CONSOLIDATED BAKERIES (JAMAICA)LIMITED
FINANCIAL STATEMENTS
DECEMBER 31, 2023

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CONSOLIDATED BAKERIES (JAMAICA) LIMITED
DECEMBER 31, 2023

Independent Auditor's Report

To the Members of Consolidated Bakeries (Jamaica) Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Consolidated Bakeries (Jamaica) Ltd. ("the Company") set out on pages 6 to 36, which comprise the statements of financial position as at December 31 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

During the current year audit there were no area which we consider to be a key audit matter.

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Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on additional matters as required by the Jamaican Companies Act

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

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

Bogle

BOGLE & COMPANY
Chartered Accountants
Kingston, Jamaica
March 28, 2024

Appendix to the Independent Auditor's report

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

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

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

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

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

Consolidated Bakeries (Jamaica) Ltd.

Statement of Financial Position

As at December 31 2023

	Note	2023 $	2022 $
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	6	851,413,410	786,283,060
TOTAL NON-CURRENT ASSETS		851,413,410	786,283,060
CURRENT ASSETS			
Inventories	7	96,122,395	78,509,701
Trade and other receivables	8	113,506,780	115,123,260
Financial Investments	9	21,610,072	27,443,770
Cash & cash equivalents	10	44,793,644	71,829,646
TOTAL CURRENT ASSETS		276,032,891	292,906,377
TOTAL ASSETS		1,127,446,301	1,079,189,437
EQUITY			
Share Capital	11	90,726,664	90,726,664
Capital Reserve		20,825,532	20,825,532
Revaluation Reserve		537,342,437	537,342,437
Other Comprehensive Income		11,636,975	11,636,975
Retained Earnings		49,323,515	36,349,497
TOTAL EQUITY		709,855,123	696,881,105
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	12	165,622,973	135,591,144
Deferred tax liabilities	13	9,673,003	9,711,719
TOTAL NON-CURRENT LIABILITIES		175,295,976	145,302,863
CURRENT LIABILITIES			
Borrowings	12	87,814,861	51,289,307
Trade Payables		139,939,943	176,197,762
Accruals		14,540,398	5,634,442
Current Tax Liability		-	3,883,958
TOTAL CURRENT LIABILITIES		242,295,202	237,005,469
TOTAL LIABILITIES		417,591,178	382,308,332
TOTAL LIABILITIES AND EQUITY		1,127,446,301	1,079,189,437

Approved by the Board of Directors on March 28, 2024 and signed on its behalf by:

/Director

Nicola Chang Murphy /Director

The accompanying notes form part of these financial statements.

Consolidated Bakeries (Jamaica) Ltd.

Statement of Profit or Loss and Comprehensive Income

For year ended December 31 2023

	Note	2023	2022
		$	$
Revenue		1,515,272,359	1,366,346,871
Cost of Goods Sold	16	(920,995,750)	(829,469,053)
Gross Profit		594,276,609	536,877,818
Administration Expenses	17	(274,472,643)	(266,258,251)
Selling and distribution	18	(246,242,640)	(203,448,935)
Depreciation & Amortisation	6	(41,215,213)	(35,571,233)
		(561,930,496)	(505,278,419)
(Loss)/Profit from operations		32,346,113	31,599,399
Finance Cost	20	(19,667,893)	(16,269,561)
Other Revenue	21	4,586,996	2,400,335
		(15,080,897)	(13,869,226)
Profit before income tax		17,265,216	17,730,173
Income tax expense	22(a)	(4,291,198)	(3,845,202)
Profit after income tax		12,974,018	13,884,971
Other comprehensive income			
Those that might be reclassified to profit or loss in subsequent periods			
Unrealised Gain on Investment		-	783,279
Total comprehensive income for the year		12,974,018	14,668,250
Earnings per Share		0.06	0.06

The average number of shares in issue for the year is 222,709,171 (2022: 222,709,171)

Consolidated Bakeries (Jamaica) Ltd.

Statement of Changes in Equity

For the Year Ended December 31 2023

	Share Capital	Revaluation Reserve	Capital Reserve	Other Comprehensive Income	Retained Earnings	Total
	$	$	$	$	$	$
Balance as at 1 January 2022	90,726,664	537,342,437	20,825,532	10,853,696	22,464,526	682,212,855
Comprehensive Income						
Profit for the year					13,884,971	13,884,971
Other comprehensive income for the year	-	-	-	-	783,279	783,279
Total comprehensive income for the year	-	-	-	-	14,668,250	14,668,250
Unrealised gain on investment	-	-	-	783,279	(783,279)	-
Total other	-	-	-	783,279	(783,279)	-
Balance as at December 31 2022	90,726,664	537,342,437	20,825,532	11,636,975	36,349,497	696,881,105
Balance as at 1 January 2023	90,726,664	537,342,437	20,825,532	11,636,975	36,349,497	696,881,105
Comprehensive income						
Profit for the year					12,974,018	12,974,018
Total comprehensive income for the year	-	-	-	-	12,974,018	12,974,018
Balance as at December 31 2023	90,726,664	537,342,437	20,825,532	11,636,975	49,323,515	709,855,123

The accompanying notes form part of these financial statements.

Consolidated Bakeries (Jamaica) Ltd.

Statement of Cash Flows

For the Year Ended December 31 2023

	Note	2023 $	2022 $
Cash flow from operating activities			
(Loss)/Profit before income tax		17,265,216	17,730,173
Items not affecting cash resources:			
Depreciation		41,215,213	35,571,233
		58,480,429	53,301,406
- (increase)/decrease in inventories		(17,612,694)	(11,077,670)
-decrease in tax recoverable		848,639	-
- (increase)/decrease in trade and other receivables		1,616,480	(4,882,559)
Taxes Paid		(7,767,876)	-
- increase/(decrease) in trade payables and accruals		(28,646,498)	80,901,909
Net cash inflow from operating activities		6,918,480	118,243,086
Cash flow from investing activities			
Purchase of property, plant and equipment		(106,345,563)	(63,046,492)
Financial Investments		5,833,698	1,077,852
Net cash (outflow) from investing activities		(100,511,865)	(61,968,640)
Cash flow from financing activities			
New Loan		113,469,284	50,000,000
Loan Repayment		(46,911,901)	(49,572,801)
Net cash inflow from financing activities		66,557,383	427,199
Net increase in cash held		(27,036,002)	56,701,645
Cash and cash equivalents at beginning of financial year		71,829,646	15,128,001
Cash and cash equivalents at end of financial year	10	44,793,644	71,829,646

The accompanying notes form part of these financial statements.

1 Reporting Entity

Consolidated Bakeries (Jamaica) Ltd. ("the company")

a) The Company is incorporated under the Jamaican Companies Act and is a subsidiary of Chang Brothers Limited which is a Jamaican Company incorporated under the Jamaican Companies Act.

b) Stock exchange listing
The Company had its application to the Junior Stock Exchange approved after its successful public share offer of ordinary shares in December 2012.

c) Activities
The main activities of the Company are the manufacture and wholesale and retail sale of edible baked products.

2 Basis of Preparation

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

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

3 Functional and presentation currency

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

4 Summary of Significant Accounting Policies

(a) Property, Plant and Equipment

This Standard shall be applied in accounting for property, plant and equipment except when another Standard requires or permits a different accounting treatment.
The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) It is probable that future economic benefits associated with the item will flow to the entity; and
(b) The cost of the item can be measured reliably

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

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

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

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

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

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

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

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

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

Computer Equipment	20.0%
Motor Vehicle	12.5%
Fixture & Equipment	10.0%
Plant machinery and equipment	10.0%
Building	2.5%

4 Summary of Significant Accounting Policies (cont'd)

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

Land is not depreciated.

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

(b) Inventories

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

(c) Trade and Other Receivables

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

(i) Impairment

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

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

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

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

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

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

4 Summary of Significant Accounting Policies (cont'd)

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

(i) Impairment (cont'd)

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

(ii) *Measurement of ECLs*

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

(iii) *Credit-impaired financial assets*

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

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

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

(d) Cash and Cash Equivalents

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

a. **Financial Investments**

These assets are classified at fair value through profit or loss and are measured at fair value, and any changes therein, including any interest or dividend income, are recognised in profit or loss.

4 Summary of Significant Accounting Policies (cont'd)

(f) Borrowing Costs

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

(g) Related party disclosures

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

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:
(i) has control or joint control of the reporting entity;
(ii) has significant influence over the reporting entity; or

(b) An entity is related to a reporting entity if any of the following conditions applies:
(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

4 Summary of Significant Accounting Policies (cont'd)

(h) Trade and Other Payables

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

(i) Foreign Currency Transactions and Balances

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

(j) Revenue and Other Income

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

i. Sale of goods

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

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

4 Summary of Significant Accounting Policies (cont'd)

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

ii. Interest Income

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

iii. Rental Income

The Company recognises rental income on a straight-line basis over the period covered under the lease terms. The lease is categorised as a short-term lease.

(k) Employee Benefits

i. Pension plan

The company contributes towards defined contribution retirement savings plans which were purchased from Sagicor Life Limited. Employees who opt to join the plan, contribute up to 20% of gross basic salaries to their plans and the Company contributes 5%. In 2021, a total of $4,556,784 (2022: $4,113,177) company contributions were recognised as an expense in the statement of Profit or Loss

ii. (ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) Leases

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

4 Summary of Significant Accounting Policies (cont'd)

(m) Fair value measurement

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

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

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

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

(n) Taxation

(i) Current tax

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

4 Summary of Significant Accounting Policies (cont'd)

(n) Taxation (cont'd)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

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

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

(o) Share Capital

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

4 Summary of Significant Accounting Policies (cont'd)

(p) Comparative Figures

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

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

5 Financial Instruments: Disclosures

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

(a) Credit risk

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

	2023	2022
	$	$
Financial Assets		
Cash & cash equivalents	44,793,644	71,829,646
Trade and other receivables	113,506,780	115,123,260
Financial Liabilities		
Trade Payables	(136,269,824)	(167,356,061)
Borrowings	(87,814,861)	(51,289,307)

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

Trade receivables

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

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

5 Financial Instruments: Disclosures (cont'd)

(a) Credit risk (cont'd)

On 31 December 2023, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

	2023	2022
	$	$
Jamaica	59,341,421	50,700,971
	59,341,421	50,700,971

On 31 December 2023, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

	2023	2022
	$	$
Wholesale customers	53,407,279	50,613,702
End-user customers	5,934,142	87,269
	59,341,421	50,700,971

The ageing of trade receivables that were past due but not impaired as at 31 December 2023 is as follows.

	2023	2022
	$	$
Past due 1- 30 days	44,528,809	36,731,976
Past due 31- 90 days	11,898,980	9,680,136
Over 90 days	2,913,632	4,288,859
	59,341,421	50,700,971

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2023.

	Gross carrying amount	weighted average loss rate	Impairment loss allowance
Low risk	50,599,193	2.0%	1,008,576
Medium risk	2,913,632	16.2%	471,962
High risk	5,828,597	100.0%	5,828,597
	59,341,421		7,309,134

5 Financial Instruments: Disclosures (cont'd)

(a) Credit risk (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022.

	Gross carrying amount	weighted average loss rate	Impairment loss allowance
Low risk	36,731,976	2.3%	844,835
Medium risk	9,680,136	4.9%	471,962
High risk	4,288,859	100%	4,288,859
	50,700,971		5,605,656

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations for its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management which the company uses includes maintaining sufficient cash and marketable securities.
For this purpose, liquid assets include cash and bank balances, which are readily converted into cash within three months.

	2023	**2022**
	$	**$**
Current Assets	276,032,891	292,906,377
Current Liabilities	242,295,202	237,005,469
	1.14%	1.24%

The liquid asset ratio at the end of the year as 31 December 2023 was 1.14:1 (2022: 1.24:1). There has been no change to the company's exposure to liquidity risk or the manner in which it manages and measures the risk

5 Financial Instruments: Disclosures (cont'd)

(b) Liquidity risk (cont'd)

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

Balance as at December 31 2023

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
	$	$	$	$	$	$
Borrowings	43,772,716	8,145,432	33,354,446	152,796,653	20,400,000	258,469,247
Trade and other payables	129,650,617	-	-	-	-	129,650,617
	173,423,333	8,145,432	33,354,446	152,796,653	20,400,000	388,119,864

(c) Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations.

The company incurs risk in a currency other than the Jamaican dollar. The currency giving rise to this risk is the United States dollar.

This risk arises from future commercial transactions and recognised assets and liabilities.

Currency exposure arising from the Company's financial assets and liabilities denominated in the relevant foreign currencies.

5 Financial Instruments: Disclosures (cont'd)

(c) Currency risk (cont'd)

Balance as at December 31 2023	JMD $	US $	CAN $	Total $
Financial Assets				
Trade and other receivables	113,506,780	-	-	113,506,780
Financial Investments	-	21,610,072		21,610,072
Cash	20,202,941	24,544,942	45,761	44,793,644
Total financial assets	133,709,721	46,155,014	45,761	179,910,496
Financial Liabilities				
Borrowings	253,437,834	-	-	253,437,834
Trade and other payables	154,480,341	-	-	154,480,341
Total financial liabilities	407,918,175	-	-	407,918,175
Net financial position	(274,208,454)	46,155,014	45,761	(228,007,679)

The following table indicates the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for the 5% devaluation and 3% appreciation of the Jamaican dollar. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on net profit shown below is the total of the individual sensitivities done for each of the assets/liabilities.

	% Change in Currency rate 2023	Effect on Equity 2023 $	Effect on Net Profit 2023 $
Currency:			
USD – Positive	3	(461,550)	(1,398,497)
USD – Negative	(5)	2,307,751	2,192,363

5 Financial Instruments: Disclosures (cont'd)

(d) Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company makes use of it is working capital facilities, this has remained unchanged from 2022.

The capital structure of the Company consists of net debt (borrowings as detailed in note 12 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings as detailed in the Statement of Changes in Equity). Total capital is calculated as 'equity' plus net debt.

Consistent with others in the industry, the Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total equity and debt.

	2023	2022
	$	$
Interest-bearling borrowings	184,368,556	186,880,451
Less: cash and bank	(44,793,644)	(71,829,646)
Net Debt	139,574,912	115,050,805
Total Equity	709,891,402	696,917,384
Capital and net debt	849,466,314	811,968,189
Gearing ratio	16.43%	14.17%

(e) Fair value measurements

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act. This is best evidenced by a quoted market price. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

The carrying values of short-term financial assets and liabilities are reasonable estimates of their fair values because of the short-term maturity of these instruments. Short-term financial assets comprise cash and cash equivalents, trade and other receivables and amounts due from related companies. Short-term financial liabilities comprise trade, due to related parties, payables and long-term financial liabilities comprise of loans.

The carrying value of loans with variable interest rates approximates fair value as interest rates approximate market rates. The fair value of loans with fixed rates is estimated to approximate its carrying value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. The fair value for the amount due to the parent company approximates its carrying value.

5 Financial Instruments: Disclosures (cont'd)

(e) Fair value measurements (cont'd)

	2023 Fair Value	2023 Carrying Value	2022 Fair Value	2022 Carrying Value
	$	$	$	$
Financial assets				
Cash & cash equivalents	44,793,644	44,793,644	71,829,646	71,829,646
Trade receivables	52,032,287	52,032,287	45,095,315	45,095,315
Owed by Related Parties	27,666,739	27,666,739	27,556,559	27,556,559
Financial liabilities				
Borrowings excluding bank overdraft	184,368,556	184,368,556	186,880,451	186,880,451
Trade payables	129,650,617	129,650,617	168,961,983	168,961,983

6 Property, plant & equipment

	Land and Buildings	Plant, machinery & equipment	Furniture, Fixtures & Fittings	Motor Vehicles	Computer equipment	Total
	$	$	$	$	$	$
Cost/Valuation						
Balance as at 1 January 2022	507,856,287	249,233,116	20,038,520	186,233,840	34,160,584	997,522,347
Additions	6,080,958	15,397,010	2,327,539	36,405,902	2,835,083	63,046,492
Balance as at December 31 2022	513,937,245	264,630,126	22,366,059	222,639,742	36,995,667	1,060,568,839
Additions	7,131,677	48,677,381	2,289,851	45,684,962	2,561,692	106,345,563
Disposals	-	-	-	(1,356,392)	-	(1,356,392)
Balance as at December 31 2023	521,068,922	313,307,507	24,655,910	266,968,312	39,557,359	1,165,558,010
Accumulated Depreciation						
Balance as at 1 January 2022	13,036,373	104,796,816	9,046,438	79,551,360	32,283,559	238,714,546
Depreciation expense	3,225,351	14,453,112	1,227,133	15,605,963	1,059,674	35,571,233
Balance as at December 31 2022	16,261,724	119,249,928	10,273,571	95,157,323	33,343,233	274,285,779
Depreciation expense	3,393,735	16,857,280	1,394,684	18,197,752	1,371,762	41,215,213
Disposals	-	-	-	(1,356,392)	-	(1,356,392)
Balance as at December 31 2023	19,655,459	136,107,208	11,668,255	111,998,683	34,714,995	314,144,600
December 31 2023	501,413,463	177,200,299	12,987,655	154,969,629	4,842,364	851,413,410
December 31 2022	497,675,521	145,380,198	12,092,488	127,482,419	3,652,434	786,283,060

Land

The total value of land as at December 31 2023 is $361,021,000 (2022 : $361,021,000). Land is not depreciated.

7 Inventory

	2023	2022
	$	$
Current		
At net realisable value:		
Raw materials	9,542,011	13,251,636
Packaging materials & spares	46,832,204	35,277,160
Finished goods	29,918,536	23,330,590
Other inventory	9,829,644	6,650,315
Total Inventories	96,122,395	78,509,701

In 2023, inventories of $729,619,564 (2022: 686,121,289) were recognized as an expense during the year and included in "Cost of Goods Sold"

Inventories have been reduced by 277,147 (2022, Nil) as a write down to net realizable value. This write down was recognized as an expense during 2023.

The write-downs are included in "Cost of Goods Sold"

8 Trade and other receivables

	2023 $	2022 $
Current		
Trade receivables	59,341,421	50,700,971
Less: Provision for Doubtful Accounts	(7,309,134)	(5,605,656)
	52,032,287	45,095,315
Owed by Related Parties	27,666,739	27,556,559
Prepayments	32,067,311	29,672,163
Deposits	490,825	-
Staff Loans and Advances	171,333	9,110,166
Tax Recoverable	848,639	-
Other receivables	229,646	3,689,057
Total trade and other receivables	113,506,780	115,123,260

a. **Credit Risk and market risk, and impairment losses.**
Information about the company's exposure to credit and market risks and impairment losses for trade and other receivables is included in note 5(a)

b. **Significant write off of receivables.**
During the current year, the company made a total of $3,187,701 in direct write-offs of receivables. These are receivables which the company has determined that it is more probable than not that the amounts will be collected.

9 Other Financial Assets

	2023 $	2022 $
Current		
Financial assets at fair value through Other Comprehensive Income	21,610,072	27,443,770
Total current assets	21,610,072	27,443,770

Financial assets at fair value through other comprehensive income

	2023 $	2022 $
NCB Cap xB Fund	-	23,696,906
NCB Cap xM Fund	-	3,746,864
Jamaica Money Market Brokers	21,610,072	-
Financial assets at FVOCI	21,610,072	27,443,770

During the current year, the company encashed its investments with NCB Capital markets. This was used to purchase both investments in Barita and JMMB. The above investment has been restricted as part of the collateral for a new loan which was taken out.

10 Cash & cash equivalents

	2023 $	2022 $
Cash and cash equivalents		
Cash on hand	9,162,193	9,162,193
Bank accounts (Jamaican Dollars)	11,040,748	19,298,010
Bank accounts (United States Dollars)	1,612,876	1,703,357
Bank accounts (Canadian Dollars)	45,761	44,949
	21,861,578	30,208,509
Short Term Investments	22,932,066	41,621,137
Total cash and cash equivalents	44,793,644	71,829,646

Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2023 $	2022 $
Cash and cash equivalents	44,793,644	71,829,646
Balance as per statement of cash flows	44,793,644	71,829,646

11 Share capital

	2023	2022
Authorised ordinary shares at no par value	427,260,000	427,260,000
Number of issued ordinary shares of no par value	222,709,171	222,709,171
	$	$
Total value of ordinary shares issued and fully paid for at no par value	90,726,664	90,726,664

12 Borrowings

	2023	2022
	$	$
Current		
Secured liabilities:		
National Commercial Bank Jamaica Limited	78,218,329	51,289,307
Jamaica Money Market Brokers	9,596,532	-
	87,814,861	51,289,307
Total current borrowings	87,814,861	51,289,307
Non-current		
Secured liabilities:		
National Commercial Bank Jamaica Limited	146,186,919	135,591,144
Jamaica Money Market Brokers	19,436,054	-
	165,622,973	135,591,144
Total non-current borrowings	165,622,973	135,591,144
Total Borrowings	253,437,834	186,880,451

12 Borrowings (cont'd)

a) Terms and repayment schedule

	Interest rate	Year of Maturity	Carrying Value 2023	Carrying Value 2022
	%		$	$
National Commercial Bank Jamaica Limited				
-Promissory Note	-	2024	40,000,000	-
-Secured Loan	7.00	2026	19,200,000	25,800,000
-Secured Loan	7.50	2027	1,500,080	1,807,118
-Secured Loan	7.00	2027	93,043,499	106,804,298
-Secured Loan	7.50	2028	2,561,916	3,088,033
-Secured Loan	7.50	2028	9,352,903	11,227,410
-Secured Loan	7.50	2028	7,647,169	8,886,531
-Secured Loan	10.00	2023	-	20,511,740
-Secured Loan	9.00	2026	6,662,990	8,755,321
-Secured Loan	10.50	2033	44,400,000	-
Jamaica Money Market Brokers Limited				
-Secured Loan	12.00	2026	4,022,309	-
-Secured Loan	9.00	2026	7,024,743	-
-Secured Loan	8.00	2028	18,022,225	-
			253,437,834	186,880,451

Security

a) National Commercial Bank

a. First mortgage over commercial property at 2F Valentine Drive/ 111 Red Hills Road, Kingston 19. Valued on September 24, 2012. Current market value US$3.6Million, forced sale value US$2.88 Million registered and stamped to cover J$174.1 Million.

   Assignment of adequate FEH Insurance.

b. Legal Mortgage over commercial property at 2F Valentine Drive/111 Red Hills Road, Kingston 19. Valued on September 24, 2012. Current market value US$3.6 Million, forced sale value US$2.88 Million registered and stamped to cover J$40 Million.

   Assignment of adequate FEH Insurance.

c. Directors' Guarantee Stamped for J$75.5 Million and US$30,000

12 Borrowings (cont'd)

Security (cont'd)

b) JMMB

- Demand Bill of sale of 2023 Toyota Corolla Cross registered in the name of the Consolidated Bakeries (Jamaica) Limited. Chassis MR2KZAAGXP0062783. Engine 2ZRZ006198.
- Assignment of comprehensive Insurance policy for the full replacement value of the motor vehicle with JMMB Bank's interest noted as mortgage.

13 Deferred tax

	2023 $	2022 $
Current		
Current Tax Liability	-	(3,883,958)
	-	(3,883,958)
Non-current		
Deferred tax liability		
Property, plant and equipment - tax allowance	14,002,918	14,890,276
Future income tax benefits attributable to tax losses	(4,329,915)	(5,178,557)
	9,673,003	9,711,719

14 Related Party Transactions

	2023	2022
	$	$
Poly Cello Packaging	19,571,739	19,461,559
Other Related Parties	8,095,000	8,095,000
	27,666,739	27,556,559

All transactions between Consolidated Bakeries (Jamaica) Ltd. And the related companies have been transacted at arm's length.

Related Party Net movement

	2023	2022
	$	$
Advances made to Poly Cello	110,180	-
	110,180	-

15 Key Management Personnel Compensation

	2023	2022
	$	$
Director's fees	1,635,000	1,565,000
Director management remuneration	26,613,767	21,035,829
	28,248,767	22,600,829

16 Cost of Goods Sold

	2023	2022
	$	$
Salaries and related expenses	145,901,098	103,907,048
Purchases	729,619,564	686,121,289
Repairs and maintenance	16,363,527	13,433,891
Equipment rental	3,683,442	3,759,360
Transportation	6,789,988	3,743,148
Fuel	16,494,771	14,714,621
Other	2,143,360	3,789,696
	920,995,750	829,469,053

17 Administrative Expense

	2023	2022
	$	$
Salaries and related expenses	103,330,364	102,926,092
Bank Charges	4,156,416	5,736,639
Security	15,041,050	12,386,190
Insurance	19,123,277	16,067,579
Utilities	32,608,644	36,707,690
Traveling and motor vehicle expenses	12,086,733	20,335,705
Director's fees	1,635,000	1,565,000
Director management remuneration	26,613,767	21,035,829
Repairs and Maintenance	2,968,654	7,622,408
Office supplies	4,441,431	4,835,811
Office and Space Rental	8,059,545	3,791,342
Auditor's Remuneration	2,400,000	2,200,000
Professional Fees	18,767,492	13,556,505
Other Expenses	23,240,270	17,491,461
	274,472,643	266,258,251

18 Selling and distribution

	2023	2022
	$	$
Salaries and related expense	127,715,169	107,208,820
Sales Contractors	24,884,363	24,475,668
Travelling and motor vehicle expenses	61,114,004	45,564,818
Repairs and Maintenance expense	2,244,121	60,818
Office and Space rental	-	127,129
Advertising and Promotion	29,605,983	25,249,171
Other expenses	679,000	762,511
	246,242,640	203,448,935

19 Staff Costs

	2023	2022
	$	$
Staff Salaries	315,781,785	261,993,804
Statutory Expense	39,309,186	30,862,297
Staff Welfare	17,298,876	17,072,682
Pension	4,556,784	4,113,177
Total Staff Related Costs	376,946,631	314,041,960

Staff costs have been allocated between Cost of Goods Sold (COGS), Selling and Distribution expense and administrative expenses.

20 Finance Cost

	2023	2022
	$	$
Loan Interest	19,667,893	16,269,561
	19,667,893	16,269,561

21 Other Revenue

	2023	2022
	$	$
Interest	2,558,760	2,514,959
Realised gain/(loss) on foreign	(1,055,043)	(5,549,702)
Gain/loss on Disposal of Assets	2,300,000	(114,624)
	3,803,717	(3,149,367)

22 Tax Expense

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

	Note	2023	2022
		$	$
Current tax		(4,329,914)	(3,883,918)
Deferred tax	13	38,716	38,716
Income tax expense for the year		(4,291,198)	(3,845,202)

(b) Tax reconciliation

	2023	2022
	$	$
Tax on (loss)/profit at 25% (2022: 25%)	4,316,304	4,597,115
Add tax effect of:		
non-allowable items	10,285,513	-
Deferred Tax Adjustment	-	4,750,304
	10,285,513	4,750,304
Less tax effect of:		
Tax adjustments and credits	5,941,988	5,502,217
Loss brought forward	4,329,915	-
Deferred tax adjustment	38,716	-
	10,310,619	5,502,217
Income tax attributable to the entity	4,291,198	3,845,202
The applicable weighted average effective tax rates are as follows:	24.85%	20.77%

Transfer pricing

Transactions between Consolidated bakeries and related parties have been valued at the regular market rate.

23 Auditor's Remuneration

	2023	2022
	$	$
Remuneration of the auditor of the entity for:		
auditing or reviewing the financial statements	2,400,000	2,200,000
	2,400,000	2,200,000

24 Short-term and Low cost leases

The Company has rental agreements for properties in Mandeville and Montego Bay for a 12-month period. These are deemed short term rental agreements. The Company also leases equipment as needed on a short-term basis.