364,850	364,850
Translation reserve		(526)	-
Retained earnings	25	99,190	513
Equity attributable to shareholders of the parent		463,514	365,363
Non-controlling interest	26	(806)	(2,429)
		462,708	362,934
NON-CURRENT LIABILITIES:			
Borrowings	27	87,994	108,603
Lease liabilities	17(b)	43,092	29,531
		131,086	138,134
CURRENT LIABILITIES:			
Borrowings	27	350,849	314,617
Payables	28	495,206	415,251
Taxation		2,132	
Lease liabilities - current portion	17(b)	7,691	31,048
		855,878	760,916
		1,449,672	1,261,984

Approved for issue by the Board of Directors on 11 March 2024 and signed on its behalf by:

Gregory Pullen
Chairman

Garret Gardner
Director

EVERYTHING FRESH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	No. of Shares '000	Translation Reserve $'000	Share Capital $'000	Retained Earnings $'000	Non-Controlling Interest $'000	Total $'000
BALANCE AT 1 JANUARY 2022	780,000	-	364,850	(39,737)	(11,379)	313,734
TRANSCTION WITH OWNERS						
Change in ownership interest in subsidiary	-	-	-	(2,325)	3,369	1,044
TOTAL COMPREHENSIVE INCOME						
Net profit for the year	-	-	-	42,575	5,581	48,156
BALANCE AT 31 DECEMBER 2022	780,000	-	364,850	513	(2,429)	362,934
TOTAL COMPREHENSIVE INCOME						
Net profit for the year	-	-	-	98,677	1,754	100,431
Other comprehensive income	-	(526)	-	-	(131)	(657)
	-	(526)	-	98,677	1,623	99,774
BALANCE AT 31 DECEMBER 2023	780,000	(526)	364,850	99,190	(806)	462,708

EVERYTHING FRESH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year		100,431	48,156
Adjustments for:			
Unrealised foreign exchange losses/ (gains)		4,186	(940)
Impairment allowance		118	10,531
Inventory impairment allowance		3,535	-
Depreciation	15	26,932	21,429
Depreciation-right-of-use assets	17(a)	27,017	35,458
Amortisation	16	88	882
Losses/(gains) on the disposal of property, plant and equipment	8	12	(186)
Property, plant and equipment translation Adjustment		(78)	-
Interest income	8	(61)	(82)
Interest expense	11	52,299	33,965
Interest-right-of-use assets	11	4,862	6,711
Taxation	12	(15,304)	-
		204,037	155,924
Changes in operating assets and liabilities:			
Inventories		(38,497)	(239,544)
Receivables		(56,089)	(109,077)
Payables		78,193	138,845
Related parties		(224)	(983)
Cash provided by/(used in) operating activities		187,420	(54,835)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		61	82
Purchase of shares in subsidiary	19	-	(155)
Proceeds from disposal of property, plant and equipment		376	500
Purchase of property, plant and equipment	15	(22,908)	(15,403)
Purchase of Intangible asset	16	(139)	(353)
Cash used in investing activities		(22,610)	(15,329)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(51,369)	(32,550)
Loans received	23	439,682	503,536
Loan repayments	23	(458,843)	(339,632)
Lease payments	17(b)	(33,550)	(46,088)
Cash (used in)/ provided by financing activities		(104,080)	85,266
INCREASE IN CASH AND CASH EQUIVALENTS		60,730	15,102
Exchange gain/(loss) on foreign cash balance		405	(530)
Cash and cash equivalents at beginning of year		(4,280)	(18,852)
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	56,855	(4,280)

EVERYTHING FRESH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
REVENUE	7	2,606,582	2,085,708
COST OF SALES		(2,036,838)	(1,667,298)
GROSS PROFIT		569,744	418,410
Other operating income	8	49	2,973
		569,793	421,383
EXPENSES:			
Administrative and other expenses		(407,748)	(320,462)
Selling and promotion expenses		(32,041)	(29,606)
		(439,789)	(350,068)
OPERATING PROFIT		130,004	71,315
Finance costs	11	(53,651)	(38,906)
PROFIT BEFORE TAXATION		76,353	32,409
Taxation	12	15,304	-
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	13	91,657	32,409

EVERYTHING FRESH LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	15	109,620	113,076
Intangible assets	16	504	453
Right-of-use assets	17(a)	45,787	46,531
Deferred taxation	18	34,218	16,782
Investment in subsidiary	19	59,248	59,248
		249,377	236,090
CURRENT ASSETS:			
Inventories	21	508,471	480,706
Receivables	22	367,829	310,225
Related parties	20(c)	10,987	10,763
Taxation recoverable		521	505
Cash and short term deposit	23	159,476	61,291
		1,047,284	863,490
		1,296,661	1,099,580
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	24	364,850	364,850
Retained earnings	25	75,436	(16,221)
		440,286	348,629
NON-CURRENT LIABILITIES			
Borrowings	27	87,994	108,603
Lease liabilities	17(b)	43,092	29,531
		131,086	138,134
CURRENT LIABILITIES:			
Borrowings	27	350,849	314,617
Payables	28	364,043	275,246
Taxation		2,132	-
Related party	20(c)	574	574
Lease liabilities - current portion	17(b)	7,691	22,380
		725,289	612,817
		1,296,661	1,099,580

Approved for issue by the Board of Directors on 11 March 2024 and signed on its behalf by:

Gregory Pullen
Chairman

Garret Gardner
Director

EVERYTHING FRESH LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	No. of Shares '000	Share Capital $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 JANUARY 2022	780,000	364,850	(48,630)	316,220
TOTAL COMPREHENSIVE INCOME				
Net profit for the year	-	-	32,409	32,409
BALANCE AT 31 DECEMBER 2022	780,000	364,850	(16,221)	348,629
TOTAL COMPREHENSIVE INCOME				
Net profit for the year	-	-	91,657	91,657
BALANCE AT 31 DECEMBER 2023	780,000	364,850	75,436	440,286

EVERYTHING FRESH LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year		91,657	32,409
Adjustments for:			
Unrealised foreign exchange losses/(gains)		4,186	(940)
Impairment allowance		(187)	(691)
Depreciation	15	25,027	19,948
Depreciation-right-of-use assets	17(a)	19,516	17,701
Amortisation	16	88	882
Loss/(gain) on the disposal of property, plant and equipment	8	12	(186)
Interest income	8	(61)	(82)
Interest expense	11	49,017	31,640
Interest-right-of-use assets	11	3,980	4,687
Taxation	12	(15,304)	-
		177,931	105,368
Changes in operating assets and liabilities:			
Inventories		(27,765)	(224,467)
Receivables		(59,450)	(99,402)
Payables		89,601	138,135
Related parties		(224)	(983)
Cash provided by/(used in) by operating activities		180,093	(81,349)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		61	82
Cash flow from acquisition of subsidiary		-	(155)
Proceeds from disposal of property, plant and Equipment		376	500
Purchase of property, plant and equipment	15	(21,959)	(15,403)
Purchase of intangible asset	16	(139)	(353)
Cash used in by investing activities		(21,661)	(15,329)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(48,087)	(30,225)
Loans received	23	439,682	503,536
Loan repayments	23	(458,843)	(339,632)
Lease payments	17(b)	(23,879)	(23,828)
Cash (used in)/provided by financing activities		(91,127)	109,851
INCREASE IN CASH AND CASH EQUIVALENTS		67,305	13,173
Exchange gain/(loss) on foreign cash balance		232	(316)
Cash and cash equivalents at beginning of year		(16,973)	(29,830)
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	50,564	(16,973)

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES**:

(a) Everything Fresh Limited ("the company") is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 78 Marcus Garvey Drive, Kingston 11. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activities of the company are the importation and distribution of dairy products, meats, seafood, fruits, vegetables and dry goods as well as the manufacture of meat products from its Bog Walk location. The company ceased operations at the Bog Walk location during 2022, but subsequently reopened in 2023 for storage and distribution.

(c) On 1 June 2021, the company acquired 60% of the shareholdings of Everything Fresh Bahamas Limited, a company incorporated in Bahamas. On 27 April 2022, an additional 20% stake was acquired, through the transfer of shares from a third party. The principal activities are the distribution of dairy products, meats, seafood, fruits, vegetables and dry goods.

The company and its subsidiary are referred to as "the Group".

2. **REPORTING CURRENCY:**

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the group's functional and presentation currency, unless otherwise stated.

3. **SIGNIFICANT ACCOUNTING POLICIES**:

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

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

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

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year

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

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2023). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver of breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments did not have a significant impact on the group.

Narrow scope amendments to IAS 1, 'Practice Statement 2 and IAS 8, (effective for accounting periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of these amendments did not have a significant impact on the group.

Amendments to IAS 12 (effective for accounting periods beginning on or after 1 January 2023). The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

The adoption of the above standards and interpretations did not have any significant impact on the group's financial statements.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretations not yet effective and not early adopted

The following amendments to standards which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

Amendments to IAS 1, 'Non-current Liabilities with Covenants', (deferred until accounting periods starting not earlier than 1 January 2024). These clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The adoption of these amendments is not expected to have a significant impact on the group.

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

(b) **Basis of consolidation**

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiary ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets acquired, and liabilities and contingent liabilities assumed are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

The group uses the audited financial statements of its subsidiary, Everything Fresh Bahamas Limited at 31 December 2023 for the purpose of consolidation.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(c) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(d) **Property, plant and equipment**

Items of property, plant and equipment are recorded at historical cost or deemed cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

Warehouse improvements	10 years
Fixtures and equipment	10 years
Motor vehicles	8 years
Cold storage rooms	10 years

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

(e) **Intangible assets**

Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the group's interest in net fair value of the identifiable assets and liabilities of the acquiree. Goodwill is tested at the end of each reporting period for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Intangible assets (cont'd)**

Computer software

Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Brand

Brand is recorded at cost and represents the value of the consideration paid to acquire a well established and recognised meat brand. The cost is amortised over the estimated useful life of the brand, which is three years.

(f) **Inventories**

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the first-in, first-out basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses.

(g) **Right-of-use asset**

Right-of-use assets are initially measured at an amount equal to the initial value of the lease obligation which is subsequently adjusted for the following items:

i) Any lease payments made at or before the commencement date, less any lease incentives received;

ii) Any initial direct costs incurred by the group;

iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the group has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

Right-of-use assets are depreciated using the straight-line method from the date of adoption to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets, which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(h) **Leases**

Leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less.

The lease obligation is measured at the present value of the contractual obligation, discounted using the interest rate implicit in the lease term, unless that rate is not readily determinable, in which case the group will use its incremental borrowing rate.

The lease term determined by the group comprises:

i) The non-cancelable period of lease contracts, including a rent-free period if applicable;

ii) Periods covered by an option to extend the lease if the group is reasonably certain to exercise that option;

iii) Periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option.

The commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the group. Lease payments included in the measurement of the lease obligation are comprised of the following:

i) Fixed lease payments, including in-substance fixed payments;

ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

iii) Amounts expected to be payable under a residual value guarantee;

iv) The exercise price of purchase options that the group is reasonably certain to exercise;

v) Lease payments in an option renewal period if the group is reasonably certain to exercise the extension option;

vi) Penalties for early termination of the lease unless the group is reasonably certain not to terminate early; and

vii) Less any incentive receivable.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(h) **Leases (cont'd)**

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. Having elected to do so, the group accounts for any lease and associated non-lease components as a single arrangement, which is permitted under IFRS 16.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is re-measured whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease. The revised carrying amount is amortised over the remaining lease term.

(i) **Revenue recognition**

Sale of goods

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 for goods supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods passes to the customer. Revenue is decreased by any trade discounts granted to customers.

For contracts that permit return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

The right to recover returned goods is measured at the former carrying amount of inventory less any expected cost to recover.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets, except goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(l) **Employee benefits**

Defined contribution plan

The company operates a defined contribution pension plan which is funded by employees' contribution of 5% -10% of salary and employer's contribution of 5%. Once the contributions have been paid, the company has no further obligations. Contributions are charged to the statement of profit or loss, in the year to which they relate.

(m) **Financial instruments**

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

Financial assets

(i) **Recognition and derecognition**

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the group. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The group derecognises a financial asset when the contractual rights to the cash flows from the 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 it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the group is recognised as a separate asset or liability.

(ii) **Classification**

The group classifies all of its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The group classifies its financial assets as those measured at amortised cost.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iii) **Measurement category**

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The group's financial assets measured at amortised cost comprise trade and other receivables, due from related parties and cash and short term deposit in the statement of financial position.

Cash and short term deposit includes cash at bank and in hand and short term deposit. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, short term deposit with original maturity of three months or less and credit card balances. Credit card balances are shown within borrowings under current liabilities in the statement of financial position.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iv) **Impairment**

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised.

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: trade and other payables, due to related party, borrowings and lease liabilities.

The group derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled.

(n) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

(o) **Dividend distribution**

Dividend distribution to the group's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the group's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(p) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(q) **Related parties**

A party is related to the group, if:

(i) Directly, or indirectly through one or more intermediaries, the party:

- (a) is controlled by, or is under common control with, the group;
- (b) has an interest in the group that gives it significant influence over the entity; or
- (c) has joint control over the group.

(ii) The party is an associate of the group;

(iii) The party is a joint venture in which the group is a venturer;

(iv) The party is a member of the key management personnel of the entity or its parent. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the group, including directors and officers and close members of the families of these individuals;

(v) The party is a close member of the family of any individual referred to in (i) or (iv);

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) The party is a post-employment benefit plan for the benefit of employees of the group, or of any entity that is a related party of the entity.

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

(r) **Segment reporting**

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. Each operating segment's operating results are reviewed regularly by the group's Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The group has identified the Managing Director as its CODM.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(s) **Investment in subsidiary**

Investment by the company in its subsidiary is stated at cost.

(t) **Earnings per share**

Earnings per share is calculated by dividing the operating results for the year by the number of shares in issue.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

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

(a) **Critical judgements in applying the group's accounting policies**

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

(b) **Key sources of estimation uncertainty**

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

(i) **Allowance for impairment losses on trade receivables**

Allowances for doubtful accounts are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the group segments its trade receivables in a matrix by days past due and determined for each age bracket 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 trade receivables.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(ii) **Income taxes**

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in statement of income through impairment or adjusted depreciation provisions.

(iv) **Net realizable value of inventories**

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

(v) **Assessment of goodwill impairment**

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3(e). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and discount rate. Any changes in these variables would impact the value in use calculations.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT:**

The group is exposed through its operations to the following financial risks:

Credit risk
Fair value or cash flow interest rate risk
Foreign exchange risk
Other market price, and
Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and short term deposit
- Trade and other payables
- Borrowings
- Due from/to related parties
- Lease liabilities

(b) **Financial instruments by category**

Financial assets

	Amortised cost			
	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Cash and short term deposit	165,767	73,984	159,476	61,291
Due from related parties	10,987	10,763	10,987	10,763
Receivables	341,930	339,671	300,302	291,283
Total financial assets	518,684	424,418	470,765	363,337

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Financial instruments by category (cont'd)**

Financial liabilities

	Amortised cost			
	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Payables	472,934	407,734	355,152	267,729
Borrowings	438,843	423,220	438,843	423,220
Lease liabilities	50,783	60,579	50,783	51,911
Total financial liabilities	926,560	891,533	844,778	742,860

(c) **Financial risk factors**

The Board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from transactions for sales, purchases and US dollar cash and bank balances. The group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Concentration of currency risk

The group is exposed to foreign currency risk in respect of US and Bahamian dollar as follows:

The Group

	US J$'000	BSD J$'000
31 December 2023		
Financial assets:		
Receivables	184,861	41,628
Cash and bank balances	137,343	6,291
Total financial assets	322,204	47,919
Financial liabilities:		
Payables	339,571	-
Borrowings	216,931	-
Lease liabilities	50,784	117,782
Total financial liabilities	607,286	117,782
Net financial position	(285,082)	(69,863)
31 December 2022		
Total financial assets	218,078	61,081
Total financial liabilities	(523,863)	(148,673)
Net financial position	(305,785)	(87,592)

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Concentration of currency risk (cont'd)

	The Company
	US J$'000
31 December 2023	
Financial assets:	
Receivables	184,861
Cash and bank balances	137,343
Total financial assets	322,204
Financial liabilities:	
Payables	339,571
Borrowings	216,931
Lease liabilities	50,784
Total financial liabilities	607,286
Net financial position	(285,082)
31 December 2022	
Total financial assets	218,078
Total financial liabilities	(523,863)
Net financial position	(305,785)

Foreign currency sensitivity

The following table indicates the sensitivity of loss before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated receivables, cash and bank balances, borrowings, lease liabilities and payable balances, and adjusts their translation at the year-end for 4% (2022 – 4%) depreciation and a 1% (2022 – 1%) appreciation of the Jamaican dollar against the US dollar and Bahamian dollar. The changes below would have no impact on other components of equity.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

The Group

Currency	% Change in Currency Rate 2023	Effect on Profit before Taxation 2023 $'000	% Change in Currency Rate 2022	Effect on Profit before Taxation 2022 $'000
USD	-4	(11,403)	-4	(12,231)
USD	+1	2,851	+1	3,058
BSD	-4	(2,795)	-4	(3,504)
BSD	+1	699	+1	876

The Company

Currency	% Change in Currency Rate 2023	Effect on Profit before Taxation 2023 $'000	% Change in Currency Rate 2022	Effect on Profit before Taxation 2022 $'000
USD	(11,403)	-4	-4	(12,231)
USD	2,851	+1	+1	3,058

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group is not exposed to market price fluctuations at the reporting date.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Cash flow and fair value 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.

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

The group is primarily exposed to cash flow interest rate risk on its short term deposits and long term borrowings.

Short term deposits and borrowings are the only interest bearing assets and liabilities respectively, within the group. The group's short term borrowings are due to mature within a year of the reporting date.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no significant exposure to interest rate risk on short term borrowings as these revolving loans are due to be repaid within 90 days of commencement.

A 0.25% increase/0.25% decrease (2022 – 1% increase/0.5% decrease) in interest rates on Jamaican long term borrowings and credit cards would result in a $555,000 increase and $555,000 decrease (2022 -$2,103,000 increase/$1,051,000 decrease) in the operating results of the group.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, related company balances and cash and bank balances.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of cash and short term deposit and trade and other receivables in the statement of financial position.

Cash and bank balances and short term deposit

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

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables

Revenue transactions in respect of the group's primary operations are done on a credit basis. The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

Expected credit losses on trade receivables

The impairment requirements of IFRS 9 are based on an Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities.

The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL's for trade receivables as at 31 December.

	The Group 2023		
Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Current (not past due)	31,342	1.00	313
1 - 30 days	270,105	0.06	160
31 – 60 days	11,676	0.20	23
61 – 90 days	1,791	1.90	34
91 days and over	11,188	20.45	2,288
Total	326,102		2,818

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables (cont'd)

Expected credit losses on trade receivables (cont'd)

The Group
2022

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Current (not past due)	24,679	1	247
1 - 30 days	263,802	0.3	679
31 – 60 days	12,623	0.8	94
61 – 90 days	5,383	2.8	148
91 days and over	12,216	12	1,515
Total	318,703		2,683

The Company
2023

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
1 - 30 days	266,255	0.02	64
31 – 60 days	11,335	0.05	6
61 – 90 days	1,507	0.40	6
91 days and over	3,363	21.64	729
Total	282,460		805

2022

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
1 - 30 days	248,587	0.1	299
31 – 60 days	11,315	0.3	29
61 – 90 days	4,711	1.7	81
91 days and over	7,557	7.7	583
Total	272,170		992

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables (cont'd)

Expected credit losses on trade receivables (cont'd)

Movements on the provision for expected credit losses are as follows:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
At 1 January	2,683	3,494	992	1,683
Adjustment for-				
Translation adjustment	627	(36)	-	-
Provision for expected credit losses	(492)	(775)	(187)	(691)
At 31 December	2,818	2,683	805	992
Recovered during the year	(187)	(606)	(187)	(691)
Receivables written off as uncollectable	305	11,137	-	7,487
Expected credit losses reported in profit or loss	118	10,531	(187)	6,796

(iii) **Liquidity risk**

Liquidity risk is the risk that the group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The group's liquidity risk management process, as carried out within the group and monitored by the Accounts Department, includes:

i) Monitoring future cash flows and liquidity on a daily basis.
ii) Maintaining a portfolio of short term investment balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
iii) Maintaining committed lines of credit.
iv) Optimising cash returns on investments.

Cash flows of financial liabilities

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

	The Group		
	Within 1 Year $'000	**1 to 5 Years $'000**	**Total $'000**
31 December 2023			
Borrowings - long term	32,630	90,860	123,490
Borrowings - short term	325,843	-	325,843
Payables	472,934	-	472,934
Lease liabilities	14,757	49,286	64,043
Total financial liabilities (contractual maturity dates)	846,164	140,146	986,310
31 December 2022			
Borrowings - long term	32,607	123,447	156,054
Borrowings - short term	291,137	-	291,137
Payables	407,734	-	407,734
Lease liabilities	31,997	42,954	74,951
Total financial liabilities (contractual maturity dates)	763,475	166,401	929,876

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Cash flows of financial liabilities (cont'd)

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

	The Company		
	Within 1 Year $'000	1 to 5 Years $'000	Total $'000
31 December 2023			
Borrowings - long term	32,630	90,860	123,490
Borrowings - short term	325,843	-	325,843
Payables	355,152	-	355,152
Lease liabilities	14,757	49,286	64,043
Total financial liabilities (contractual maturity dates)	728,382	140,146	868,528
31 December 2022			
Borrowings - long term	32,607	123,447	156,054
Borrowings - short term	291,137	-	291,137
Payables	267,729	-	267,729
Lease liabilities	23,329	42,954	66,283
Total financial liabilities (contractual maturity dates)	614,802	166,401	781,203

(d) **Capital management**

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

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the group is subject.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

6. **SEGMENT REPORTING:**

The group has two reportable segments which are based on geographical location. The identification of business segments, is based on the management and internal reporting structure. Segment results, include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Information regarding results of each reportable segment is included below.

	The Group 2023		
	Jamaica Division $'000	Bahamas Division $'000	Total $'000
Revenue	2,606,582	565,187	3,171,769
Non-current assets	215,159	6,134	221,293

	The Group 2022		
	Jamaica Division $'000	Bahamas Division $'000	Total $'000
Revenue	2,085,708	553,235	2,638,943
Non-current assets	219,308	14,411	233,719

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. **REVENUE:**

Revenue represents the price of goods sold and transferred to customers at a point in time after discounts and allowances.

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Hotel	1,761,797	1,465,720	1,649,368	1,344,548
Non-hotel	1,409,972	1,173,223	957,214	741,160
	3,171,769	2,638,943	2,606,582	2,085,708

8. **OTHER OPERATING INCOME:**

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Interest income	61	82	61	82
(Loss)/gain on the sale of property, plant and equipment	(12)	186	(12)	186
Rental income	-	2,705	-	2,705
Other	42	2,856	-	-
	91	5,829	49	2,973

9. **EXPENSES BY NATURE:**

Total direct, administrative, selling and other expenses:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Cost of inventories recognised as expense	2,492,950	2,102,724	2,036,838	1,667,298
Staff costs (note 10)	292,205	239,807	242,567	196,016
Directors' fees	2,090	1,600	2,090	1,600
Transportation and motor vehicle expenses	40,643	28,919	35,003	28,919
Advertising and promotion	5,615	2,803	5,615	2,803
Legal and professional fees	13,373	10,453	7,453	4,215
Insurance	7,621	5,786	7,292	5,473
Printing and stationery	3,053	1,813	3,053	1,813
Rental	12,898	175	-	175
Utilities and postage	45,378	40,195	40,953	36,793
Security	10,328	3,710	10,328	3,710
Other warehouse expenses	4,813	21,188	1,208	1,832
Auditors' remuneration	4,673	3,058	3,517	3,058
Foreign exchange loss/ (gain)	1,537	(2,315)	1,537	(2,315)
Expected credit losses	118	10,531	(187)	6,796
Repairs and maintenance	11,283	5,688	11,233	5,688
Depreciation	53,951	56,887	44,544	37,650
Amortisation	88	882	88	882
Other administrative expenses	26,301	19,458	23,495	14,960
	3,028,918	2,553,362	2,476,627	2,017,366

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. EXPENSES BY NATURE (CONT'D):

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cost of sales	2,492,950	2,102,724	2,036,838	1,667,298
Administrative expenses	498,606	397,941	407,748	320,462
Selling expenses	37,362	52,697	32,041	29,606
	3,028,918	2,553,362	2,476,627	2,017,366

10. STAFF COSTS:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Salaries and wages	187,137	152,987	139,600	111,148
Directors' remuneration	49,211	44,660	49,211	44,660
Statutory contributions	23,761	19,821	21,659	17,869
Pension costs (note 29)	7,539	6,411	7,539	6,411
Other	24,557	15,928	24,558	15,928
	292,205	239,807	242,567	196,016

The number of persons employed by the group at year end was 61 (2022 - 56).

11. FINANCE COSTS:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Processing fees	654	2,578	654	2,579
Interest expense -				
Bank overdraft	16	21	16	21
Loan interest	25,806	16,137	25,806	16,137
Lease liabilities (note 17(b))	4,862	6,711	3,980	4,687
Other	26,477	17,807	23,195	15,482
	57,815	43,254	53,651	38,906

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12. **TAXATION:**

(a) Taxation is computed on the operating results for the year, adjusted for tax purposes, and comprises:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current taxation	2,132	-	2,132	-
Deferred tax (note 18)	(17,436)	-	(17,436)	-
	(15,304)	-	(15,304)	-

(b) The tax on the operating results before taxation differs from using the applicable tax rate of 25% as follows:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Profit before taxation	85,127	48,156	76,353	32,409
Taxation calculated at applicable tax rate	21,282	12,039	19,088	8,102
Different tax rates in other jurisdiction	(2,194)	(3,937)	-	-
Adjusted for the effects of:				
Expenses not deducted for tax purposes	8,032	11,449	8,032	11,449
Net effect of other charges and credits	(42,424)	(19,551)	(42,424)	(19,551)
Taxation charge in the income statement	(15,304)	-	(15,304)	-

(c) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately $263,661,000 (2021 - $293,862,000) available for set off against future taxable profits. A deferred tax asset has been recognised in respect of these losses, to the extent that sufficient taxable profits will be generated in the future to utilize the losses. No deferred tax was recognised in the previous period.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12. **TAXATION (CONT'D):**

(d) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 22 June 2018. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

(e) The subsidiary operates in a corporate tax free jurisdiction.

13. **NET PROFIT:**

	2023 $'000	2022 $'000
Dealt with in the financial statements of:		
The company	91,657	32,409
Subsidiary	8,774	15,747
	100,431	48,156
Attributable to:		
Stockholders of the parent	98,677	42,575
Non-controlling interest	1,754	5,581
	100,431	48,156

14. **EARNINGS PER STOCK UNIT:**

Basic earnings per stock unit is calculated by dividing the operating results attributable to stockholders by the weighted average number of ordinary stock units in issue at year end.

	2023	2022
Net profit attributable to stockholders of the parent ($'000)	98,677	42,575
Weighted average number of ordinary stocks units ('000)	780,000	780,000
Basic earnings per stock unit (¢ per share)	12.65	5.46

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

15. **PROPERTY, PLANT AND EQUIPMENT:**

The Group

	Warehouse Improvements $'000	Cold Storage Rooms $'000	Fixtures & Equipment $'000	Motor Vehicles $'000	Total $'000
Cost-					
1 January 2022	20,870	101,716	60,028	30,439	213,053
Additions	13,691	299	1,413	-	15,403
Disposal	-	-	(833)	-	(833)
31 December 2022	34,561	102,015	60,608	30,439	227,623
Additions	16,427	-	6,481	-	22,908
Disposal	-	-	(1,122)	-	(1,122)
31 December 2023	50,988	102,015	65,967	30,439	249,409
Depreciation -					
1 January 2022	7,551	44,109	22,576	12,220	86,456
Translation adjustment	-	-	(39)	208	169
Charge for the year	1,929	10,194	6,213	3,093	21,429
Elimination on disposal	-	-	(519)	-	(519)
31 December 2022	9,480	54,303	28,231	15,521	107,535
Translation adjustment	-	-	-	(78)	(78)
Charge for the year	7,056	10,202	6,432	3,242	26,932
Elimination on disposal	-	-	(734)	-	(734)
31 December 2023	16,536	64,505	33,929	18,685	133,655
Carrying value -					
31 December 2023	34,452	37,510	32,038	11,754	115,754
31 December 2022	25,081	47,712	32,377	14,918	120,088

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

15. **PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

The Company

	Warehouse Improvements $'000	Cold Storage Rooms $'000	Fixtures & Equipment $'000	Motor Vehicles $'000	Total $'000
Cost-					
1 January 2022	20,870	101,716	55,648	25,004	203,238
Additions	13,691	299	1,413	-	15,403
Disposal	-	-	(833)	-	(833)
31 December 2022	34,561	102,015	56,228	25,004	217,808
Additions	16,427	-	5,532	-	21,959
Disposal	-	-	(1,122)	-	(1,122)
31 December 2023	50,988	102,015	60,638	25,004	238,645
Depreciation -					
1 January 2022	7,551	44,109	21,899	11,744	85,303
Charge for the year	1,929	10,194	5,670	2,155	19,948
Elimination on disposal	-	-	(519)	-	(519)
31 December 2022	9,480	54,303	27,050	13,899	104,732
Charge for the year	7,056	10,202	5,614	2,155	25,027
Elimination on disposal	-	-	(734)	-	(734)
31 December 2023	16,536	64,505	31,930	16,054	129,025
Carrying value -					
31 December 2023	34,452	37,510	28,708	8,950	109,620
31 December 2022	25,081	47,712	29,178	11,105	113,076

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

16. INTANGIBLE ASSETS:

The Group

	Goodwill $'000	Software $'000	Brand $'000	Total $'000
Cost -				
1 January 2022	85,121	8,285	100	93,506
Additions	-	353	-	353
31 December 2022	85,121	8,638	100	93,859
Additions	-	139	-	139
31 December 2023	85,121	8,777	100	93,998
Amortisation -				
1 January 2022	-	7,403	-	7,403
Charge for the year	-	882	-	882
31 December 2022	-	8,285	-	8,285
Charge for the year	-	88	-	88
31 December 2023	-	8,373	-	8,373
Carrying value -				
31 December 2023	85,121	404	100	85,625
31 December 2022	85,121	353	100	85,574

Goodwill –

Goodwill arose on the acquisition of Everything Fresh Bahamas Limited and is largely attributable to synergies and economies of scale. This arose from years of creation and maintenance of solid customer base, good customer relations and general business operations.

Impairment tests for goodwill –

The group determines whether goodwill is impaired at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may be impaired. In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the group. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over five years, however as a consequence to the COVID-19 pandemic, the group used a seven year projection to make allowance for an additional two years of recovery. The long-term growth rate is applied following the immediately following year, within a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

16. **INTANGIBLE ASSETS (CONT'D):**

	The Company		
	Software $'000	Brand $'000	Total $'000
Cost -			
1 January 2022	8,285	100	8,385
Additions	353	-	353
31 December 2022	8,638	100	8,738
Addition	139	-	139
31 December 2023	8,777	100	8,877
Amortisation -			
1 January 2022	7,403	-	7,403
Charge for the year	882	-	882
31 December 2022	8,285	-	8,285
Charge for the year	88	-	88
31 December 2023	8,373	-	8,373
Carrying value -			
31 December 2023	404	100	504
31 December 2022	353	100	453

The amortisation of the Brand was not material.

17. **LEASES:**

(a) **Right-of-use assets**

	The Group Land and building		The Company Land and building	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
1 January	53,930	79,041	46,531	53,383
Addition	18,772	10,849	18,772	10,849
Depreciation charge for the year	(27,017)	(35,458)	(19,516)	(17,701)
Translation adjustment	102	(502)	-	-
31 December	45,787	53,930	45,787	46,531

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

17. **LEASES (CONT'D):**

(b) **Lease liabilities**

	The Group Land and building		The Company Land and building	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
1 January	60,580	89,687	51,911	60,204
Addition	18,771	10,848	18,771	10,848
Interest expense	4,862	6,711	3,980	4,687
Lease payments	(33,550)	(46,088)	(23,879)	(23,828)
Translation adjustment	120	(579)	-	-
31 December	50,783	60,579	50,783	51,911
Less: current portion	(7,691)	(31,048)	(7,691)	(22,380)
	43,092	29,531	43,092	29,531

(c) **Amounts recognized in statement of profit or loss**

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Depreciation – right-of-use assets	27,017	35,458	19,516	17,701
Interest on lease liability (note 11)	4,862	6,711	3,980	4,687
	31,879	42,169	23,496	22,388

(d) **Contractual undiscounted cash flows maturity analysis**

The contractual undiscounted lease liability cash flows maturity analysis is disclosed under liquidity risk in the financial risk management note 5(c)(iii).

(e) **Nature of leasing activities (in the capacity as lessees)**

The company leases the property from which the head office operates (Marcus Garvey Drive) as well as the property from which the meat division operated. Although the meat division ceased operations, the company has continued with the lease and has repurposed the location. The lease contract of the Marcus Garvey Drive property provides for payments to increase each year by 7½% at the beginning of each year. The lease contract for the Bog Walk property provides for payments to increase by 10% after the first two years of the lease, which would thereafter remain in effect for the term of the lease.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

18. DEFERRED TAX:

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	The Group and the Company	
	2023	2022
	$'000	$'000
Net asset at beginning of year	16,782	16,782
Credited to Income Statement (note 12)	17,436	-
Net asset at end of year	34,218	16,782

Deferred tax asset is due to the following items:

	The Group and the Company	
	2023	2022
	$'000	$'000
Deferred income tax assets/(liabilities):		
Property, plant and equipment	620	4,190
Intangible asset	(10)	-
Right-of-use asset	(5,725)	(728)
Lease liability	6,348	1,955
Accrued Interest	293	-
Tax loss carried forward	32,692	11,365
	34,218	16,782

The deferred tax movement for the prior year was not material, hence no entry was booked.

19. INVESTMENT IN SUBSIDIARY:

On 1 June 2021, the company acquired 60% of the shareholding of Everything Fresh Bahamas Limited through the conversion of a long term loan to the company of $59,093,000. A further 20% stake was acquired on 27 April 2022 for $155,000, through the transfer of shares from a shareholder.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. RELATED PARTY TRANSACTIONS AND BALANCES:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
(a) **Transactions between the company and its related companies**				
Purchases of goods - Quality Produce & Groceries Inc.	1,424,293	1,436,728	1,068,700	1,111,774
Lease payments - Treco Enterprise Limited	11,285	22,260	-	-
Repairs and maintenance - Treco Enterprise Limited	-	2,934	-	-
(b) **Key management compensation**				
(included in staff costs note 10):				
Key management includes executive Directors and senior managers Salaries and other short-term	110,392	98,165	101,224	88,939
employee benefits				
Directors' emoluments				
Fees	2,090	1,600	2,090	1,600
Management remuneration (included above)	61,920	57,391	53,102	48,165

(c) **Year-end balances arising from transactions with related parties**

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Short term-				
Jamaica's Finest Produce Limited	3,400	3,400	3,400	3,400
Quality Investments Limited	1,485	1,187	1,485	1,187
Directors	6,102	6,176	6,102	6,176
	10,987	10,763	10,987	10,763

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(c) **Year-end balances arising from transactions with related parties (cont'd)**

The terms of payments of the short term balances are unspecified.

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Due to -				
Quality Produce & Groceries Inc. (included in trade payables)	304,686	267,477	194,873	150,240
Everything Fresh Bahamas Limited	-	-	574	574

21. **INVENTORIES:**

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Goods for resale	450,598	423,597	382,177	362,983
Goods-in-transit	126,294	117,723	126,294	117,723
	576,892	541,320	508,471	480,706

22. **RECEIVABLES:**

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade receivables	326,102	318,703	282,460	272,170
Less: provision for expected credit losses	(2,818)	(2,683)	(805)	(992)
	323,284	316,020	281,655	271,178
Other receivables	90,837	43,017	86,174	39,047
	414,121	359,037	367,829	310,225

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

23. CASH AND CASH EQUIVALENTS:

	The Group		The Company	
	2023	2022	2023	2027
	$'000	$'000	$'000	$'000
Cash and short term deposit -				
Cash in hand	667	296	345	244
Local currency accounts	19,738	28,361	15,847	28,361
Foreign currency accounts	137,343	43,686	137,343	32,067
Short term deposit	8,019	1,641	5,941	619
	165,767	73,984	159,476	61,291
Short term borrowings -				
Credit card balances (note 27)	(108,912)	(78,264)	(108,912)	(78,264)
	56,855	(4,280)	50,564	(16,973)

The short term deposit has an original maturity of 90 days.

Interest rate exposure

	The Group and the Company	
	2023	2022
	%	%
Weighted average interest rate -		
Bank account – local	0.15	0.15
Bank accounts – foreign	0.07	0.07
Short term deposit	0.99	0.99

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank loans, excluding credit card balances.

	The Company	
	2023	2022
	$'000	$'000
At 1 January	344,956	184,354
Cash -		
Loans received	439,682	503,536
Loans repaid	(458,843)	(339,632)
Non-cash –		
Foreign exchange loss/(gain)	4,136	(3,302)
At 31 December (note 27)	329,931	344,956

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

24. SHARE CAPITAL:

	2023 $'000	2022 $'000
Authorised -		
1,000,000,000 (Ordinary shares of no par value)		
Stated capital –		
Issued and fully paid -		
780,000,000 ordinary shares of no par value	364,850	364,850

25. RETAINED EARNINGS:

	2023 $'000	2022 $'000
Reflected in the financial statements of:		
The Company	75,436	(16,221)
Subsidiary	23,754	16,734
	99,190	513

26. NON-CONTROLLING INTEREST:

The table below shows the summarised financial information for Everything Fresh Bahamas Limited that has non-controlling interest:

	2023 $'000	2022 $'000
Statement of financial position		
Total assets	127,806	137,839
Total liabilities	(131,836)	(149,983)
Net liabilities	(4,030)	(12,144)
Attributable to non-controlling interest	(806)	(2,429)
Statement of comprehensive income		
Revenue	(565,187)	(553,235)
Profit for the period, being total comprehensive income	8,117	15,747
Profit attributable to non-controlling interest	1,754	5,581
Other comprehensive income attributable to non-controlling interest	(131)	-
	1,623	5,581

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

27. BORROWINGS:

	The Group and the Company	
	2023	2022
	$'000	$'000
Composition of borrowings		
Long term –		
Jamaica Money Market Brokers Limited		
Long term portion	111,568	130,000
Less: Current portion	(24,291)	(22,824)
	87,277	107,176
First Global Bank Limited		
Long term portion	1,433	2,083
Less: Current portion	(716)	(656)
	717	1,427
	87,994	108,603
Short term –		
Credit card balances (note 23)	108,912	78,264
Other loans		
(i) First Global Bank Limited	217,646	213,529
(ii) Jamaica Money Market Brokers Limited	24,291	22,824
	241,937	236,353
	350,849	314,617

(i) The First Global Bank Limited loan was initially issued on 1 November 2019. The balance represents credit facilities of US$200,000, US$393,000, USD$300,000, USD$400,000 and US$107,000. The loans are repayable over 180 days and attract a current variable interest rate of 6.95%, per annum. The company also has a motor vehicle loan with the variable rate of 8.5% per annum repayable over 4 years. The loans are secured as follows:

- General security agreement over 2017 Toyota Hiace Panel Van.
- Deed of Assignment of Policy Assurance (Personal) for J$20,000,000 on the life of Courtney Pullen held at Sagicor Life Jamaica Limited.
- Debenture over the assets of Everything Fresh Limited stamped to cover J$58,752,000 and US$400,000.
- Assignment of all payments due from GK Foods and Services Limited with business name Hi-Lo Food Stores Limited.
- Unlimited guarantee of Courtney Pullen, Melene Pullen, Garret Gardner and Nesha Carby.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

27. **BORROWINGS (CONT'D):**

(ii) The Jamaica Money Market Brokers Limited loan issued on 8 November 2022 is at current variable interest rate of 7.5% per annum repayable over 5 years. The loan is secured by stock holdings owned by a related party, Quality Investments Limited, on behalf of the company.

28. **PAYABLES:**

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade payables	457,896	384,434	340,114	258,736
Other accounts payable and accrued charges	37,310	30,817	23,929	16,510
	495,206	415,251	364,043	275,246

29. **PENSION PLAN:**

The company operates a defined contribution pension plan which is administered by Sagicor Life Jamaica Limited and is open to permanent employees.

The plan is funded by the company's and employees' contributions. The company's contributions to the plan are expensed and amounted to $7,539,000 for the year (2022 – $6,411,000).

30. **BUSINESS COMBINATION:**

On 1 June 2021, the company acquired 60% of the shareholding of Everything Fresh Bahamas Limited through the conversion of a related party loan.

In accordance with IFRS 3, Business Combinations, the transaction was accounted for using the acquisition method. The estimated initial goodwill was computed under this methodology.

The company converted long term loan of $59,093,000 to investment in subsidiary. The amount is deemed the purchase consideration. There was no cash outflow.

EVERYTHING FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

30. **BUSINESS COMBINATION (CONT'D):**

Details of the net liabilities acquired, purchase consideration and goodwill at the acquisition date are as follows:

	$'000
Net liabilities arising on the acquisition:	
Cash and cash equivalents	7,593
Inventories	30,328
Receivables	51,834
Right-of-use assets	35,164
Property, plant and equipment	9,815
Lease liabilities	(39,544)
Payables	(138,525)
Fair value of net liabilities acquired	(43,335)
Non-controlling interest	(17,307)
Goodwill (note 16)	85,121
Purchase consideration settled in cash	-
Cash and cash equivalents in business acquired	7,593
Cash inflow on acquisition	7,593