EPPLEY
LIMITED

2023
ANNUAL REPORT

58 HALF WAY TREE ROAD • KINGSTON, JAMAICA, W.I. • 1-876-929-8450 • 1-876-929-1074

EPPLEY
LIMITED

Contents

2023
Financial Highlights

Net Profit
$507 million

Dividends Paid
$222 million

Stockholders' Equity
$2.1 billion

Investment Portfolio
$6.0 billion

Interest Income
$427 million

Asset Management Income
$317 million

Eppley is a growing, diverse Caribbean investment company that has a track record of producing high and consistent returns for our shareholders.

Our investment strategy is focused on private markets in credit, mezzanine, real estate and infrastructure.

Letter To Shareholders

FELLOW SHAREHOLDERS,

Eppley produced earnings per share of $2.64 in 2023, an 82% return for shareholders.[1]

We have now grown our earnings by a compound average annual growth rate of 38% in our 11 years as a public company and produced compounded average annual returns to shareholders of over 32% during this period.[2]

In 2023, Eppley recorded the highest profits in our history. The financials reflected consolidation of the Eppley Caribbean Property Fund – Development Fund and the impact of the gain on bargain purchase from the acquisition.

Our Business

Eppley is an investment company founded on the principle that addressing inefficiencies in Caribbean financial markets produces attractive returns with low risk.

We focus on private markets instead of marketable securities like stocks and bonds. As a result, Eppley invests in credit, mezzanine, real estate and infrastructure. These asset classes have less competition and reward our comparative advantages of originating, negotiating, structuring and financing transactions. Unlike in public markets where size is the enemy of performance, in private markets these advantages grow as we scale.

We apply a consistent investment discipline across all asset classes. In every investment decision, we determine whether the prospective returns outweigh the risk of loss with an adequate margin of safety. We have cultivated a culture and built an investment process to manage risk carefully but also to act decisively.

In addition to making investments on our own account, Eppley increasingly makes investments on behalf of investors in the Caribbean Mezzanine Fund, the Eppley Caribbean Property Fund and the Capital Infrastructure Group. By combining our proprietary portfolio with our business of administering and managing these vehicles, Eppley has built a diverse regional investment company with consistently high returns on capital.

We are privileged to have a loyal group of like-minded shareholders which include retail investors, high net worth individuals and some of the largest institutions in the Caribbean. We distribute the vast majority of Eppley's returns to these shareholder "partners" in the form of consistent, reliable dividends each year.

1 Based on the cost basis of $3.21 per share which assumes an investor subscribed in the IPO and fully participated in the rights issue. Last year's return on average equity was 40.9%.

2 Eppley's ordinary shares were listed on the JSE in July 2013. In the preceding year, its net profit was $15.1 million. In 2023, Eppley's net profit was $507.3 million. Returns to shareholders includes dividends and the appreciation in the market value of Eppley's ordinary shares

Letter to Shareholders (Cont'd)

Our Portfolio

At the end of 2023, our proprietary investment portfolio was J$6.0 billion. A summary of our portfolio is outlined in the following table.

PORTFOLIO SUMMARY

	Investment assets, millions
Cash and bonds	1,404
Insurance premium financing	19
Loans	1,174
Leases [3]	1,935
Mezzanine [4]	372
Real Estate [5]	1,180
Infrastructure [6]	346
Asset management [7]	334
Total	6,764
Non-Controlling Interests	(738)
Total Attributable to owners of the company	**6,024**

Cash and Bonds

Eppley has ample liquidity to manage risk and to take advantage of new opportunities. The size of our cash balance usually remains high by industry standards. This generally weighs down Eppley's returns but protects our business in times of uncertainty. It also ensures that we have adequate "dry powder" to deploy in new investments.

At the end of 2023, we held J$1.38 billion in cash and owned J$25 million of bonds. Additionally, we had a J$400 million committed financing facility that was completely undrawn. Collectively, this gave Eppley over $1.8 billion of liquidity. Based on our pipeline, we expect to deploy most of this liquidity in 2024.

Leases

Eppley is one of the largest commercial lessors in Jamaica. We own a large fleet of hundreds of cars, trucks and other forms of commercial equipment which we rent or lease mainly to manufacturing, distribution and industrial businesses. Eppley originates leases directly as well as through our deep relationships with equipment suppliers which depend on us to make their products more affordable.

Commercial Credit

Eppley provides credit mostly to large, well-known businesses in Jamaica that rely on us to provide tailored solutions when traditional financing is not readily available or fit for purpose.

[3] Includes $308 million of GCT receivables related to our lease portfolio.
[4] Reflects our investment in the non-participating and participating preference shares of the Caribbean Mezzanine Fund.
[5] Includes our investment in Eppley Caribbean Property Fund, Eppley Caribbean Property Fund – Development Fund and our interest in Retirement Road Holdings II Limited.
[6] Reflects our investment in North Star Development (Water) Jamaica Limited
[7] Includes our investment in the managers preference shares and ordinary shares of the Eppley Caribbean Property Fund and the Caribbean Mezzanine Fund.

Letter to Shareholders (Cont'd)

As value investors, Eppley thinks fundamentally and commercially about how best to serve our clients while managing default risk. Eppley's lean decision-making structure also allows us to provide exceptional service.

Mezzanine

Mezzanine investments sit between debt and equity in a company's capital structure. When structured properly, mezzanine investments can offer investors the upside of equity with many of the downside protections of debt. Eppley is an investor in the Caribbean Mezzanine Fund which in turn owns a portfolio of mezzanine investments.

Real Estate

Eppley owns commercial real estate across the Caribbean through its investment in the Eppley Caribbean Property Fund and in a joint venture which controls a parcel of development land in Cross Roads. Eppley's' real estate portfolio also includes the consolidation of real estate of the Eppley Caribbean Property Fund – Development Fund. Our real estate holdings give Eppley income as well as long-term capital appreciation.

Infrastructure

Eppley manages and owns a 25% ownership stake in North Star.[8] North Star is the owner and operator of a well, pump, storage and pipeline system that has been the exclusive provider of drinking water to the University of the West Indies Mona Campus since 2016. Like Eppley's real estate holdings, our infrastructure investments provide a source of stable income with additional long-term upside. Eppley has also formed Capital Infrastructure Group Limited a joint venture with Jamaica Producers Group Limited to broaden its infrastructure mandate across the Caribbean.

Insurance Premium Financing

Eppley was a pioneer in the insurance premium financing market. More recently however, we've modified our focus away from serving personal lines customers to working mostly with insurers and large corporate clients. Eppley conducts this and all other consumer facing loans through its licensed microcredit subsidiary, Eppley Consumer Finance Limited.

Asset Management

Eppley's asset management business is made up mostly of the Eppley Caribbean Property Fund, the Caribbean Mezzanine Fund and the Capital Infrastructure Group.

In the last seven years Eppley has grown this business from scratch. Today, our assets under management exceeded US$130 million and our investors include some of the most prominent institutions in the region as well as thousands of individual investors.

[8] North Star Development Jamaica (Water) Limited

Letter to Shareholders (Cont'd)

The Eppley Caribbean Property Fund ("ECPF") is the largest listed real estate mutual fund in the Caribbean. In separate cells, ECPF owns thirty-nine (39) or approximately 1.1 million square feet of retail, office, BPO and industrial buildings in Jamaica, Barbados and Trinidad and a diverse collection of residential and land assets in the Eastern Caribbean.

The Caribbean Mezzanine Fund II ("CMF II") is a successor to CMF I, the first mezzanine credit fund in the English-speaking Caribbean. CMF II is co-managed by Eppley and NCB Capital Markets.

The Capital Infrastructure Group, managed with our partners Jamaica Producers, has a mandate to invest in infrastructure assets across the Caribbean and is mainly funded by a large anchor commitment from NCB Capital Markets. CIG has partnered with Vinci to build a large new water treatment plant in Jamaica which will supply Kingston, Portmore and Spanish Town.

Eppley's asset management businesses provide us with a stable, recurring stream of permanent income as well as the opportunity to participate alongside our investors.

Financial Performance

Eppley earned $507 million of net profits in 2023 or a 112% increase compared to the J$239 million earned in the prior year. The outturn for 2023 is the highest ever achieved by the company.

The financial performance for 2023 reflects consolidation of the Eppley Caribbean Property Fund – Development Fund and the impact of the gain on bargain purchase from the acquisition.

Interest income fell mainly due to repayments of loans and factoring facilities during the period coupled with higher interest expenses and penalties associated with early repayments of maturities during the year.

The sum of asset management fee income and fees and other income increased by 15% to J$327 million in 2023. The growth in asset management fee income is in line with our strategy of increasing fee income from managing or administering assets in our real estate, mezzanine and infrastructure strategies. This provides stability as our asset management income alone can cover our interest expenses.

Fee and other income increased to $171 million from $91 million in 2023, driven by increases in Eppley's fees and dividend income, as well as foreign exchange gains.

Administrative expenses increased by 35% to J$328 million in 2023 from J$243 million in 2022. Our expenses increased in line with our strategic objectives to invest heavily in our people and focus on investor relations.

Letter to Shareholders (Cont'd)

Eppley's assets grew 25% to J$7.0 billion in 2023 from J$5.6 billion in 2022, as the 2023 financials reflect the consolidation of the Eppley Caribbean Property Fund – Development Fund.

Our consolidated equity position attributable to owners of the company also increased significantly to J$1.38 billion as a result of the acquisition of the Development Fund shares. As at December 31st, 2023 Eppley's borrowings were 3.2x its shareholder's equity.

During 2023 we focused on maintaining sufficient levels of liquidity, optimising our liability structure and actively managing our various portfolios to increase our earnings power. Our expenses increased in line with our decision to invest heavily in our people and focus on investor relations in line with our strategic objectives. These initiatives have been critical in Eppley's ability to navigate the challenging financial markets we encountered in 2023.

Dividends

Eppley paid ordinary dividends of $0.052 per share in the last three quarters of 2023. In the first quarter of 2024, the Board also declared a dividend of $1.17 per share. Consistent with our dividend policy, Eppley has now distributed the vast majority of its 2023 profit to shareholders excluding the gain on bargain purchase, unrealized gains on our investments and non-recurring income. Subject to the Board's discretion, we aim to maintain this dividend policy in 2024.

Outlook

Eppley enters 2024 with momentum, increased scale and significant liquidity.

We expect regional financial markets to be increasingly choppy and characterized by tighter credit conditions, particularly in Jamaica. Our expectations are that interest rates will remain higher for longer than the current consensus.

Eppley is designed to flourish in these market environments. As such in 2024 we expect Eppley to encounter attractive opportunities to deploy the "dry powder" we've accumulated. While it's unlikely that the bargain purchase gain we reflected in 2023 will be repeated, our expectation is that Eppley's core investment returns will grow.

Our focus in 2024 will also be on investing in our team and ensuring that they have the tools they need to scale our business. While this is likely to depress near team earnings, it is critical to building long-term value of for shareholders.

Cordially,

P.B. Scott
Chairman

Nicholas A. Scott
Vice Chairman

[9] Based on Eppley Limited's borrowings of J$4.445 billion and shareholders' equity attributable to owners of J$1.385 billion as of December 31, 2023.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting of EPPLEY LIMITED ("the Company") will be held at 1:00pm on September 25, 2024 at 58 Half Way Tree Road for the shareholders to consider, and if thought fit, to pass the following resolutions:

1. To receive the report of the Board of Directors and the audited accounts of the Company for the financial year ended December 31, 2023

2. To authorize the Board of Directors to reappoint PricewaterhouseCoopers as the auditors of the Company, and to fix their remuneration.

3. To reappoint the following Directors who have resigned by rotation in accordance with the Articles of Incorporation and being eligible have consented to act on reappointment.
   a. P.B. Scott
   b. Keith Collister
   c. Alexander Melville

4. To authorise the Board of Directors to fix the remuneration of the Directors.

5. To approve the aggregate amount of interim dividends declared by the Board in respect of the financial year ended December 31, 2023 being $222,493,354.80 or $1.1560 per ordinary share, as the final dividend for that year.

Dated this 29th day of April 2024 by order of the Board of Directors.

P.B. Scott
Chairman

Directors' Report

The Directors are pleased to present their report for EPPLEY LIMITED for the financial year ended December 31, 2023

Financial Results

The Statement of Comprehensive Income for the Company shows pre-tax profit of $525.1 million and net profit for the year of $507.3 million. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the Company are set out in the Annual Letter to Shareholders and the Financial Statements which are included as part of this Annual Report.

Directors

The Directors of the Company as at December 31, 2023 were: P.B. Scott, Nicholas Scott, Melanie Subratie, Sharon Donaldson, Jennifer Scott, Keith Collister, Byron Thompson, Maxim Rochester, Alexander Melville and Justin Nam.

The Directors to retire by rotation in accordance with the Articles of Incorporation are P.B. Scott, Keith Collister, and Alexander Melville but being eligible will offer themselves for reelection.

Auditors

The auditors of the Company, PricewaterhouseCoopers of Scotiabank Centre, Duke Street, Kingston, Jamaica have expressed their willingness to continue in office. The Directors recommend their reappointment.

On behalf of the Board of Directors,

P.B. Scott
Chairman

Directors

Paul B. Scott
Chairman

Mr. P.B. Scott is the Chairman of Eppley Limited. Mr. Scott is also Chairman, Chief Executive Officer and the principal shareholder of the Musson Group. His chairmanship extends to all of Musson's subsidiaries and affiliates; namely Seprod Limited, Productive Business Solutions Limited, General Accident Insurance Company, Facey Group Limited and T. Geddes Grant (Distributors) Limited. He serves as the Chairman of the Development Bank of Jamaica and is a former President of the Private Sector Organization of Jamaica. In 2017 he received the Order of Distinction Commander Class for his service to the business community in Jamaica and the Caribbean. In 2023 he received the Order of Jamaica for his contributions to Jamaica's economic development and outstanding leadership in the business sector.

Nicholas A. Scott
Vice Chairman

Mr. Nicholas Scott is the Vice Chairman of Eppley Limited. Mr. Scott is also the Chief Investment Officer of the Musson Group and a Director of Musson and most of its major subsidiaries and affiliates. Mr. Scott is the Chairman of the Student Loan Bureau and a former Vice-President of the Private Sector Organization of Jamaica. Mr. Scott formerly worked as an investment banker at Morgan Stanley and the Blackstone Group. He holds a B.Sc. in Economics from the Wharton School at the University of Pennsylvania, an M.B.A. from Columbia Business School and an M.P.A. from the Harvard Kennedy School of Government.

Justin Nam
General Manager

Mr. Justin Nam is the General Manager of Eppley. Mr. Nam is responsible for managing the credit, real estate and infrastructure investments owned by Eppley and the funds it manages throughout the Caribbean totalling over US$130 million. These funds include the Eppley Caribbean Property Fund, Caribbean Mezzanine Fund and Capital Infrastructure Group. He is a key member of the team charged with structuring solutions to the strategic capital needs of Eppley and these Funds. Mr. Nam is a director of Eppley and a number of its subsidiaries and affiliated companies and is also a former member of the Finance and Investment Committee of the Board of the National Housing Trust. He also served on the Investment

Directors (Cont'd)

Management Review Commission for the National Insurance Fund. Mr. Nam has been involved in the financial sector for two decades. Prior to joining Eppley, Mr. Nam held senior management roles in the financial sectors in Jamaica and Trinidad and Tobago. He holds an MBA from The University of Warwick, an undergraduate degree in Economics (Hons.) from the University of Western Ontario, and has completed executive training at the Wharton School at the University of Pennsylvania.

Melanie Subratie

Mrs. Melanie Subratie is the Deputy Chairman of Musson (Jamaica) Limited and is the Chairman and CEO of Felton Property Management and Stanley Motta Limited, the owner of the largest IT park in the English-speaking Caribbean. Additionally, she is the Executive Chairman of the Musson Foundation and the Seprod Foundation, and she is the Vice Chairman of General Accident Insurance Company Ltd. and T. Geddes Grant (Distributors) Ltd. Mrs. Subratie is also a Director of Facey Group, Interlinc Limited, Eppley Limited, PBS Group and all its subsidiaries, Seprod Ltd and all its subsidiaries. As an angel investor, Mrs. Subratie is also a Director of First Angels and Bookfusion Ltd. Mrs. Subratie holds a B.Sc. (Hons) from the London School of Economics.

Jennifer Scott

Mrs. Jennifer Scott is an attorney at Clinton Hart & Co. She holds a B.Sc. (Hons) in Psychology from Newcastle University, United Kingdom and later gained a Graduate Diploma in Legal Studies from Keele University, a Certificate of Legal Practice from the College of Law, London and was admitted as a Solicitor of Supreme Court of England and Wales. She attended Norman Manley Law School, and was admitted as an attorney-at-law of the Supreme Court of Jamaica.

Sharon E. Donaldson

Ms. Sharon Donaldson has been the Managing Director for General Accident since 2001. In addition to her responsibilities at General Accident, Ms. Donaldson serves as a Director of Musson and Eppley. She is a Director of 138 Student Living, Jamaica Environment Trust, and Paramount Trading Jamaica and is a former member of the Jamaica Anti-Doping Commission. Ms. Donaldson holds an L.L.B from the University of London and an M.B.A. from University of Wales.

Directors (Cont'd)

Max Rochester

Max Rochester is the former Territory Partner at PricewaterhouseCoopers in Jamaica. Currently, Mr. Rochester also serves as a Director of Guardian Holdings and Sterling Investments Limited. Mr. Rochester holds a B.Sc. (Accounting) as well as the FCA, FCCA designations. He is also a member of the Chartered Association of Certified Accountants (UK) and the Institute of Chartered Accountants of Jamaica.

Keith Collister

Keith Collister is Chairman of the Appliance Traders Limited Pension Fund and the Director for Special Projects in the Finance and Planning Division of the Sandals Group. Mr. Collister holds an M.A. in Economics from Cambridge University, a Diploma in Accounting and Finance from the London School of Economics and an M.B.A. in International Banking and Finance from Birmingham Business School.

Byron Thompson

Byron Thompson is a former Managing Director of Seprod. He is also a Director of the Jamaica Manufacturers' Association and the Bureau of Standards. Mr. Thompson holds a Bachelor's Degree in Chemistry and Geology from the University of the West Indies and an MBA from Barry University.

Alexander Melville

Alexander Melville is the Chairman and Managing Director of Diverze Assets Inc. a holding company with significant real estate interests, and equity interests in Tropical Battery and the Chukka Caribbean Adventures group of companies.

Corporate Governance Report

Corporate Governance

The Company's corporate governance policy is designed to maintain transparency and accountability of the individuals and practices in the Company as it continues to grow. Our Directors and Sub-committees stand behind the strategic and corporate objectives set by management and are tasked with monitoring and ensuring that the efforts of all stakeholders support those objectives. Our corporate governance policy can be further reviewed at www.eppleylimited.com.

The Audit Committee

The Audit Committee is responsible for assisting the Board of Directors in its oversight of all matters relating to financial reporting, internal controls, and approval of financial reports to be circulated to all regulatory bodies.

The Audit Committee is comprised of five (5) Directors, which includes two (2) independent Directors. The Audit Committee generally meets four (4) times for the year.

The Remuneration Committee

The Remuneration Committee is responsible for assisting the Board of Directors in its oversight of executive remuneration packages. These packages are designed to reward performance and incentivize growth and are driven by the core organization objectives and in alignment with necessary risk considerations.

The Remuneration Committee is comprised of three (3) Directors, which includes two (2) independent Directors.

Shareholders

TEN LARGEST SHAREHOLDERS

(at December 31, 2023)

Stony Hill Capital Limited	48,097,800
ATL Group Pension Fund Trustees Nom Ltd.	38,421,665
Caribprop Limited	27,500,000
Perseverance Limited	23,353,134
Coldharbour Partners Inc.	10,774,674
Curmudgeon Limited	8,284,000
Michael Subratie	8,259,863
Caona Investments Limited	6,076,923
Ravers Limited	5,348,700
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	1,172,613

SHAREHOLDINGS OF DIRECTORS

(at December 31, 2023)

	DIRECT	CONNECTED*
Alexander Melville	-	-
Byron Thompson	483,750	-
Jennifer Scott	-	23,786,884
Keith Collister	-	38,421,665
Maxim Rochester	956,850	-
Melanie Subratie	-	62,871,336
Nicholas Scott	-	19,495,424
P.B. Scott	-	99,387,684
Sharon Donaldson	868,074	436,750
Justin Nam	851,420	-

SHAREHOLDINGS OF EXECUTIVES

(at December 31, 2023)

	DIRECT	CONNECTED*
Jacquelin Watson	1,024,650	-
Denise Gallimore	197,368	-
Keisha Smith	-	-
Samantha Summerbell	500	-

* Includes connections by virtue of directorships and other affiliations in addition to indirect shareholdings

Corporate Data

REGISTERED OFFICE
58 Half Way Tree Road
Kingston, Jamaica W.I.

AUDITOR AND TAX ADVISER
PricewaterhouseCoopers
Scotiabank Centre
Kingston, Jamaica W.I.

BANKERS
First Global Bank
2 St. Lucia Avenue
Kingston, Jamaica W.I.

JMMB Bank
6-8 Grenada Way
Kingston, Jamaica W.I.

National Commercial Bank
32 Trafalgar Road
Kingston, Jamaica W.I.

Sagicor Bank
60 Knutsford Boulevard
Kingston, Jamaica W.I.

Bank of Nova Scotia Ja. Ltd.
Scotia Centre
Kingston, Jamaica W.I.

ATTORNEYS-AT-LAW
Clinton Hart
58 Duke Street
Kingston, Jamaica W.I.

DunnCox
48 Duke Street
Kingston, Jamaica W.I.

Patterson Mair Hamilton
85 Hope Road
Kingston, Jamaica W.I.

REGISTRAR
Jamaica Central Securities Depository
40 Harbour Street
Kingston, Jamaica W.I.

EPPLEY
LIMITED

Proxy Form

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to vote on her behalf. A Proxy need not be a member. A suitable form of Proxy is below.

The Proxy must be signed and deposited, duly stamped with duty at the Stamp Office, at the registered office of EPPLEY LIMITED at 58 Half Way Tree Road, Kingston, Jamaica, W.I. not less than 48 hours prior to the meeting.

I/We,____

Name(s) of Shareholder(s)

of, ____

Address(es) of Shareholder(s)

in the parish of______________________________, being a member(s) of Eppley Limited

hereby appoint, ____

Name of Proxy

of, ____

Address of Proxy

or failing him, ____

Name of Alternative Proxy

of, ____

Address of Alternative Proxy

as my Proxy/our Proxy to vote on my/our behalf at the Annual General Meeting to be held on September 25, 2024. This form is to be used IN FAVOUR of resolutions numbered____.
This form is to be used AGAINST resolutions numbered_.

This form is to be used AGAINST resolutions numbered_.
Signed this_______day of________2024.

____

Signatures(s) of Shareholder(s)

Eppley Limited

Financial Statements
31 December 2023

Eppley Limited
Index
31 December 2023

Independent auditor's report

To the Members of Eppley Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Eppley Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2023, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2023;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

Our audit was planned and executed having regard to the fact that the subsidiary in Barbados has a non-coterminous year end to the Group and was audited by a non-PwC firm. The Group audit team determined the level of involvement it needed to have in the audit work at the component level to be able to conclude whether sufficient appropriate audit evidence had been obtained to support our opinion on the consolidated financial statements as a whole. Full scope audits were performed for all components located in Jamaica. For the Barbados component, the Group audit team obtained and reviewed the audited financial statements issued prior to the Group’s reporting date and performed additional audit procedures on specific account balances and transactions as at 31 December 2023 and for the year then ended.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of level 3 unquoted investment securities classified as fair value through other comprehensive income (Group and Company). *See notes 2 (j), 3 (b), 6 and 18 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.*	
Investment securities classified as fair value through other comprehensive income for which observable market data was limited and were classified as level 3 investments totalled $322 million for the Group and Company (5% and 7% of total assets for the Group and Company, respectively) as at the reporting date. The fair values of financial instruments that are not quoted on an exchange, and for which one or more of the significant inputs are not based on observable market data, are classified as level 3 in the fair value hierarchy. In these instances, management determines the unobservable inputs using the best information available in the circumstances taking into account all information that is reasonably available. Management utilised a valuation technique that uses a discounted cash flow approach to determine the market value of unquoted investments. Key assumptions and inputs include the use of historical financial information, revenue growth rate and a discount rate. The lack of available observable market data resulted in greater estimation uncertainty and subjectivity, which resulted in this being an area of audit focus.	Our approach to addressing the matter, involved the following procedures, amongst others: ● Evaluated the application of the valuation methodology utilised by management to derive the fair value of the investments against the requirements of the relevant accounting standards and recognised valuation techniques. ● Tested the reasonableness of valuation assumptions and inputs by: ○ Referencing historical information in management's cash flow projections to audited financial statements; ○ Evaluating the revenue growth rates by assessing them against published inflation rates; and ○ Comparing the discount rate to that of the rate of return on an appropriate long-term Government of Jamaica instrument. ● Tested the mathematical accuracy of management's discounted cash flow by reperforming the underlying calculations. ● Performed sensitivity analyses on the discount rate used in management's cash flow projections. Based on the procedures performed, management's valuation of level 3 unquoted investment securities was not unreasonable.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
28 March 2024

Eppley Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Net Investment Income			
Interest income		426,866	438,363
Interest expense		(315,822)	(300,392)
Net Interest Income		111,044	137,971
Asset management fee income	8 (i)	326,949	283,343
Fees and other operating income	8 (ii)	171,268	91,483
Gain on bargain purchase	25	230,270	-
Administrative expenses	9	(327,712)	(243,004)
Net impairment loss on financial assets	4 (a)	453	(2,895)
Share of net profit from associated companies and joint ventures	19	12,819	2,944
Profit before Taxation		525,091	269,842
Taxation	11	(17,834)	(31,045)
Net Profit		507,257	238,797
Other Comprehensive Income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		3,396	(3,245)
Items that will not be reclassified to profit or loss			
Changes in fair value of equity investments at fair value through other comprehensive income		(1,408)	4,980
Other comprehensive income for the year, net of taxes		1,988	1,735
Total Comprehensive Income for the Year		509,245	240,532
Net profit attributable to:			
Owners of the company		507,379	238,797
Non–controlling interests		(122)	-
		507,257	238,797
Total comprehensive income attributable to:			
Owners of the company		509,367	240,532
Non–controlling interests		(122)	-
		509,245	240,532
Earnings per Stock Unit	12	$2.64	$1.24

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

	Note	2023 $'000	2022 $'000
Assets			
Cash and deposits	13	1,381,093	1,031,327
Taxation recoverable		22,525	19,136
Other receivables	14	519,184	477,084
Insurance premium financing receivables	15	18,563	16,389
Loans receivable	16	1,174,117	1,209,960
Lease receivables	17	1,627,572	1,698,775
Investment securities	18	1,153,908	1,041,057
Investment in associated companies and joint ventures	19	401,830	82,860
Real estate available for re–sale	20	701,345	-
Deferred tax assets	26	-	420
Right–of–use asset	22	2,058	7,273
Property, plant and equipment	21	38,233	25,925
Total assets		7,040,428	5,610,206
Liabilities			
Due to related parties	27	1,653	1,653
Taxation payable		10,230	10,416
Deferred tax liabilities	26	17,093	15,419
Borrowings	28	4,444,862	4,111,658
Lease liability	22	1,540	7,374
Other liabilities	29	441,581	366,407
Total liabilities		4,916,959	4,512,927
Share capital	30	492,343	492,343
Other reserves	31	16,269	12,873
Fair value reserves	32	63,919	65,327
Retained earnings		811,622	526,736
Equity attributable to owners of the company		1,384,153	1,097,279
Non–controlling interests	24	739,316	-
Total stockholders' equity		2,123,469	1,097,279
Total Liabilities and Equity		7,040,428	5,610,206

Approved for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:

Paul B. Scott — Chairman

Nicholas Scott — Vice Chairman

Eppley Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Fair value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Non–controlling interests $'000	Total $'000
Balance at 1 January 2022		492,343	60,347	16,118	520,056	-	1,088,864
Net profit		-	-	-	238,797	-	238,797
Other comprehensive income for the year		-	4,980	(3,245)	-	-	1,735
Total comprehensive income for the year		-	4,980	(3,245)	238,797	-	240,532
Transactions with owners –							
Dividends	33	-	-	-	(232,117)	-	(232,117)
Balance at 31 December 2022		492,343	65,327	12,873	526,736	-	1,097,279
Net profit		-	-	-	507,379	(122)	507,257
Other comprehensive income for the year		-	(1,408)	3,396	-	-	1,988
Total comprehensive income for the year		-	(1,408)	3,396	507,379	(122)	509,245
Transactions with owners –							
Dividends	33	-	-	-	(222,493)	-	(222,493)
		492,343	63,919	16,269	811,622	(122)	1,384,031
Non–controlling interests							
Non–controlling interests on acquisition of subsidiary	25	-	-	-	-	739,438	739,438
Balance at 31 December 2023		492,343	63,919	16,269	811,622	739,316	2,123,469

Eppley Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Cash Flows from Operating Activities			
Net profit		507,257	238,797
Adjustments for:			
Depreciation	21	13,729	11,098
Amortisation of right–of–use asset	22	5,429	1,384
Interest income		(426,866)	(438,363)
Dividend income		(63,653)	(53,058)
Interest expense		314,557	300,392
Unrealised gains on investment securities		(17,103)	(15,719)
Net (gain)/impairment loss on financial assets		(444)	2,705
Gain on bargain purchase		(230,270)	-
Gain on disposal of property, plant and equipment		-	(4,783)
Gain on disposal of leases		(31,229)	-
Gain on disposal of real estate available for sale		(22,922)	-
Exchange (gains)/losses on foreign currency denominated balances		(29,424)	9,132
Share of profits from joint venture	19 (i)	(14,433)	(2,942)
Share of loss from associated company	19 (iii)	1,613	-
Taxation	11	17,834	31,045
		24,075	79,688
Changes in non–cash working capital components:			
Other receivables		(161,464)	(14,355)
Insurance premium financing receivables		(2,012)	89,024
Loans receivable		56,943	182,342
Lease receivables		(177,301)	5,106
Interest received		429,900	440,455
Dividend received		61,922	34,111
Other liabilities		37,224	75,459
		269,287	891,830
Taxation withheld at source		(3,389)	(2,004)
Tax paid		(16,038)	(4,955)
Interest paid		(283,295)	(295,086)
Net cash (used in)/ provided by operating activities		(33,435)	589,785
Cash Flows from Investing Activities			
Acquisition of Investment		(78,636)	-
Acquisition of a subsidiary, net of cash acquired	25	(304,117)	-
Proceeds from sale of investment securities		2,640	52,313
Proceed from sale of leases		279,482	-
Proceeds from sale of property, plant and equipment		-	4,783
Proceeds from sale of real estate available for sale		316,486	-
Additions to property, plant and equipment	21	(26,037)	(27,126)
Net cash provided by investing activities		189,818	29,970

Eppley Limited

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

Cash Flows from Financing Activities			
Dividends paid	33	(222,493)	(232,117)
Lease liability repaid	22	(5,967)	(1,384)
Loans received		1,622,837	193,852
Loans repaid		(1,307,802)	(193,388)
Net cash provided by/(used in) financing activities		86,575	(233,037)
Increase in net cash balances		242,958	386,718
Effects of foreign exchange rates changes on cash and cash equivalents		(4,205)	(20,718)
Cash and cash equivalents at beginning of year		971,471	605,471
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	1,210,224	971,471

Eppley Limited
Company Statement of Comprehensive Income
Year ended 31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Net Investment Income			
Interest income		362,171	368,730
Interest expense		(248,269)	(237,320)
Net Interest Income		113,902	131,410
Asset management fee income	8 (i)	81,734	55,114
Fees and other operating income	8 (ii)	290,255	122,423
Net impairment loss on financial assets	4 (a)	369	(2,985)
Administrative expenses	9	(246,835)	(203,612)
Profit before Taxation		239,425	102,350
Taxation	11	-	-
Net Profit		239,425	102,350
Other Comprehensive Income:			
Items that may not be reclassified			
Changes in fair value of equity investments at fair value through other comprehensive income, net of taxes		17,763	(350)
Total Comprehensive Income for the Year		257,188	102,000

Eppley Limited

Company Statement of Financial Position
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Assets			
Cash and deposits	13	1,046,299	874,031
Taxation recoverable		21,990	17,413
Other receivables	14	215,463	189,309
Insurance premium financing receivables	15	15,244	16,389
Loans receivable	16	437,617	764,857
Lease receivables	17	897,692	815,878
Due from related parties	27	1,076,666	974,126
Investment securities	18	375,631	351,186
Investment in joint venture	19	15	15
Investment in subsidiaries	23	230,429	218,612
Right–of–use asset	22	2,058	7,273
Property, plant and equipment	21	37,257	25,858
Total assets		4,356,361	4,254,947
Liabilities			
Due to related parties	27	9,610	114,875
Borrowings	28	3,385,443	3,223,893
Lease liability	22	1,540	7,374
Other liabilities	29	248,721	232,453
Total liabilities		3,645,314	3,578,595
Stockholders' Equity			
Share capital	30	492,343	492,343
Fair value reserves	32	75,766	58,003
Retained earnings		142,938	126,006
Total stockholders' equity		711,047	676,352
Total Liabilities and Equity		4,356,361	4,254,947

Approved for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:

Paul B. Scott — Chairman	Nicholas Scott — Vice Chairman

Eppley Limited

Company Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Retained Earnings $'000	Fair Value Reserves $'000	Total $'000
Balance at 1 January 2022		492,343	255,773	58,353	806,469
Net profit		-	102,350	-	102,350
Other comprehensive income		-	-	(350)	(350)
Total comprehensive income		-	102,350	(350)	102,000
Transactions with owners –					
Dividends	33	-	(232,117)	-	(232,117)
Balance at 31 December 2022		492,343	126,006	58,003	676,352
Net profit		-	239,425	-	239,425
Other comprehensive income		-	-	17,763	17,763
Total comprehensive income		-	239,425	17,763	257,188
Transactions with owners –					
Dividends	33	-	(222,493)	-	(222,493)
Balance at 31 December 2023		492,343	142,938	75,766	711,047

Eppley Limited
Company Statement of Cash Flows
Year ended 31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	2022 $'000
Cash Flows from Operating Activities			
Net profit		239,425	102,350
Adjustments for:			
Depreciation	21	13,398	11,076
Amortisation of right–of–use asset	22	5,429	1,384
Interest income		(362,171)	(368,730)
Dividend Income		(213,346)	(96,043)
Interest expense		248,269	237,320
Unrealised gains on investment securities		(398)	(7,599)
Gain on disposal of property, plant and equipment		-	(4,783)
Gain on disposal of leases		(31,229)	-
Net impairment on financial assets		(369)	2,985
Exchange (gains)/losses on foreign currency denominated balances		(29,059)	10,478
		(130,051)	(111,562)
Changes in non–cash working capital components:			
Other receivables		23,227	(7,221)
Due from related parties		(102,540)	115,309
Insurance premium financing receivables		1,306	88,840
Loans receivable		358,120	195,882
Lease receivables		(331,048)	(48,587)
Interest received		360,356	370,822
Dividend received		143,346	96,043
Due to related parties		(105,265)	52,118
Other liabilities		13,740	63,806
		231,191	815,450
Taxation withheld at source		(4,577)	(1,990)
Interest paid		(222,933)	(229,537)
Net cash provided by operating activities		3,681	583,923
Cash Flows from Investing Activities			
Investment in subsidiary		(10,000)	-
Proceeds from sale of investment securities		2,640	52,313
Proceeds from sale of property, plant and equipment		-	4,783
Proceeds from sale of leases		279,482	-
Additions to property, plant and equipment	21	(24,797)	(27,126)
Net cash provided by investing activities		247,325	29,970
Cash Flows from Financing Activities			
Dividends paid	31	(222,493)	(232,117)
Lease liability repaid		(5,967)	(1,384)
Loans received		1,171,259	-
Loans repaid		(1,032,707)	-
Net cash used in financing activities		(89,908)	(233,501)
Increase in net cash balances		161,098	380,392
Effects of foreign exchange rates changes on cash and cash equivalents		10,547	(20,346)
Cash and cash equivalents at beginning of year		872,860	512,814
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	1,044,505	872,860

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Eppley Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. The company is listed on the Main Market of the Jamaica Stock Exchange. The registered office of the company is located at 58 Half Way Tree Road, Kingston 10.

The principal activity of the company is investing in credit products including insurance premium, loan and lease financing and providing asset management services.

The company has four (4) wholly owned subsidiaries Paynter (Jamaica) Limited, Eppley Fund Managers Limited, Fleet Limited and Eppley Consumer Finance Limited which offer credit products and management services. The company's subsidiaries together with the company are referred to as "the Group".

During the year, the Group through one of its subsidiaries, acquired a 47% interest in the Development Fund of Eppley Caribbean Property Fund Limited. This direct interest combined with the Group's previously held voting rights resulted in the consolidation of the Fund (Note 2 (b) (i)).

2. Summary of Material Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB (IFRS Accounting Standards). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to published standards effective in the current year
Certain new accounting 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 adopted the following which is relevant to its operations.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual 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. This amendment did not have a significant impact on the Group.

Eppley Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. This amendment did not have a significant impact on the Group.

Definition of Accounting Estimates – Amendments to IAS 8 (effective for annual periods beginning on or after 1 January 2023). This amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not yet effective, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be relevant to its operations and management is currently assessing the impact they may have on the Group:

Amendment to IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Group is currently assessing the impact of this amendment.

Amendments to IAS1, 'Presentation of Financial statements' (effective for annual periods beginning on or after 1 January 2024). clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Group will apply these amendment to future transactions.

Amendment to IAS 7, 'Statement of Cashflows' and IFRS 7 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 1 January 2024)**.** These amendments require specific disclosures about supplier finance arrangements. They require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates'. (effective for annual periods beginning on or after 1 January 2024). These amendments add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Therefore, the amendments will impact an entity when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. With these amendments, entities will be better able to assess exchangeability between two currencies and determine the spot rate when exchangeability is lacking.

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) Consolidation

(i) *Subsidiaries*
Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de–facto control. De–facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.
Inter–company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter–company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.
Transactions with non–controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non–controlling interests are also recorded in equity.
On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(b) Consolidation (continued)

(i) *Subsidiaries (continued)*

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

The consolidated financial statements include the financial statements of the company and its subsidiaries as follows:

	Principal Activities	% Ownership by Group at 31 December 2023	% Ownership by Company at 31 December 2023	% Ownership by Group at 31 December 2022	% Ownership by Company at 31 December 2022
Resident in Jamaica:					
Subsidiary					
Paynter (Jamaica) Limited	Investing in credit products including insurance premium, loan and lease financing and asset management	100	100	100	100
Eppley Consumer Finance Limited	Provision of microcredit services	100	100	100	100
Resident outside of Jamaica:					
Subsidiary					
Eppley Fund Managers Limited	Asset and investment management	100	100	100	100
Eppley Caribbean Property Fund Limited SCC- Development Fund	Development of properties	47	–	–	–
Fleet Limited	Investing in credit products	100	100	100	100

(ii) *Associates*

Associated undertakings and joint ventures are entities in which the Group has significant influence but not control, generally accompanying a shareholding or interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post–acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post–acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(b) Consolidation (continued)

(ii) *Associates (continued)*
The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the consolidated statement of comprehensive income.

The Group's associate holdings are set out below:

	Group	**Company**	**Group and Company**
	2023	**2023**	**2022**
Contonou Shores Ltd.	35%	-	-
Canouan CS&F Investments Limited	35%	-	-

(iii) *Joint arrangements*

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and has determined to have both joint ventures and a joint operation.

Investments in joint ventures are accounted for using the equity method after initially being recognised at cost in the statement of financial position. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post–acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity–accounted investment equals or exceeds its interest in the entity, including any other unsecured long–term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture entities are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long–term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group accounts for its share of the assets, liabilities, revenue and expenses of the joint operation.

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(b) Consolidation (continued)

(iii) *Joint arrangements (continued)*

The Group's joint arrangement holdings are set out as below:

	Group	Company	Group and Company
	2023	**2023**	**2022**
Joint ventures			
Caribbean Mezzanine Fund I Limited	50%	50%	50%
Caribbean Mezzanine Fund II Limited	50%	-	50%
Retirement Road Holdings II Limited	50%	-	50%
The CS&C Joint Venture	36%	-	-
Joint operations			
Rockley Joint Venture	50%	-	-

(iv) *Business combinations*
The Group has applied IFRS 3 to all business combinations. Acquisitions are accounted for using the 'purchase method' of accounting. The cost of an acquisition is representative of the cash paid along with the fair value of other assets given, equity instruments issued, and liabilities incurred or assumed. Any deferred contingent consideration is recognised at fair value at the acquisition date. In applying the acquisition method, the Group identifies the acquirer, determines the acquisition date, recognises and measures the identifiable assets acquired, the liabilities assumed and any non–controlling interest in the acquiree and recognises and measures goodwill or a gain from a bargain purchase.

(b) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision–maker. The chief operating decision–maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2. Summary of Material Accounting Policies (Continued)

(d) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service, being when the goods or service are delivered to a customer. Delivery occurs when the products or service have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products or service in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or service to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Dividend income from financial assets is included in other operating income and is recognised when the right to receive payment is established.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit–impaired. For credit–impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Other income is recognised on an accrual basis.

(e) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Jamaican dollars which is also the Group's functional currency.

(ii) *Transactions and balances*

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

(f) Financial instruments

Financial instruments carried on the statement of financial position include insurance premium financing receivables, loans receivable, investment securities, other receivables, due from related parties, cash and deposits, borrowings, due to related parties and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The fair value of the Group's financial instruments is discussed in Note 6.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(g) Insurance premium financing receivables
Insurance premium financing (IPF) receivables are non–derivative financial assets with fixed or determinable payments. They are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all insurance premium financing receivables.

(h) Loans and leases receivable
Loans are recognised when the cash is advanced to borrowers. They are initially recorded at fair value, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortised cost using the effective interest rate method. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loans and lease receivables, except for secured loans. The simplified approach requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward–looking information.

Secured loans are held for the collection of the contractual cash flows and when those cash flows represent solely payment of principal and interest, they are measured at amortised cost. The general model applies to these loans. See Note 2(j)(iv) for accounting policy on impairment of these loans.

(i) Cash and deposits
Cash and deposits are stated at cost. For the purposes of the statement of cash flows, cash and deposits comprise balances with maturity dates of less than 90 days from the dates of acquisition including cash and bank balances and deposits held on call with banks.

(j) Investment securities
(i) Classification

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

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.
- those measured at fair value through other comprehensive income

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2. Summary of Material Accounting Policies (Continued)

(j) Investment securities (continued)

(i) Classification (continued)

For assets measured at fair value, gains and losses are recorded in the statement of comprehensive income. For investments in debt instruments, an evaluation was carried out to define the Group's business model and concluded these instruments will be classified as amortised cost or fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade–date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Debt instruments at amortised cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss on derecognition is recognised directly in the statement of comprehensive income and presented in other operating income together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

- Debt instruments at fair value through profit or loss (FVPL) – Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the statement of comprehensive income and presented net in the statement of comprehensive income within other operating income in the period in which it arises.

- The Group does not hold any debt investments at fair value through other comprehensive income.

2. Summary of Material Accounting Policies (Continued)

(j) Investment securities (continued)

(iii) Measurement (continued)

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains or losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the statement of comprehensive income as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating income in the statement of comprehensive income as applicable.

(iv) Impairment

The Group assesses on a forward–looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Application of the General Model
The Group has applied the 'general model' as required under IFRS 9 for debt instruments other than trade receivables. Under this model, the Group is required to assess on a forward–looking basis the ECL associated with its debt instrument assets carried at amortised cost. The ECL will be recognised in the statement of comprehensive income before a loss event has occurred. The measurement of ECL reflects an unbiased and probability–weighted amount that is determined by evaluating a range of possible outcomes. The probability–weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL is calculated by multiplying the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

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

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

Eppley Limited

2. Summary of Material Accounting Policies (Continued)

(j) Investment securities (continued)

(iv) Impairment (continued)

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

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

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

Assessment of significant increase in credit risk

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

Macroeconomic factors, forward–looking information and multiple scenarios

The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward–looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses three scenarios that are probability weighted to determine ECL.

Expected Life

When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(j) Investment securities (continued)

(v) Financial liabilities
The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. At the statement of financial position date, the following items were classified as financial liabilities: payables, due to related parties, lease liability and borrowings.

(k) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is computed on the straight–line method at rates estimated to write off the assets over their expected useful lives as follows:

Furniture, fixtures and equipment	10% – 25%
Motor vehicles	25%
Software	25%
Leasehold improvement	33 1/3%
Closed User Group (CUGs)	50%

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before taxation. Repairs and renewals are charged to the statement of comprehensive income when the expenditure is incurred.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(l) Impairment of long–lived assets
Long–lived 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 recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(m) Other receivables
Other receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established by assessing on a forward–looking basis, the expected amount that the Group will not be able to collect according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest.

(n) Borrowings
Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective yield method.

(o) Other liabilities
Other liabilities are recognised at fair value and subsequently measured at amortised cost.

(p) Taxation
Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income, except where they relate to items recorded in shareholders' equity, in which case they are charged or credited to equity.

(i) *Current taxation*
Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at year end, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) *Deferred income taxes*
Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

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

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(q) Employee benefits

(i) Pension obligations

The Group participates in the defined contribution pension plan of a related company, T. Geddes Grant (Distributors) Limited. A defined contribution pension plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions paid by the company are recorded as an expense in the statement of comprehensive income.

(ii) Accrued vacation

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

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Profit–sharing and bonus plan

The company recognises a liability and an expense for bonuses and profit–sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(r) Interest in subsidiaries

Interests in subsidiaries are stated at cost.

(s) Leases

As lessee

The Group has a lease contract for a period of three years relating to the rental of office space. Leases are recognised as a right–of–use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the fixed payments (including in–substance fixed payments). The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third–party financing received by the individual lessee as a starting point.

The lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(s) Leases (continued)

Right–of–use asset is measured at cost comprising the following:

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

Right–of–use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight–line basis.

As lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return.

(t) Dividends paid
Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the company's stockholders.

The dividends on preference shares are recognised in statement of comprehensive income as interest expense. Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note 33.

(u) Real estate available for re–sale
Properties that are being held for future sale or in the process of construction or development for such sale are classified as real estate available for re–sale and are carried at the lower of cost or net realisable value.

Subsequent costs are included in the properties' carrying value.
Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses. The carrying value is immediately written down to its recoverable amount if its carrying value is assessed to be greater than the estimated recoverable amount.

Gains and losses realised on the sale of real estate are included in the consolidated statement of comprehensive income at the time of sale.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

(a) Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, management has made no significant judgements on the amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions
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 will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Measurement of the expected credit loss allowance on insurance premium financing, loans and leases
The measurement of the expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting and the resulting losses.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward–looking scenarios; and
- Establishing groups of similar financial assets for the purpose of measuring ECL

Further details about judgements and estimates made by the Group in the above areas are set out in Note 4 (a).

(ii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select the appropriate method. Details of investment securities valued using other than quoted prices in an active market are provided in Note 6.

(iii) Income taxes
There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Critical accounting estimates and assumptions (continued)

(iv) Classification of joint arrangements

The joint venture agreements in relation to Retirement Road Holdings II Limited (RRH II) and the Caribbean Mezzanine Fund I Limited (Mezzanine Fund) require unanimous consent from all parties for all relevant activities. With respect to RRH II, the partners have rights to the net assets of the arrangement while for the Mezzanine Fund, the partners have rights to the net assets of the arrangements for all relevant activities in accordance with shareholder agreements. These entities are therefore classified as joint venture arrangements. The Group recognises its share of the results for the year for RRH II.

4. Financial Risk Management

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

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

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board of Directors has established committees and departments for managing and monitoring risks, as follows:

(i) Investment Committee

The Investment Committee is responsible for recommending investment strategies and credit policies to the Board of Directors. It is also responsible for approving certain individual loans, leases and other credit investments in compliance with the Group's policies.

(ii) Finance Department

The Finance Department is responsible for managing the Group's accounting, financial reporting and compliance functions, including the management of the Group's accounting and investment management information systems. It is also primarily responsible for managing the funding and liquidity risks of the Group.

(iii) Audit Committee

The Audit Committee develops and recommends accounting and risk management policies to the Board of Directors. It also oversees management's compliance with the Group's risk management policies and procedures. In addition, the Audit Committee regularly reviews the Group's financial reporting and makes recommendations to the Board of Directors.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is the most important risk for the Group's business; management, therefore, carefully manages its exposure to credit risk. Credit exposures arise principally from the insurance premium financing receivables, lease receivable, loans receivable, other receivables, due from related parties, investment securities and cash and deposits. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Receivables are shown net of allowances for impairment, which reflects the Group's estimate of expected losses on collection of receivables. Credit ratings are not publicly available for any assets with credit risk.

Cash and cash equivalents are held with reputable and regulated financial institutions, which present minimal risk of default. The Group also maintains credit facilities with its bankers (See Note 13).

The carrying amount of financial assets represents the maximum credit exposure.

Maximum exposure to credit risk before collateral held or other credit enhancements.

The Group's maximum exposure to credit risk at year end was as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Cash and deposits	1,381,136	1,031,327	1,046,299	874,031
Other receivables	211,134	143,631	44,219	33,366
Investment securities	396,654	390,502	29,200	30,677
Due from related parties	-	-	1,076,666	974,126
Insurance premium financing receivables	18,563	16,389	15,244	16,389
Loans receivable	1,174,117	1,209,960	437,617	764,857
Lease receivables	1,627,572	1,698,775	897,692	815,878
	4,809,176	4,346,953	3,546,937	3,509,324

The above table represents a worst case scenario of credit risk exposure to the Group at 31 December 2023 and 2022.

Impairment of financial assets

The Group has insurance premium financing, loan and lease receivable financial assets that are subject to the expected credit loss model.

The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables from customers except for secured loans which uses the general model.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for receivables are a reasonable approximation of the loss rates for the contract assets.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

On that basis, the loss allowance as at 31 December 2023 and 2022 was determined as follows for insurance premium financing on the Group and the Company:

	Group			
	Current	**31–90 Days**	**More than 90 Days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
31–Dec–23				
Expected credit loss rate	0.04%	0.16%	31.12%	
Gross carrying amount – insurance premium financing	2,691	629	22,133	25,453
Loss allowance	(1)	(1)	(6,888)	(6,890)

	Company			
	Current	**31–90 Days**	**More than 90 Days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
31–Dec–23				
Expected credit loss rate	0.00%	0.00%	31.12%	
Gross carrying amount – insurance premium financing	-	-	22,130	22,130
Loss allowance	-	-	(6,886)	(6,886)

	Group and Company			
	Current	**31–90 Days**	**More than 90 Days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
31–Dec–22				
Expected credit loss rate	23.85%	23.87%	100.00%	
Gross carrying amount – insurance premium financing	17,534	3,989	1,768	23,291
Loss allowance	(4,181)	(952)	(1,768)	(6,901)

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

On that basis, the loss allowance as at 31 December 2023 and 2022 was determined as follows for loans and lease receivables for the Group and Company respectively:

	Group			
	Current	31–90 Days	More than 90 Days	Total
	$'000	$'000	$'000	$'000
31–Dec–23				
Expected credit loss rate	0.06%	1.29%	30.96%	
Gross carrying amount – loans and lease receivables	2,782,419	10,847	14,734	2,808,000
Loss allowance	(1,610)	(140)	(4,561)	(6,311)

	Group			
	Current	31–90 Days	More than 90 Days	Total
	$'000	$'000	$'000	$'000
31–Dec–22				
Expected credit loss rate	0.15%	4.69%	29.04%	
Gross carrying amount – loans and lease receivables	2,903,804	4,519	7,114	2,915,437
Loss allowance	(4,424)	(212)	(2,066)	(6,702)

	Company			
	Current	31–90 Days	More than 90 Days	Total
	$'000	$'000	$'000	$'000
31–Dec–23				
Expected credit loss rate	0.11%	6.72%	31.18%	
Gross carrying amount – loans and lease receivables	1,324,777	2,082	14,626	1,341,485
Loss allowance	(1,475)	(140)	(4,561)	(6,176)

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

	Company			
	Current	**31–90 Days**	**More than 90 Days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
31–Dec–22				
Expected credit loss rate	0.27%	4.69%	29.37%	
Gross carrying amount – loans and lease receivables	1,575,749	4,519	7,035	1,587,303
Loss allowance	(4,290)	(212)	(2,066)	(6,568)

The movement on the loss allowance for insurance premium financing, loans and lease receivables was as follows:

Group	**2023**	**2022**
	$'000	**$'000**
Opening loss allowance as at 1 January	13,604	10,811
Increase in loss allowance recognised in the statement of comprehensive income during the year	(453)	2,895
Bad debts recovered during the year	(32)	(190)
Bad debt recovery adjustment	82	88
At 31 December	13,201	13,604

Company	**2023**	**2022**
	$'000	**$'000**
Opening loss allowance as at 1 January	13,470	10,673
Increase in loss allowance recognised in the statement of comprehensive income during the year	(369)	2,985
Bad debts recovered during the year	(32)	(190)
Loss allowance on related party balances	(3)	2
At 31 December	13,066	13,470

Credit review process

(i) Cash and deposits

The Group limits its exposure to credit risk by placing cash and deposits with counterparties that are regulated and publicly disclose their financial information. Management assesses each counterparty's credit quality and levels of liquidity. Accordingly, management seeks to mitigate the risk that any single counterparty will fail to meet its obligations. Furthermore, management takes steps to diversify its cash and deposits among a group of counterparties in order to further mitigate the risk of loss.

(ii) Insurance premium financing

The Group's exposure to credit risk is influenced mainly by its ability to receive adequate unearned premium refunds from its general insurance counterparties in the event of a default. Management assesses and monitors the credit worthiness of each counterparty. In most instances, the ultimate counterparties are general insurance companies regulated by the Financial Services Commission. The Group, through its information systems and financial reporting, also closely monitors the size of the unearned premium under each underlying insurance policy to ensure that it exceeds its insurance premium finance receivable.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Credit review process (continued)

(iii) Due from related parties, leases and loans receivable
The Group's exposure to credit risk is driven by the ability of the borrower or lessee to repay its obligations when due. In the case of loans, the Group's credit risk can be mitigated by the assignment of salary and other cash flows, and security interest in various forms of collateral or guarantees. In the case of leases, the Group owns the lease equipment and can monetize it in the event of a default. The Investment Committee is responsible for approving and monitoring individual loans, leases and other credit investments in compliance with investment strategies and credit policies approved by the Board of Directors. Senior management personnel meet on a weekly basis to discuss and analyse the ability of counterparties to meet repayment obligations. At the reporting date, secured loans are considered stage 1.

(iv) Investment securities
The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations. At the reporting date, debt securities are considered stage 1.

Individually assessed allowances are provided for financial assets by reviewing all the identified loans and leases, and determining whether amounts should be written off or that lifetime expected credit losses be recognized based on a review conducted at least annually or more regularly when individual circumstances require same. Impairment allowances on individually assessed accounts are determined by an evaluation if a significant increase in credit risk has occurred. The assessment then encompasses collateral held and the anticipated receipts for that individual account.

Collectively assessed allowances are provided for portfolios of homogenous assets and include loss allowances determined on an individually assessed basis, adjusted for forward looking information. Such information includes macroeconomic factors which management determines could influence Group operations.

Eppley Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Sensitivity analysis

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

	The Group			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Insurance premium financing receivables	0.64% – 0.80%	+/– 20%	2	(2)
Loans and leases receivables	0.05% – 0.75%	+/– 20%	111	(111)
Total			113	(113)

	The Company			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
Insurance premium financing receivables	0.64% – 0.80%	+/– 20%	2	(2)
Loans and leases receivables	0.05% – 0.75%	+/– 20%	126	(126)
Total			128	(128)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfil loan payments and other liabilities incurred.

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Liquidity risk management process
The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and accessing credit from related parties or financial institutions if required;
(ii) Optimising cash returns on short term investments; and
(iii) Monitoring financial position liquidity ratios against internal requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

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

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest–bearing liabilities as they mature, are important factors in assessing the liquidity of the Group.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows
The tables below present the undiscounted cash flows of the Group's financial assets and liabilities based on contractual repayment obligations at contractual maturity dates:

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No Specific Maturity Date $'000	Total $'000
As at 31 December 2023:							
Financial Assets							
Cash and deposits	476,351	246,257	-	169,074	-	489,454	1,381,136
Investment securities	-	-	-	-	25,171	1,128,737	1,153,908
Insurance premium financing	18,647	5,055	3,388	-	-	-	27,090
Lease receivables	69,979	132,272	553,551	1,291,897	3,892	-	2,051,591
Loans receivable	668,331	77,550	333,805	115,625	-	-	1,195,311
Total financial assets	1,233,308	461,134	890,744	1,576,596	29,063	1,618,191	5,809,036
Financial Liabilities							
Due to related parties	1,653	-	-	-	-	-	1,653
Borrowings	68,316	102,949	1,564,526	3,627,293	-	-	5,363,084
Lease liability	544	1,088	-	-	-	-	1,632
Other liabilities	127,892	71,825	81,725	159,658	481	-	441,581
Total financial liabilities	198,405	175,862	1,646,251	3,786,951	481	-	5,807,950
Net Liquidity Gap	1,034,903	285,272	(755,507)	(2,210,355)	28,582	1,618,191	1,086
Cumulative gap	1,034,903	1,320,175	564,668	(1,645,687)	(1,617,105)	1,086	

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity Date $'000**	**Total $'000**
As at 31 December 2023:							
Financial Assets							
Cash and deposits	476,351	246,257	-	-		323,691	1,046,299
Investment securities	-	-	-	-	25,171	350,460	375,631
Due from related parties	705,548	16,001	116,265	366,513	-	78,185	1,282,512
Insurance premium financing	17,900	3,800	1,900	-	-	-	23,600
Lease receivables	46,284	84,882	340,296	664,555	2,542	-	1,138,559
Loans receivable	201,801	38,997	113,465	99,092		-	453,355
Total financial assets	1,447,884	389,937	571,926	1,130,160	27,713	752,336	4,319,956
Financial Liabilities							
Due to related parties	9,610	-	-	-	-	-	9,610
Borrowings	38,014	42,345	1,291,809	2,804,767		-	4,176,935
Lease liability	544	1,088	-	-	-	-	1,632
Other liabilities	72,695	33,027	56,342	86,328	329	-	248,721
Total financial liabilities	120,863	76,460	1,348,151	2,891,095	329	-	4,436,898
Net Liquidity Gap	1,327,021	313,477	(776,225)	(1,760,935)	27,384	752,336	(116,942)
Cumulative gap	1,327,021	1,640,498	864,273	(896,662)	(869,278)	(116,942)	

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Group						
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**No Specific Maturity Date**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
As at 31 December 2022:							
Financial Assets							
Cash and deposits	313,510	201,663	-	58,685	-	457,428	1,031,286
Investment securities	-	-	-	-	26,627	1,014,430	1,041,057
Insurance premium financing	22,926	1,128	476	-	-	-	24,530
Lease receivables	59,703	120,404	516,566	1,519,893	5,351	-	2,221,917
Loans receivable	511,615	281,366	242,536	286,112	-	-	1,321,629
Total financial assets	907,754	604,561	759,578	1,864,690	31,978	1,471,858	5,640,419
Financial Liabilities	1,653	-	-	-	-	-	1,653
Due to related parties	50,085	81,494	667,164	4,044,699	-	-	4,843,442
Borrowings	500	1,000	4,504	1,601	-	-	7,605
Other liabilities	136,668	21,430	35,107	68,224	104,979	-	366,408
Total financial liabilities	188,906	103,924	706,775	4,114,524	104,979	-	5,219,108
Net Liquidity Gap	718,848	500,637	52,803	(2,249,834)	(73,001)	1,471,858	421,311
Cumulative gap	718,848	1,219,485	1,272,288	(977,546)	(1,050,547)	421,311	

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

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity Date $'000**	**Total $'000**
As at 31 December 2022:							
Financial Assets							
Cash and deposits	313,510	201,663	-	-		358,858	874,031
Investment securities	-	-	-	-	26,627	324,559	351,186
Due from related parties	831,006	16,102	75,021	115,813	109,055	-	1,146,997
Insurance premium financing	22,926	1,128	476	-	-	-	24,530
Lease receivables	36,008	73,014	303,311	620,413	5,025	-	1,037,771
Loans receivable	375,878	120,425	151,132	164,279		-	811,714
Total financial assets	1,579,328	412,332	529,940	900,505	140,707	683,417	4,246,229
Financial Liabilities							
Due to related parties	1,653	-	-	-	-	-	1,653
Borrowings	26,237	33,797	452,529	3,322,466		-	3,835,029
Lease liability	500	1,000	4,504	1,601	-	-	7,605
Other liabilities	115,061	13,821	35,107	68,224	239	-	232,452
Total financial liabilities	143,451	48,618	492,140	3,392,291	239	-	4,076,739
Net Liquidity Gap	1,435,877	363,714	37,800	(2,491,786)	140,468	683,417	169,490
Cumulative gap	1,435,877	1,799,591	1,837,391	(654,395)	(513,927)	169,490	

Eppley Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the manner in which the Group manages and measures this risk.

(i) Currency risk

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

The Group is exposed to foreign exchange risk arising from the United States dollar. Foreign currency risk arises primarily from transactions in due from related parties, insurance premium, loan and lease financing, net of borrowings.

At 31 December 2023, the Group's statement of financial position includes aggregate net foreign assets of US$ 3,291,000 (2022 – US$5,855,000).

At 31 December 2023, the Company's statement of financial position includes aggregate net foreign assets of US$2,384,000 (2022 – US$6,204,000).

The Group manages the foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

Foreign currency sensitivity

The following tables indicate the currencies to which the Group 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, with all other variables held constant. The sensitivity analysis on pre–tax profit is based on foreign currency denominated monetary items at the year end.

	The Group			
	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
	2023	2023	2022	2022
USD - Revaluation	1%	(3,543)	1%	(8,780)
USD - Devaluation	4%	14,173	4%	35,120

	The Company			
	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
	2023	2023	2022	2022
USD - Revaluation	1%	(3,661)	1%	(9,304)
USD - Devaluation	4%	14,645	4%	37,214

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

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

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

	The Group						
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non– Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 December 2023:							
Financial Assets							
Cash and deposits	476,351	246,257	-	169,074	-	489,454	1,381,136
Investment securities	-	-	-	-	25,171	1,128,737	1,153,908
Insurance premium financing	17,196	142	1,225	-	-	-	18,563
Lease receivables	2,729	1,822	43,817	1,538,145	41,059	-	1,627,572
Loans receivable	643,755	212,556	138,209	179,597	-	-	1,174,117
Total financial assets	1,140,031	460,777	183,251	1,886,816	66,230	1,618,191	5,355,296
Financial Liabilities							
Due to related parties	-	-	-	-	-	1,653	1,653
Borrowings	-	-	1,114,770	3,329,592	-	500	4,444,862
Lease liability	-	-	1,540	-	-	-	1,540
Other liabilities	-	-	-	-	-	441,581	441,581
Total financial liabilities	-	-	1,116,310	3,329,592	-	443,734	4,889,636
Total interest repricing gap	1,140,031	460,777	(933,059)	(1,442,776)	66,230	1,174,457	465,660
Cumulative gap	1,140,031	1,600,808	667,749	(775,027)	(708,797)	465,660	

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Company

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non–Interest Bearing $'000	Total $'000
At 31 December 2023:							
Financial Assets							
Cash and deposits	476,351	246,257	-	-	-	323,691	1,046,299
Investment securities	-	-	-	-	25,171	350,460	375,631
Due from related parties	697,226	-	43,649	257,598	-	78,193	1,076,666
Insurance premium financing	15,244	-	-	-	-	-	15,244
Lease receivables	2,729	1,822	43,817	847,320	2,004	-	897,692
Loans receivable	190,514	24,787	75,379	146,937		-	437,617
Total financial assets	1,382,064	272,866	162,845	1,251,855	27,175	752,344	3,849,149
Financial Liabilities							
Due to related parties	-	-	-	-	-	9,610	9,610
Borrowings	-	-	1,114,770	2,270,173	-	500	3,385,443
Lease liability	-	-	1,540	-	-	-	1,540
Other liabilities	-	-	-	-	-	248,721	248,721
Total financial liabilities	-	-	1,116,310	2,270,173	-	258,831	3,645,314
Total interest repricing gap	1,382,064	272,866	(953,465)	(1,018,318)	27,175	493,513	203,835
Cumulative gap	1,382,064	1,654,930	701,465	(316,853)	(289,678)	203,835	

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non–Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 December 2022:							
Financial Assets							
Cash and deposits	313,510	201,663	-	58,685	-	457,428	1,031,286
Investment securities	-	-	-	-	26,627	1,014,430	1,041,057
Insurance premium financing	14,717	708	964	-	-	-	16,389
Lease receivables	-	639	58,017	1,580,784	59,335	-	1,698,775
Loans receivable	463,409	235,314	162,087	349,150	-	-	1,209,960
Total financial assets	791,636	438,324	221,068	1,988,619	85,962	1,471,858	4,997,467
Financial Liabilities							
Due to related parties	-	-	-	-	-	1,653	1,653
Borrowings	-	-	298,075	3,813,083	-	500	4,111,658
Lease liability	-	-	-	7,374	-	-	7,374
Other liabilities	-	-	-	-	-	366,407	366,407
Total financial liabilities	-	-	298,075	3,820,457	-	368,560	4,487,092
Total interest repricing gap	791,636	438,324	(77,007)	(1,831,838)	85,962	1,103,298	510,375
Cumulative gap	791,636	1,229,960	1,152,953	(678,885)	(592,923)	510,375	

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non–Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 December 2022:							
Financial Assets							
Cash and deposits	313,510	201,663	-	-	-	358,858	874,031
Investment securities	-	-	-	-	26,627	324,559	351,186
Due from related parties	822,482	-	-	46,677	104,967	-	974,126
Insurance premium financing receivables	14,717	708	964	-	-	-	16,389
Lease receivables	-	640	58,017	708,955	48,266	-	815,878
Loans receivable	351,921	101,300	110,947	200,689		-	764,857
Total financial assets	1,502,630	304,311	169,928	956,321	179,860	683,417	3,796,467
Financial Liabilities							
Due to related parties	-	-	-	-	-	114,875	114,875
Borrowings	-	-	298,075	2,925,318	-	500	3,223,893
Lease liability	-	-	-	7,374.00	-	-	7,374
Other liabilities	-	-	-	-	-	232,453	232,453
Total financial liabilities	-	-	298,075	2,932,692	-	347,828	3,578,595
Total interest repricing gap	1,502,630	304,311	(128,147)	(1,976,371)	179,860	335,589	217,872
Cumulative gap	1,502,630	1,806,941	1,678,794	(297,577)	(117,717)	217,872	

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity
The Group does not have any sensitivity to interest rate risk as all financial assets and liabilities are at fixed rates, except for lease receivables for which the Group has the option to re–price in specific circumstances including, increases in the interest rates of benchmark Government of Jamaica securities and changes to the creditworthiness of the lessees.

(iii) Equity price risk

At December 31, 2023, the Group and company held quoted equities of $101,536,000 (2022: $119,712,000) and $24,850,000 (2022 – $23,855,000), respectively.

Sensitivity analysis
All the Group and company's quoted investments are listed on the Jamaica Stock Exchange. A 6% (2022: 6%) increase in the unit prices of the equity holding would have increased equity (before considering the effect of taxation) by $6,092,000 (2022 – $7,183,000) and $1,491,000 (2022 – $1,431,000) for the Group and Company respectively.

A 3% (2022: 6%) decline would have decreased comprehensive income by $3,046,000 (2022: $7,183,000) and $746,000 (2022: $1,431,000) for the Group and company respectively.

5. Capital Management

Capital management is assessed by the senior management of the Group. The objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

(ii) To maintain a strong capital base to support the development of its business.

There was no change to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

6. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Where no market price is available, the fair values presented have been estimated using present values or other estimation and valuation techniques based on market conditions existing at the statement of financial position dates.

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

Eppley Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

6. Fair Value of Financial Instruments (Continued)

(i) Investment securities classified as financial assets at FVPL and FVOCI are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, discounted cash flows or other recognized valuation techniques. Where discounted cash flows are used, the key inputs include the use of historical information, projecting the cash flows and applying a discount rate;

(ii) The fair value of liquid assets and other assets maturing within a year (e.g. Cash and deposits, reverse repurchase agreements) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short–term elements of all other financial assets and financial liabilities; and

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy.

Level 1 – Quoted prices in active markets for identical assets or liabilities. These mainly comprise of equity shares traded on the Jamaica Stock Exchange and are classified as financial assets at fair value through profit or loss.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value for these instruments is determined by using valuation techniques and maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). The fair value of these instruments were determined by the net assets of the underlying investments.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

	The Group			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2023				
Financial assets at fair value through profit or loss –				
Quoted equity investment	101,536	-	-	101,536
Unquoted equity investment	-	371,483	95,530	467,013
Unquoted common stock	-	-	238,607	238,607
Corporate bonds	-	25,171	-	25,171
Financial assets at fair value through other comprehensive income -				
Unquoted equity investment	-	-	321,581	321,581
	101,536	396,654	655,718	1,153,908

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

6. Fair Value of Financial Instruments (Continued)

	The Company			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2023				
Financial assets at fair value through profit or loss -				
Quoted equity investment	24,850	-	-	24,850
Unquoted equity investment	-	4,029	-	4,029
Corporate bonds	-	25,171	-	25,171
Financial assets at fair value through other comprehensive income -				
Unquoted equity investment	-	-	321,581	321,581
	24,850	29,200	321,581	375,631

	The Group			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2022				
Financial assets at fair value through profit or loss –				
Quoted equity investment	119,712	-	-	119,712
Unquoted equity investment	-	363,875	-	363,875
Unquoted common stock	-	-	234,189	234,189
Corporate bonds	-	26,627	-	26,627
Financial assets at fair value through other comprehensive income –				
Unquoted equity investment	-	-	296,654	296,654
	119,712	390,502	530,843	1,041,057

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

6. Fair Value of Financial Instruments (Continued)

	The Company			
	Level 1 **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
31 December 2022				
Financial assets at fair value through profit or loss –				
Quoted equity investment	23,855	-	-	23,855
Unquoted equity investment	-	4,050	-	4,050
Corporate bonds	-	26,627	-	26,627
Financial assets at fair value through profit or loss –				
Unquoted equity investment	-	-	296,654	296,654
	23,855	30,677	296,654	351,186

There has been no movement between level.

Sensitivity analysis

A 6% (2022: 6%) increase in the unit prices of the level 3 investments would have increased equity before considering the effect of tax of $33,593,000 (2022 – $31,851,000) for the Group and $19,295,000 (2022: $17,799,000) for the company. A 3% (2022: 6%) decline would have decreased equity by $16,796,000 (2022: $31,851,000) for the Group and $9,647,000 (2022: $17,799,000) for the company, before considering the effect of tax.

A discount rate was included as one of the inputs used to determine the fair value of unquoted equity investments classified as fair value through other comprehensive income. A 1% increase or decrease in the discount rate would have decreased/increased the fair value of the instrument by $3,385,000 and $3,385,000, respectively.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

6. Fair Value of Financial Instruments (Continued)

(i) Fair value measurement using significant observable inputs (level 3)
The following table presents the changes in level 3 items for the periods ended 31 December 2023 and 31 December 2022.

	The Group	
	2023	**2022**
	$'000	**$'000**
Opening balance 1 January 2023	530,843	539,773
Acquisitions	95,837	-
Foreign exchange gains/(losses)	11,275	(8,580)
Fair value gain/(loss) recognised in other comprehensive income	17,763	(350)
Closing balance 31 December 2023	655,718	530,843

	The Company	
	2023	**2022**
	$'000	**$'000**
Opening balance 1 January 2023	296,654	302,522
Foreign exchange gains/(losses)	7,164	(5,518)
Fair value gain/(loss) recognised in other comprehensive income	17,763	(350)
Closing balance 31 December 2023	321,581	296,654

(ii) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash, short–term deposits, insurance premium financing receivables, loans receivables and loans from related parties.

(iii) The carrying value of long–term loans payable to external lenders approximate their fair values, as most of these loans are listed on an exchange and as at year end, the closing bid price represents their carrying values, being the amortised cost.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

7. Segment Information

The operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic investment decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

These segments represent the different types of credit offering that are written by the entity. Management identifies its reportable operating segments by product line consistent with the reports used by the Board of Directors. Operating segments are subject to change according to the Group's investment strategies. These segments and their respective operations are as follows:

- Insurance Premium Finance (IPF) – These represent short term loans issued to customers for the financing of insurance premiums. These contracts normally have a duration of 3 to 9 months.

- Loans – These represent credit extended to customers with average tenure of 2 – 5 years. These loans are mostly secured by collateral, guarantees and payroll deductions.

- Leases – These represent credit extended for the purchase of equipment and motor vehicles and have a duration of 2 – 5 years.

- Asset Management – these represent administrative and investment management services provided.

2023	**Insurance Premium Finance**	**Loans**	**Leases**	**Asset Management**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Income as per segment	12,016	122,969	303,308	326,949	765,242
Unallocated income					390,112
Share of net profit from joint venture					14,433
Unallocated expense					(644,696)
Profit before Taxation					525,091
Taxation					(17,834)
Net Profit					507,257

2022	**Insurance Premium Finance**	**Loans**	**Leases**	**Asset Management**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Income as per segment	7,618	157,246	261,935	283,343	710,142
Unallocated income					103,047
Share of net profit from joint venture					2,944
Unallocated expense					(546,291)
Profit before Taxation					269,842
Taxation					(31,045)
Net Profit					238,797

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

7. Segment Information (Continued)

Other statement of comprehensive income disclosures:

	2023 $'000	2022 $'000
Depreciation	13,729	11,098

Allocation of assets:	Total Assets 2023 $'000	Total Assets 2022 $'000
Insurance premium financing	18,563	16,389
Loans	1,174,117	1,209,960
Leases	1,627,572	1,698,775
Asset management	126,972	89,461
Total segment assets	2,947,224	3,014,585
Unallocated:–		
Cash and deposits	1,381,136	1,031,286
Taxation recoverable	22,525	19,136
Other receivables	392,169	387,679
Investment securities	1,153,908	1,041,057
Investment in associated companies and joint ventures	401,830	82,845
Real estate available for sale	701,345	-
Property, plant and equipment	38,233	25,925
Deferred tax	-	420
Right–of–use–asset	2,058	7,273
Total Assets per Statement of Financial Position	7,040,428	5,610,206

Total capital expenditure was as follows:

	2023 $'000	2022 $'000
Property, plant and equipment	26,037	27,126

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

8. Other Income

(i) Asset Management Fee Income

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Management fees	213,546	177,391	78,983	39,646
Managers' preference dividend	92,961	89,644	-	-
Performance fees	17,691	840	-	-
Arranger's fees	2,751	15,468	2,751	15,468
	326,949	283,343	81,734	55,114

(ii) Fees and Other Operating Income

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Non–participating preference dividends		-		-
Dividend income	63,596	53,058	213,346	96,043
Fair value (losses)/gains on equity securities at FVPL	(779)	16,069	280	7,949
Fee income	10,539	23,149	9,903	20,571
Foreign exchange gains/(losses)	29,481	(9,133)	29,059	(10,479)
Gain on disposal of property, plant and equipment	-	4,783	-	4,783
Gain on disposal of leases	31,229	-	31,229	-
Gain on sale of real estate available for re–sale	22,922	-	-	-
Rental income	7,823	-	-	-
Other	6,457	3,557	6,438	3,556
	171,268	91,483	290,255	122,423

9. Expenses by Nature

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Auditors' remuneration –	9,091	6,578	4,855	3,153
Depreciation and amortisation	19,161	12,482	18,828	12,460
Marketing and advertising	5,965	37	5,965	37
Bad debts recovered	(32)	(190)	(32)	(190)
Professional fees	18,930	18,653	16,887	16,514
Rent and maintenance	2,782	6,944	1,671	5,839
Repairs and maintenance	762	593	762	593
Staff costs (Note 10)	206,516	158,222	174,507	144,477
Stationery	2,307	3,021	2,307	3,021
Utilities	5,364	3,516	5,122	3,326
Other	56,866	33,148	15,963	14,382
Total	327,712	243,004	246,835	203,612

Included in professional fees are non–audit fees of $18,930 (2022 – $18,653) and $16,887 (2022 – $16,514) for the Group and Company, respectively.

10. Staff Costs

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	172,538	126,694	140,529	112,948
Payroll taxes – employer's contribution	15,552	13,450	15,552	13,450
Pension costs	4,177	3,734	4,177	3,734
Other	14,249	14,344	14,249	14,345
	206,516	158,222	174,507	144,477

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

11. Taxation

(a) The Company's shares are listed on the Main Market of the Jamaica Stock Exchange. Effective 6th February 2018, approval was granted for the company to operate as an Approved Venture Capital Company, as per Section 36 of the Income Tax Act, for a period not exceeding ten (10) years.

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

(b) Taxation is based on the profit for the year adjusted for taxation purposes and represents:

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Current income tax charge	15,740	11,493	-	-
Deferred tax (Note 26)	2,094	19,552	-	-
	17,834	31,045	-	-

(c) The tax charge on the company's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Profit before taxation	525,091	269,842	239,425	102,350
Tax calculated at 25% (2022 – 25%)	131,271	67,462	59,856	25,588
Adjusted for the effects of:				
Income not subject to tax	(75,036)	(26,081)	(1,717)	(7,273)
Expenses not deductible for tax	66,786	63,753	66,786	63,753
Joint venture's results reported net of tax	(3,608)	(736)	-	-
Net effect of other charges and allowances	7,748	19,991	-	-
Effect of different tax rates	(109,327)	(93,344)	(124,925)	(82,068)
	17,834	31,045	-	-

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

12. Earnings per Stock Unit

Basic earnings per stock is calculated by dividing the Group's net profit attributable to owners by the weighted average number of ordinary shares outstanding during the year.

	2023 $'000	2022 $'000
Net profit attributable to stockholders ($'000)	507,379	238,797
Weighted average number of stock units outstanding ('000)	192,468	192,468
Earnings per stock unit ($)	2.64	1.24

Included in borrowings are 2024, 2026, 2027 and 2028 cumulative redeemable preference shares. These cumulative redeemable preference shares are not ordinary or potential ordinary shares and have not been included in the determination of basic and diluted earnings per stock. These shares are classified as liabilities (see note 28 (c)).

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

13. Cash and Cash Equivalents

	The Group	
	2023	**2022**
	$'000	**$'000**
Cash and bank balances	652,432	516,154
Term deposits	728,661	515,173
	1,381,093	1,031,327
Less: Restricted cash	(169,075)	(58,644)
Less: Interest receivable	(1,794)	(1,212)
	1,210,224	971,471

Restricted cash represents monies held by NCB Jamaica Limited and CIBC First Caribbean International Bank as security for bank loans to Fleet Limited and Eppley Fund Managers Limited respectively.

	The Company	
	2023	**2022**
	$'000	**$'000**
Cash and bank balances	317,638	358,859
Term deposits	728,661	515,172
	1,046,299	874,031
Less: Interest receivable	(1,794)	(1,171)
	1,044,505	872,860

Included in cash and bank balances are foreign currency current accounts which earn interest at 0.00% to 0.25% (2022 – 0.00% to 0.25%).

The weighted average effective interest rates on term deposits were as follows:

	The Group and The Company	
	2023	**2022**
	%	**%**
J$ – short term deposits	7.43	8.26
US$ – short term deposits	3.76	4.42

14. Other Receivables

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Prepaid expenses	341	151	341	151
GCT recoverable	307,709	333,302	170,903	155,683
Management fees *	57,130	37,076	9,832	1,121
Investment advisory fees *	42,985	32,971	-	-
Performance fees *	17,014	-	-	-
Managers preference dividend *	27,457	32,540	-	-
Other	66,548	41,044	34,387	32,354
	519,184	477,084	215,463	189,309

* Included in other receivables are amounts totalling $211,134,000 (2022: $143,631,000) and $44,219,000 (2022: $33,366,000) for the Group and Company, respectively, which are exposed to credit risk at the year end.

15. Insurance Premium Financing Receivables

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
IPF loans receivable from affiliates	2,182	-	2,182	-
IPF loans receivable from external customers	31,798	31,432	28,309	31,432
Unearned interest	(8,527)	(8,142)	(8,357)	(8,142)
	25,453	23,290	22,134	23,290
Expected credit losses	(6,890)	(6,901)	(6,890)	(6,901)
	18,563	16,389	15,244	16,389

Insurance premium financing receivables include amounts with related parties (Note 25(b)).

16. Loans Receivable

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Loans receivable from affiliates	611,782	358,954	106,015	205,990
Loans receivable from external customers	568,486	857,533	337,689	565,354
	1,180,268	1,216,487	443,704	771,344
Expected credit losses	(6,151)	(6,527)	(6,087)	(6,487)
	1,174,117	1,209,960	437,617	764,857

Loans receivable include amounts with related parties (Note 25(b)).

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

17. Lease Receivables

	The Group		The Company	
	2023 **$'000**	**2022** **$'000**	**2023** **$'000**	**2022** **$'000**
Gross investment in finance leases –				
Not later than one year	61,346	74,610	61,346	74,610
Later than one year and not later than five years	1,938,848	2,085,914	1,074,671	901,769
Over five years	51,397	61,393	2,542	61,393
	2,051,591	2,221,917	1,138,559	1,037,772
Less: Unearned income	(424,019)	(523,142)	(240,867)	(221,894)
	1,627,572	1,698,775	897,692	815,878
Net investment in finance leases may be classified as follows:				
Not later than one year	48,368	58,657	48,368	58,657
Later than one year and not later than five years	1,538,145	1,591,852	847,320	708,955
Over five years	41,059	48,266	2,004	48,266
	1,627,572	1,698,775	897,692	815,878

18. Investment Securities

	The Group		The Company	
	2023 **$'000**	**2022** **$'000**	**2023** **$'000**	**2022** **$'000**
Fair value through profit or loss –				
Debt instruments	25,171	26,627	25,171	26,627
Participating and Non–participating preference shares	467,013	363,875	4,029	4,050
Unquoted common stock	238,307	234,189	–	–
Quoted equities	101,536	119,712	24,850	23,855
Fair value through other comprehensive income –				
Unquoted equities	321,581	296,654	321,581	296,654
	1,153,908	1,041,057	375,631	351,186

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

19. Investment in Associated Companies and Joint Arrangements

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Opening net assets at 1 January	82,860	79,917	15	15
On acquisition of subsidiary (Note 25)	304,088	-	-	-
Foreign exchange gain/(loss)	2	(1)	-	-
Foreign exchange gain on translation	2,061	-		
Profit for the year	12,819	2,944	-	-
Carrying amount	401,829	82,860	15	15

(i) Joint Ventures

In 2017, the Group entered into a joint venture agreement where it owns a fifty percent (50%) share in Caribbean Mezzanine Fund I Limited, a company incorporated in Jamaica. Caribbean Mezzanine Fund I Limited is an approved venture capital company that manages funds on behalf of the unitholders. The company's investment is accounted for using the equity method.

Paynter (Jamaica) Limited, entered into a joint venture agreement with effect from 1 July 2019; where it owns a fifty percent (50%) share in Retirement Road Holdings II Limited (RRH II), a company incorporated in St. Lucia. The principal activities of the RRH II is to engage primarily in the administration of investment properties being utilised for rental yields and capital appreciation.

Paynter (Jamaica) Limited entered into a joint venture agreement with effect from 4 March 2022, where it owns a fifty percent (50%) share in Caribbean Mezzanine Fund II Limited. Caribbean Mezzanine Fund II (CMF II) is a segregated cell of Stratus Alternative Funds Limited SCC ("the SCC"), a segregated cell company. CMF II is duly incorporated under the Companies Act, Chapter 308 of the Laws of Barbados, with a primary focus on mezzanine and credit investments.

On October 1, 2013, 36% of the assets of a joint venture partnership called CS&C Joint Venture (CS&C JV) were allocated to Eppley Caribbean Property Fund Limited SCC– Development Fund. This is representative of the assets in account 2, which consists of undeveloped land. The assets of account 1 was allocated to Eppley Caribbean Property Fund Limited SCC– Value Fund, which is the other cell of Eppley Caribbean Property Fund Limited SCC. The joint venture has 7.6 acres of undeveloped land at Lower Estate and the Cave Shepherd building at 10–14 Broad Street. The Group obtained an interest in this Joint Venture on acquisition of Eppley Caribbean Property Fund Limited SCC– Development Fund on 11 April 2023.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

19. Investments in Associated Companies and Joint Arrangements (Continued)

(i) Joint Ventures (continued)

Summarised statement of financial position

The tables below provide summarised financial information for the joint venture which, in the opinion of the directors, is material to the Group and the company.

2023

	CS&C JV $'000	CMF II $'000	CMF I $'000	RRH II $'000	Total $'000
Current assets					
Cash and cash equivalents	34,821	-	-	-	34,821
Other current assets	29,479	-	-	124	29,603
Total current assets	64,300	-	-	124	64,424
Non–current assets	3,186,347	15	31	200,000	3,386,393
Total assets	3,250,647	15	31	200,124	3,450,817
Current liabilities					
Other current liabilities	12,095	-	-	5,582	17,677
Total current liabilities	12,095	-	-	5,582	17,677
Non–current financial liabilities	873,201	-	-	-	873,201
Total liabilities	885,296	-	-	5,582	890,878
Net assets	2,365,351	15	31	194,542	2,559,939
Net assets attributable to:					
Account 1	2,173,515				
Account 2	191,837				

2022

	CMF II $'000	CMF I $'000	RRHII $'000	Total $'000
Current assets				
Other current assets	-	-	124	124
Total current assets	-	-	124	124
Non–current assets	15	30	170,000	170,045
Total assets	15	30	170,124	170,169
Current liabilities				
Other current liabilities	-	-	4,449	4,449
Total current liabilities	-	-	4,449	4,449
Non–current financial liabilities	-	-	-	-
Total liabilities		-	4,449	4,449
Net assets	15	30	165,675	165,720

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

19. Investments in Associated Companies and Joint Arrangements (Continued)

(i) Joint Ventures (continued)

Summarised Statement of Comprehensive Income

	2023			2022	
	CS&C JV $'000	**RRH II $'000**	**Total $'000**	**RRH II $'000**	**Total $'000**
Revenue	184,930	30,000	214,930	7,400	7,400
Interest expense	(28,227)	-	(28,227)	-	-
Fair value losses	(222,917)	-	(222,917)	-	-
Operating expenses	(7,584)	(1,134)	(8,718)	(1,512)	(1,516)
(Loss)/profit before tax	(73,798)	28,866	(44,932)	5,888	5,884
Taxation	-	-	-	-	-
Total comprehensive income	(73,798)	28,866	(44,932)	5,888	5,884

Total comprehensive income attributable to:	
Account 1	(70,919)
Account 2	(2,879)

Reconciliation to carrying amounts

	2023					2022			
	*** CS&C JV $'000**	**CMF II $'000**	**CMF I $'000**	**RRH II $'000**	**Total $'000**	**CMF II $'000**	**CMF I $'000**	**RRH II $'000**	**Total $'000**
Closing net assets	191,837	15	31	194,541	194,587	15	30	165,675	165,720
Company's share (%)	36	50	50	50		50	50	50	
Carrying amount	69,061	8	16	97,271	166,356	8	15	82,837	82,860

* Represents the closing net assets of account 2 of the CS&C JV.

There are no contingent liabilities relating to the Group's interest in CS&C JV and RRH II. There were no balances related to depreciation, other comprehensive income, and dividend paid for the period ended 31 December 2023.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

19. Investments in Associated Companies and Joint Arrangements (Continued)

(ii) Investment in joint operations

The Group has a 50% interest in a joint venture partnership called the Rockley Joint Venture. The partnership was formed to facilitate the purchase of land and buildings at Rockley.

Name	Country of incorporation	Percentage of ownership interest
Rockley Joint Venture	Barbados	50%

Nature of investment in joint operations

The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangement is not structured as a separate company. The agreement between the parties provides the Group and the parties to the agreements with rights to the assets and liabilities of the limited company under the arrangements. Therefore, this arrangement is classified as a joint operation.

The Group's share of results of its joint operations, its aggregated assets and liabilities is as follows:

	Assets	Liabilities	Revenues	Loss	% Interest held
	$	$	$	$	
December 31, 2023	73,064	29,130	1,762	(72)	50%

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

19. Investments in Associated Companies and Joint Arrangements (Continued)

(iii) Investment in associated companies

The Group has a 35% interest in Contonou Shores Ltd (CSL), a company domiciled in the St. Vincent. This company owns land on Canouan Island, St. Vincent and the Grenadines which is held for sale.

The Group has a 35% interest in Canouan CS&F Investments Limited (CS&F). This company owns land on Canouan Island, St. Vincent and the Grenadines which is held for sale.

CSL and CS&F are private companies and there is no quoted market price available for the shares.
There are no contingent liabilities relating to the Group's interest in the associates.

Summarised Statement of Financial Position

The tables below provide summarised financial information for the associated companies which, in the opinion of the directors, is material to the Group and the company.

	2023		
	CSL	**CS&F**	**Total**
	$'000	**$'000**	**$'000**
Non–current assets	658,811	38,672	697,483
Total assets	658,811	38,672	697,483
Current liabilities			
Other current liabilities	7,685	-	-
Total current liabilities	7,685	-	7,685
Non–current financial liabilities	17,014		7,685
Total liabilities	24,699	-	17,014
Net assets	634,111	38,672	24,699

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

19. Investments in Associated Companies and Joint Arrangements (Continued)

Summarised statement of comprehensive income

	2023		
	CSL $'000	**CS&F $'000**	**Total $'000**
Operating expenses	(1,649)	-	(1,649)
Loss before tax	(1,649)	-	(1,649)
Taxation	-	-	-
Total comprehensive loss	(1,649)	-	(1,649)

Reconciliation to carrying amounts

		2023	
	CSL $'000	**CS&F $'000**	**Total $'000**
Closing net assets	38,672	634,111	672,784
Company's share (%)	35	35	
Carrying amount	13,535	221,939	235,474

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

20. Real Estate Available for Sale

The detailed portfolio of real estate available for re–sale for Group is as follows:

	Fair value hierarchy level	Cost	Value at acquisition	Disposals	Fair value (losses)/gains	FX gain on translation	Value c/fwd.
		$'000	$'000	$'000	$'000	$'000	$'000
Developed properties:							
Lime Grove Hillside Villa	2	137,664	84,101	-	(482)	570	84,189
Apes Hill Polo Villa #3	2	142,605	89,128	-	2,673	604	92,405
Apes Hill Polo Villa #18	2	103,077	90,139	(90,750)	-	611	-
Land and properties under development:							
Wotton lands	2	518,635	379,323	-	-	2,571	381,894
Holders land	2	139,450	75,162	-	-	510	75,672
Rockley– Central area lands	2	121,549	66,733	-	-	452	67,185
Villas on the Green lands	2	371,233	208,133	(209,544)	-	1,411	-
			992,719	(300,294)	2,191	6,729	701,345

Real estate available for re–sale is carried at lower of cost and net realisable value. During the year impairment tests were performed on the carrying value of the real estate available for re–sale. Based on these tests, the real estate available for re–sale were subsequently adjusted to their net realisable values resulting in a net fair value gain of $2,191,000 (2022 – nil) being recognised.

Valuations performed by professional valuers are utilised in the process of determining the net realisable value of the real estate available for re–sale. Due to the nature of the valuation process, valuations may differ between professional valuers. The effect on net income of an across the board 10% depreciation in the net realisable value of the Group's real estate available for re–sale would amount to $70,135,000 (2022 – nil).

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

21. Property, Plant and Equipment

	The Group			
	Motor Vehicles $'000	**Furniture, Fixtures & Equipment $'000**	**Computer software $'000**	**Total $'000**
Cost –				
At 1 January 2022	30,916	21,015	6,709	58,640
Additions	26,630	496	-	27,126
Disposal	(7,200)	-	-	(7,200)
At 31 December 2022	50,346	21,511	6,709	78,566
Additions	19,513	5,284	1,240	26,037
At 31 December 2023	69,859	26,795	7,949	104,603
Depreciation –				
At 1 January 2022	25,148	16,928	6,667	48,743
Charge for the year	9,542	1,542	14	11,098
Eliminated on disposal	(7,200)	-	-	(7,200)
At 31 December 2022	27,490	18,470	6,681	52,641
Charge for the year	9,541	3,864	324	13,729
At 31 December 2023	37,031	22,334	7,005	66,370
Net Book Value –				
31 December 2023	32,828	4,461	944	38,233
31 December 2022	22,856	3,041	28	25,925

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

21. Property, Plant and Equipment (Continued)

	The Company			
	Motor Vehicles $'000	Furniture, Fixtures & Equipment $'000	Computer software $'000	Total $'000
Cost –				
At 1 January 2022	30,916	19,334	6,573	56,823
Additions	26,630	496	-	27,126
Disposals	(7,200)	-	-	(7,200)
At 31 December 2022	50,346	19,830	6,573	76,749
Additions	19,513	5,284	-	24,797
At 31 December 2023	69,859	25,114	6,573	101,546
Depreciation –				
At 1 January 2022	25,148	15,294	6,573	47,015
Charge for the year	9,542	1,534	-	11,076
Eliminated on Disposal	(7,200)	-	-	(7,200)
At 31 December 2022	27,490	16,828	6,573	50,891
Charge for the year	9,541	3,857	-	13,398
At 31 December 2023	37,031	20,685	6,573	64,289
Net Book Value –				
31 December 2023	32,828	4,429	-	37,257
31 December 2022	22,856	3,002	-	25,858

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

22. Leases

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Building	2,058	7,273	2,058	7,273
Total right–of–use asset	2,058	7,273	2,058	7,273
Current	1,540	5,863	1,540	5,863
Non–current	-	1,511	-	1,511
Total lease liabilities	1,540	7,374	1,540	7,374

(b) Amounts recognised in the statement of comprehensive income:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation charge of right–of–use assets:				
Properties	5,429	1,384	5,429	1,384
	5,429	1,384	5,429	1,384
Interest expense	449	55	449	55

22. Leases (Continued)

The total cash outflow for leases in 2023 was $6m (2022: $6m).

(c) *The Group's leasing activities and how these are recorded*

The Group leases its offices. Rental contracts are typically made for fixed periods, on average 3 years but may have extension options.

Contracts may contain both lease and non–lease components. Where these exist, the Group allocates the consideration in the contract to the lease and non–lease components based on their relative stand–alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right–of–use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in–substance fixed payments)
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right–of–use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

i. where possible, uses recent third–party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
ii. makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

i. the amount of the initial measurement of lease liability;
ii. any lease payments made at or before the commencement date
iii. any initial direct costs; and
iv. restoration costs.

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

23. Investment in Subsidiaries

	2023 $'000	2022 $'000
Eppley Fund Managers Limited	77,035	75,218
Paynter (Jamaica) Limited	1	1
Eppley Consumer Finance	10,000	-
Fleet Limited	143,393	143,393
	230,429	218,612

24. Non–Controlling Interests

	2023 $'000
Opening balance	-
Addition of non–controlling interest (note 25)	739,438
Share of net loss	(122)
Closing balance	739,316

Set out below is summarised financial information for subsidiary, Eppley Caribbean Property Fund Limited SCC–Development Fund, which is the sole subsidiary that has non–controlling interests at 31 December 2023. The amounts disclosed below are prior to inter–company eliminations.

Summarised statement of financial position

	2023 $'000
Current assets	
Cash and cash equivalents	82,552
Other current assets	32,396
Total current assets	114,948
Non–current assets	1,351,235
Total assets	1,466,183
Total current liabilities	51,859
Total liabilities	51,859
Net assets	1,414,324

Summarised statement of comprehensive income	**2023 $'000**
Revenue	16,506
Interest expense	-
Other income	22,922
Operating expenses	(39,658)
Loss before tax	(230)
Taxation	-
Total comprehensive income	(230)

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

24. Non–Controlling Interests (Continued)

	2023
Summarised statement of cashflows	**$'000**
Cash used in operations	(2,785)
Net decrease in cash and cash equivalents	(2,785)
Cash and cash equivalents at beginning of the period	85,336
Cash and cash equivalents at end of the period	82,551

25. Business Combinations

On 11 April 2023, the Company acquired a 47% holding in Eppley Caribbean Property Fund Limited SCC– Development Fund (the 'Development Fund') through its wholly–owned subsidiary, Eppley Fund Managers Limited. The Development Fund is a licensed Mutual Fund under the Mutual Funds Act, Barbados, and currently trades on the Barbados Stock Exchange and the Trinidad and Tobago Stock Exchange under the symbol "CPFD". The Development Fund is a separate and distinct segregated cell of Eppley Caribbean Property Fund Limited SCC.

The investment objective of the Development Fund is to realise value in the medium term on its portfolio of development properties in the Caribbean and return capital to shareholders. It is not expected that the Development Fund will pay a regular dividend.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

25. Business Combinations (Continued)

The following table summarises the purchase consideration, net assets acquired, gain on bargain purchase and the non–controlling interest at the acquisition dates:

	Eppley Caribbean Property Fund Limited SCC– Development Fund
	2023
	$'000
Purchase consideration:	
Cash	413,309
Total purchase consideration	413,309
Assets and liabilities arising from the acquisition:	
Real estate available for re–sale	992,719
Investment in associated companies and joint ventures	304,088
Other receivables	30,235
Cash & cash equivalents	109,265
Other liabilities	(9,939)
Due to related parties	(21,022)
Fair value of net assets acquired	1,405,346
Non–controlling interests (Note 24)	(739,438)
	252,599
Acquisition expenses	(24,722)
Translation movement	2,393
Gain on Bargain Purchase	230,270
Purchase consideration settled in cash	413,309
Cash acquired	109,265
Translation movement	(73)
Acquisition of subsidiary, net of cash acquired	304,117

The business contributed revenue of $4,029,000 and net loss of $5,690,000 to the consolidated results for the period ended 31 December 2023. Had the business been consolidated from 1 January 2023, the consolidated income statement would show pro–forma revenue of $929,112,000 and profit after tax of $501,567,000. The amounts have been calculated by adjusting the results of the subsidiary to reflect the additional operating income that would have been recognised and operating expenses that would have been charged over from January to December 2023.

The acquisition resulted in a gain bargain purchase due to the cash consideration paid being less than the fair value of the net assets acquired.

Eppley Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

26. Deferred Income Taxes

Deferred income taxes are calculated on temporary differences under the liability methods using an effective tax rate of 25% (2022 – 25%) for the Group and nil for the Company for both 2023 and 2022.

	The Group	
	2023	**2022**
	$'000	**$'000**
Deferred tax assets	2,343	(420)
Deferred tax liabilities	14,750	15,419
Net Deferred tax assets	17,093	14,999

The movement on the deferred income tax account is as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Balance as at 1 January	14,999	(4,553)
Statement of comprehensive income (Note 11)	2,094	19,552
Balance as at 31 December	17,093	14,999

Deferred income tax liabilities are attributable to the following items:

	The Group	
	2023	**2022**
	$'000	**$'000**
Property, plant and equipment	(5)	(5)
Foreign exchange	315	(420)
Lease receivable	28,871	32,803
Interest receivable	2,029	-
	31,210	32,378

Deferred income tax assets are attributable to the following items:

	The Group	
	2023	**2022**
	$'000	**$'000**
Tax losses	(14,116)	(17,379)

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

26. Deferred Income Taxes (Continued)

The movement in the statement of comprehensive income is attributable to the following:

	The Group	
	2023 $'000	2022 $'000
Property, plant and equipment	2	2
Lease receivable	1,901	(19,408)
Foreign exchange	(735)	612
Tax losses	(1,235)	(758)
Interest receivable	(2,028)	-
	(2,095)	(19,552)

	The Group	
	2023 $'000	2022 $'000
Deferred tax assets to be recovered within one year	(14,116)	(17,379)
Deferred tax liabilities to be settled within one year	31,210	32,378

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

27. Related Party Transactions and Balances

(a) The statement of comprehensive income includes the following transactions with related parties –

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Interest income –				
Key management	1,005	1,005	-	-
Subsidiary	-	-	108,493	124,485
Affiliate	19,179	14,759	19,179	14,759
	20,184	15,764	127,672	139,244
Key management compensation –				
Directors' fees	340	400	340	400
Salaries and other short term benefits	103,644	84,337	103,644	84,337
Post– employment benefits	5,173	4,695	5,173	4,695
Management fees – income				
Subsidiaries	-	-	28,079	(9,400)
Affiliate	(1,570)	(1,570)	850	(850)
Management fees – expense	2,250	2,000	2,250	2,000
Rental and maintenance expense –				
Affiliate	1,671	5,784	1,671	5,784

Eppley Limited

Notes to the Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

27. Related Party Transactions and Balances (Continued)

(b) The statement of financial position includes the following balances with group companies –

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Due to related parties –				
Subsidiaries	-	-	7,957	113,222
Affiliate	1,653	1,653	1,653	1,653
	1,653	1,653	9,610	114,875
Loan due to related parties (Note 28) –				
Balance at the beginning and end of year	500	500	500	500
Insurance premium financing receivables –				
Affiliates (Note 15)	2,182	-	2,182	-

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Due from subsidiaries:–				
(i) Loans receivable	-	-	1,076,666	974,126
(ii) Other receivables	-	-	-	-
	-	-	1,076,666	974,126
Due from affiliates:–				
(iii) Loans receivable (Note 16)				
Balance at the beginning of year	358,954	104,991	205,990	104,991
Loans issued	336,694	256,758	-	100,000
Interest earned	40,166	25,963	19,179	14,759
Repayments	(128,986)	(20,937)	(120,456)	(12,780)
Foreign exchange translation	4,954	(7,821)	1,302	(980)
Balance at end of year	611,782	358,954	106,015	205,990
(iv) Key management	12,240	11,236	1,187	1,187

Loans receivable from key management attract interest at an average rate of 9.5% and 12% (2022 – 9.5% and 12%) and are repayable within 12 months.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

28. Borrowings

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Composition of borrowings				
(a) Loans from affiliates (Note 27 (b))	500	500	500	500
(b) Short term loans from external lenders	616,860	600,244	616,860	600,244
(c) Long term loans from external lenders	3,827,502	3,510,914	2,768,083	2,623,149
	4,444,862	4,111,658	3,385,443	3,223,893
Less: Current portion				
Loans from affiliates	(500)	(500)	(500)	(500)
Loan from external lender	(623,589)	(612,043)	(619,802)	(608,208)
Unwinding of unamortised fees within 12 months	15,213	15,477	12,781	13,045
Non–current borrowings	3,835,986	3,514,592	2,777,922	2,628,230

(a) This balance represents a loan of $500,000 from a related party which does not attract interest, is unsecured and has no set repayment.

(b) The short–term loans from external lenders represent a bond issued in March 2020. Prior to the March 2021 maturity date, the bondholders agreed to extend the maturity date to September 30, 2022, with an increased interest rate of 4.95%. Prior to the maturity date of September 20, 2022, the bondholders further approved an extension in the maturity date to June 30, 2024, with an increased interest rate of 6%, which was effective as of June 30, 2022.

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

28. Borrowings (Continued)

(c) Long term loans from external lenders

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Redeemable preference shares (i)	2,811,610	2,658,416	2,811,610	2,658,416
Long term notes (ii)	1,074,809	897,821	-	-
Less: Unamortised fees	(58,917)	(45,323)	(43,527)	(35,267)
	3,827,502	3,510,914	2,768,083	2,623,149

(i) These represent the following redeemable preference shares that are listed on the Main Market of the Jamaica Stock Exchange, unless otherwise stated:

(1) 83,334,000 preference shares issued in December 2019 that mature in November 2024 and attract interest at a rate of 7.50% per annum; and

(2) 25,000,000 preference shares issued in August 2021 that matures in August 2026 and attracts interest at a rate of 7.25% per annum; and

(3) 20,000,000 preference shares issued in August 2021 that matures in August 2028 and attracts interest at a rate of 7.75% per annum; and

(4) 2,500,000 USD Indexed Class A Preference Shares issued in November 2023 that matures in November 2027 and attracts interest at a rate of 8.50% per annum; and

(5) 2,500,000 USD Class B Preference Shares issued in November 2023 that matures in November 2027 and attracts interest at a rate of 8.50% per annum.

(ii) These represent the following:

(1) BB$600,000 (approximately J$42 million) loan received in July 2020 that is repayable in July 2025 and attracts interest at 4.25%.

(2) BB$5.8 million loan received in April 2023 with a maturity date of April 12, 2028 and attracts an interest rate of 4.25% per annum.

(3) $961.4 million bank loan received in April 2017 and May 2021 with a maturity date of April 7, 2026, and $190.0 million bank loan received in September 2022 with a maturity date of September 8, 2027. All loans attract interest at 7.00% per annum.

At year end, the fair value of borrowings was $4,326,076,000 (2022 - $4,129,590,000) and $3,266,657,000 (2022 - $3,241,825,000) for the Group and Company, respectively.

Eppley Limited

Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

29. Other Liabilities

	The Group		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Accruals	74,296	41,448	34,446	21,920
Due to clients	273,055	236,694	167,377	131,956
Other	94,230	88,265	46,898	78,577
	441,581	366,407	248,721	232,453

30. Share Capital

	2023 $'000	**2022 $'000**
Authorised –		
195,000,000 (2022 – 195,000,000) ordinary shares of no par		
Issued and fully paid –		
192,468,300 (2022 – 192,468,300) stock units	492,343	492,343

31. Other Reserves

Other reserves primarily represent the currency translation differences resulting from the unrealised gains and losses on the translation of the net assets of subsidiaries that have a different functional currency from that of the Group.

32. Fair Value Reserves

Fair value reserves primarily represent the unrealised gain/(loss) on investments measured at fair value through other comprehensive income. As at December 31, 2023, these reserves represent the fair value movement on units held in quoted and unquoted investments.

33. Dividends

During the year, the company declared dividends to registered holders on record as follows:

	The Group and The Company	
	2023 $'000	**2022 $'000**
First interim dividend, gross – $1.00 (2022 – $1.05) per ordinary stock units	192,469	202,093
Second interim dividend, gross – $0.052 (2022 – $0.052) per ordinary stock units	10,008	10,008
Third interim dividend, gross – $0.052 (2022 – $0.052) per ordinary stock units	10,008	10,008
Fourth interim dividend, gross – $0.052 (2022 – $0.052) per ordinary stock units	10,008	10,008
	222,493	232,117

Eppley Limited
Notes to the Financial Statements
31 December 2023
(expressed in Jamaican dollars unless otherwise indicated)

34. Pension Scheme

Employees participate in a defined contribution pension scheme operated by a related company, T. Geddes Grant (Distributors) Limited. The scheme is open to all permanent employees, as well as the employees of certain related companies. The scheme is funded by employees' compulsory contribution of 5% of earnings and voluntary contributions up to a further 15%, as well as employer's contribution of 5% of employees' earnings. The scheme is valued triennially by independent actuaries. The results of the most recent actuarial valuation, as at 31 December 2022, indicated that the scheme was solvent and that the available assets exceeded the total liabilities resulting in a surplus at that date.

Pension contributions for the period totalled $4,177,500 (2022 – $3,734,103) and are included in staff costs (Note 10).

35. Reconciliation of Liabilities arising from Financial Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash. Financing activities represent borrowings:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
At January 1	4,111,658	4,129,536	3,223,893	3,242,097
Loans received	1,622,837	193,852	1,171,259	-
Repayment– principal	(1,307,802)	(193,388)	(1,032,707)	-
Repayment– interest	(308,211)	(304,513)	(240,612)	(241,424)
Deferred loan fees	(32,264)	3,007	(20,956)	463
Amortisation of finance charge	23,692	9,419	17,718	11,886
Foreign exchange adjustments	19,130	(26,647)	18,579	(26,449)
Interest expense	315,822	300,392	248,269	237,320
At 31 December	4,444,862	4,111,658	3,385,443	3,223,893

36. Subsequent Events

The Group declared an ordinary dividend of $1.17 per stock unit to stockholders on record as at 13 March 2023, which is to be paid on 28 March 2024.