CARIBBEAN PRODUCERS JAMAICA LIMITED

YEAR ENDED JUNE 30, 2021

Consolidated Audited Financial Results for the Year Ended 30 June 2021

The Board of Directors of CPJ Group is pleased to present the consolidated audited financial results for the year ended June 30, 2021.

Performance

COVID-19 disrupted the global tourism industry, with travel restrictions and global-wide lockdowns having a significant impact on the Company's revenues for the majority of the fiscal year. The closure of hotels in March 2020 resulted in a decrease in CPJ Group revenues of US$33.5M, or 37% when compared to the prior year, with Group sales for the fiscal year at US$58.18M. For reference, the Group had projected US$120M in sales for FY 2020 prior to the pandemic.

The reduced revenues continued through Fiscal Year 2021, with gradual improvements seen as the year progressed. The Group saw some normalcy return to its business, both onshore and offshore, in Q4 of the fiscal year. June 2021 recorded the highest monthly Group revenue for the quarter of US$9.2M, with CPJ Jamaica generating sales of US$7.4M. The improvement in revenue for Q4 was the direct result of an easing in travel restrictions and increase in tourist arrivals, as the vaccination drive in many countries boosted traveler confidence. CPJ Group is reporting revenues of US$21.22M for the quarter, which is a 267% increase over Q4 of previous fiscal year 2020.

EBITDA

EBIDTA for Q4 of the current fiscal year for the Group is US$2.84M. The Group ended the quarter with an overall profit of US$1.36M, after accounting for finance costs of US$462K, with depreciation and amortization costs of US$1.03M. Notably, the Q4 results include a provision of US$516K to account for potential impairment of inventory in the coming year caused by any ongoing effects of the pandemic. The Company has also maintained an elevated provision for bad debt, hedging against any potential risks. The total provision at the end of the quarter was US$578K.

The Group recorded an EBITDA of US$3.92M for the current fiscal year but ended the year with a loss of US$2.52M, with CPJ Jamaica recording an EBITDA of US$3.38M and ending the year with a loss of US$1.997M. The Group loss includes finance costs of US$2.2M and depreciation and amortization costs of US$4.2M.

Balance Sheet and Current Assets to Current Liabilities Ratio

Current assets increased by US$2.47M (6.4%) from US$38.55M to US$41.03M, while current liabilities increased by US$3.56M (21%) from US$16.76M to US$20.32M over the same period last year. Total assets increased by US$5.77M (9.5%) from US$60.56M to US$66.33M, while total liabilities increased by US$8.29M (19%) from US$42.89M to US$51.08M over the same period last year.

CPJ Group continues to demonstrate sound treasury management in turbulent times with a current asset to current liabilities ratio of 2.02:1 compared to 2.30:1 in the same period of the last fiscal year. The company continues to focus on receivables collections strategies and deliberate management intervention to ensure that inventory values are closely monitored and controlled.

Outlook

It has been a year and a half since COVID-19 began its unprecedented impact on the global economy. COVID-19 continues to disrupt and dictate global economic activities, especially the travel sector and the global supply chain industry. Management expects that challenges will continue in supply chain for the short to medium term. Based on improvements in the dissemination of the vaccine in Europe, the U.S. and Canada, our main travel partners, Management is confident that this points to a strong rebound in tourism.

The upward trend has continued into the new fiscal year with unaudited July Group revenues of US$9.4M and CPJ Jamaica revenues of US$7.6M. The Company is projecting that this upswing is the result of a pivotal turn in tourism and will be a continuing trend. The Company is closely monitoring and assessing the impact of the new Delta variant of the virus. The Management of CPJ is cautiously optimistic that changes in restrictions will not lead to any further travel bans or closures of hotels, nor in any way impact or slow the recovery of the sector.

The Group is prepared to align its business model to the changing macro-economic environment. The Company has also ensured that supplier relationships have been secured by fulfilling all of our payable obligations. Management remains committed to its strategic goal of achieving long-term shareholder value by creating scale and implementing strategic business transformation initiatives.

The Management of CPJ has implemented and embraced strategies to mitigate the against the risk of COVID-19. One such example is the development of new sales strategies to improve market share in the retail channel, including expanded product lines, a new and improved online store and the expansion of the CPJ Market in Montego Bay. Construction of the 6000 sq. foot store started in July and is estimated to open early next year.

The Management is committed to continue its pursuit of cost saving initiatives and operational efficiencies through improvements in IT systems relating to supply chain processes, distribution and warehouse management. As part of that commitment and despite the pandemic, the CPJ Group invested more than US$1.8M in capital expenditure during FY ending June 2021. Processes and initiatives implemented during the course of the last eighteen months have resulted in a material reduction in the costs of operation at CPJ.

Management expects to maintain this significantly improved, post-pandemic revenue to fulfillment cost structure, leading to higher levels of profitability. The Company is currently saving approximately US$600K per month compared to its pre-pandemic cost structure. We anticipate improved Group performance as we expand process and technology initiatives across all business segments.

Finally, Management extends its gratitude to our Vendors, Suppliers, Customers, Employees and Shareholders for their continued support. Despite all the challenges of COVID-19, CPJ has used the time to restructure and build a stronger more efficient Company, ensuring that we are positioned to fully take advantage of the recovery and growth in tourism. Most importantly, these efficiencies will allow us to meet our Customers' needs with increasingly greater levels of service.

Mark Hart
Executive Chairman & Interim CEO

Tom Tyler
Co-Chairman

KPMG
Chartered Accountants
P.O. Box 220
Unit #14 Fairview Office Park
Alice Eldemire Drive
Montego Bay
Jamaica, W.I.
+1 (876) 684 9922
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Producers (Jamaica) Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 9 to 61 which comprise the Group's and Company's statement of financial position as at June 30, 2021, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at June 30, 2021, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Material Uncertainty Related to Going Concern

We draw your attention to note 2(c) to the financial statements, which discloses that the Group's operation has been significantly affected by the outbreak of the Coronavirus (COVID-19). As stated in note 2(c), the uncertainty regarding the control of the virus and restrictions on inbound tourism markets have created conditions that indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

1. Valuation of inventories

Key Audit Matter	*How the matter was addressed in our audit*
Due to the highly perishable nature of the stock items held and a need for an adequate storage environment from the receipt to the delivery of inventory items, there is an inherent risk that material misstatement could arise due to inventories being impaired. There is increased judgement involved in assessing estimates of impaired inventories as a result of the economic impact of COVID-19 on the tourism sector resulting in slower movement of stock items and continued low demand for the products. We therefore determined that the impairment estimates in respect of inventories have a high degree of estimation uncertainity.	Our audit procedures in response to this matter, included: • Checking management's process of identifying obsolete inventory during the count and observing the year end count to ascertain if the process is employed and if the process, by design, is adequate to identify stock items which may be impaired. • Reviewing aged expiration reports for each inventory category and sales strategy and campaigns to determine management's plan to sell items nearing expiration and whether these were being sold below costs.

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

2. Expected Credit Losses on Trade Receivables

Key Audit Matter	*How the matter was addressed in our audit*
The Group is required to recognise expected credit losses (ECL) on trade receivables, the determination of which is highly subjective and requires management to make significant judgement and estimates including determination of the appropriate variables and assumptions used and the application of forward-looking information. These estimates involve increased judgment as a result of the economic impact of COVID-19 on the Group's trade receivables. Management considered the following: - qualitative factors that create COVID-19 related changes in the business and economic environment in which specific customers operate. - increased uncertainty about potential future economic scenarios and their impact on credit losses.	Our audit procedures in response to this matter, included: • Obtaining an understanding of the model used by management for the calculation of expected credit losses on trade receivables. • Testing the completeness and accuracy of the data used in the ECL models to the underlying accounting records on a sample basis. • Reviewing the ECL model, assess the appropriateness of the Group's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, *Financial Instruments.* • Evaluating the appropriateness of economic parameters including the use of forward looking information and management overlay. • Testing the accuracy of the ECL calculation. • Testing the Group's recording and ageing of trade receivables. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (continued)

Other information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7 and 8, forms part of our auditors' report.

Report on Additional Matters as Required by the Jamaican Companies Act

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

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

The engagement partner on the audit resulting in this independent auditors' report is Wilbert Spence.

KPMG

Chartered Accountants
Montego Bay, Jamaica

September 30, 2021

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Appendix to the Independent Auditors' Report

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

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

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

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

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

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

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Appendix to the Independent Auditors' Report (Continued)

- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Financial Position
June 30, 2021
(Presented in United States dollar)

	Notes	Group 2021	Group 2020	Company 2021	Company 2020
CURRENT ASSETS					
Cash and cash equivalents	4	4,201,542	6,050,144	3,963,004	5,819,566
Accounts receivable	5	15,394,670	8,388,879	13,289,508	7,735,988
Inventories	6	21,429,309	24,113,750	17,307,978	19,424,904
		41,025,521	38,552,773	34,560,490	32,980,458
CURRENT LIABILITIES					
Bank overdraft	4	1,536,067	122,060	-	-
Short-term loans	7	1,700,000	1,900,000	1,700,000	1,900,000
Accounts payable	8	11,580,606	8,417,693	9,299,324	6,566,890
Short-term promissory notes	9	3,817,793	4,317,794	3,817,793	4,317,794
Current portion of lease liabilities	13(b)	649,839	861,405	553,213	803,488
Current portion of long-term borrowings	18	1,012,223	1,068,964	1,012,223	1,022,794
Taxation payable		25,351	74,962	133,816	142,514
		20,321,879	16,762,878	16,516,369	14,753,480
NET CURRENT ASSETS		20,703,642	21,789,895	18,044,121	18,226,978
NON-CURRENT ASSETS					
Other asset		62,619	67,885	62,619	67,885
Interest in subsidiaries	10	-	-	3,359,771	3,031,308
Deferred tax asset	11	2,296,001	2,296,001	2,296,001	2,296,001
Property, plant and equipment	12	11,387,403	12,200,012	8,157,422	9,767,596
Right-of-use assets	13(a)	11,533,745	7,394,234	10,557,883	6,304,000
Intangible asset	14	24,252	50,798	17,512	32,179
		25,304,020	22,008,930	24,451,208	21,498,969
		46,007,662	43,798,825	42,495,329	39,725,947
EQUITY					
Share capital	15	4,898,430	4,898,430	4,898,430	4,898,430
Accumulated surplus		10,743,413	13,007,189	11,190,485	13,187,025
Equity attributable to shareholders		15,641,843	17,905,619	16,088,915	18,085,455
Non-controlling interest	16	(392,379)	(137,161)	-	-
		15,249,464	17,768,458	16,088,915	18,085,455
NON-CURRENT LIABILITIES					
Lease liabilities	13(b)	11,717,470	7,018,056	10,717,460	5,921,418
Long-term promissory notes	17	9,274,180	9,272,356	9,274,180	9,272,356
Long-term borrowings	18	6,532,914	6,596,164	6,414,774	6,446,718
Due to related company	19(a)	3,233,634	3,143,791	-	-
		30,758,198	26,030,367	26,406,414	21,640,492
		46,007,662	43,798,825	42,495,329	39,725,947

The financial statements on pages 9 to 61 were approved for issue by the Board of Directors on September 30, 2021 and signed on its behalf by:

Mark Hart — Director

Thomas Tyler — Director

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended June 30, 2021
(Presented in United States dollar)

	Notes	Group 2021	Group 2020	Company 2021	Company 2020
Gross operating revenue	20	58,178,410	91,703,310	46,943,211	78,525,705
Cost of operating revenue	21(a)	(42,464,207)	(70,931,125)	(33,885,596)	(60,709,530)
Gross profit		15,714,203	20,772,185	13,057,615	17,816,175
Selling and administrative expenses	21(b)	(13,105,824)	(19,265,895)	(10,459,446)	(16,520,417)
Depreciation and amortisation	12,13,14	(4,185,142)	(4,336,133)	(3,605,456)	(3,737,909)
Expected credit losses		(74,820)	(443,496)	(58,354)	(393,893)
Other operating income, net	22(a)	1,316,133	128,448	778,913	102,480
Operating loss		(335,450)	(3,144,891)	(286,728)	(2,733,564)
Finance income	22(b)	33,099	3,724	33,099	3,724
Finance costs	22(c)	(2,216,643)	(2,404,929)	(1,742,911)	(2,246,713)
Loss before taxation		(2,518,994)	(5,546,096)	(1,996,540)	(4,976,553)
Taxation	23	-	1,200,000	-	1,200,000
Loss, being total comprehensive loss for the year		(2,518,994)	(4,346,096)	(1,996,540)	(3,776,553)
Attibutable to:					
Owners of the company		(2,263,776)	(4,067,681)	(1,996,540)	(3,776,553)
Non-controlling interest		(255,218)	(278,415)	-	-
		(2,518,994)	(4,346,096)	(1,996,540)	(3,776,553)
Earnings per share (cents)	24	(0.21)	(0.37)	(0.18)	(0.34)

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Changes in Equity
Year ended June 30, 2021
(Presented in United States dollar)

	Group			
	Share capital	Accumulated surplus	Non-controlling interest	Total
Balances at June 30, 2019	4,898,430	17,074,870	141,254	22,114,554
Total Comprehensive Loss for the year:				
Loss, being total comprehensive loss for the year	-	(4,067,681)	(278,415)	(4,346,096)
Balances at June 30, 2020	4,898,430	13,007,189	(137,161)	17,768,458
Total Comprehensive Loss for the year:				
Loss, being total comprehensive loss for the year	-	(2,263,776)	(255,218)	(2,518,994)
Balances at June 30, 2021	4,898,430	10,743,413	(392,379)	15,249,464

	Company		
	Share capital	Accumulated surplus	Total
Balances at June 30, 2019	4,898,430	16,963,578	21,862,008
Total Comprehensive Loss for the year:			
Loss, being total comprehensive loss for the year	-	(3,776,553)	(3,776,553)
Balances at June 30, 2020	4,898,430	13,187,025	18,085,455
Total Comprehensive Loss for the year:			
Loss, being total comprehensive loss for the year	-	(1,996,540)	(1,996,540)
Balances at June 30, 2021	4,898,430	11,190,485	16,088,915

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Cash Flows
Year ended June 30, 2021
(Presented in United States dollar)

	Notes	Group 2021	Group 2020	Company 2021	Company 2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the year		(2,518,994)	(4,346,096)	(1,996,540)	(3,776,553)
Adjustments for:					
Depreciation and amortisation	12, 13, 14	4,185,142	4,336,133	3,605,456	3,737,909
Gain on disposal of property, plant and equipment	22(a)	(68,257)	(6,487)	(68,257)	(6,487)
Loss on revaluation of investment		5,266	3,696	5,266	3,696
Gains on modification of leases	13(c)	(1,183)	-	(1,183)	-
Transfer and adjustments to property, plant and equipment	12	19,966	1,167	15,876	1,167
Interest income	22(b)	(33,099)	(3,724)	(33,099)	(3,724)
Interest expense	22(c)	2,216,643	2,269,380	1,742,911	2,116,852
Taxation	23	-	(1,200,000)	-	(1,200,000)
		3,805,484	1,054,069	3,270,430	872,860
Decrease/(increase) in current assets:					
Accounts receivable		(7,005,791)	7,500,277	(5,553,520)	6,783,293
Inventories		2,684,441	7,751,891	2,116,926	6,791,754
Decrease/(increase) in current liability:					
Accounts payable		3,166,541	(7,127,448)	2,783,114	(6,793,827)
Cash generated from operations		2,650,675	9,178,789	2,616,950	7,654,080
Interest paid		(2,220,272)	(2,244,526)	(1,793,591)	(2,091,999)
Tax (paid)/recovered		(49,611)	4,314	(8,698)	(243)
Net cash provided by operating activities		380,792	6,938,577	814,661	5,561,838
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest in subsidiaries		-	-	(328,463)	19,098
Additions to property, plant and equipment and intangible asset	12, 14	(2,344,238)	(1,041,936)	(1,089,148)	(834,499)
Proceeds from disposal of property, plant and equipment		259,901	35,053	259,901	35,053
Interest received		33,099	3,724	33,099	3,724
Net cash used by investing activities		(2,051,238)	(1,003,159)	(1,124,611)	(776,624)
CASH FLOWS FROM FINANCING ACTIVITIES					
Promissory notes received		1,824	2,001,687	1,824	2,001,687
Promissory notes repaid		(500,001)	-	(500,001)	-
Payment of lease liabilities	13(d)	(406,048)	(753,396)	(348,129)	(694,545)
Other income due to rent concessions	13(d)	(457,791)	-	(457,791)	-
Long-term/short-term borrowings repaid		(4,071,154)	(13,617,809)	(3,993,678)	(13,584,889)
Due to related company		89,843	87,188	-	-
Long-term/short-term borrowings received		3,751,163	9,130,074	(3,751,163)	9,130,074
Net cash (used)/provided by financing activities		(1,592,164)	(3,152,256)	(1,546,612)	(3,147,673)
Net increase in cash and cash equivalents		(3,262,610)	2,783,162	1,856,562	1,637,541
Cash and cash equivalents at beginning of the year		5,928,084	3,144,922	5,819,566	4,182,025
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		2,665,475	5,928,084	3,963,004	5,819,566
Comprised of:					
Cash and cash equivalents	4	4,201,542	6,050,144	3,963,004	5,819,566
Bank overdraft	4	(1,536,067)	(122,060)	-	-
		2,665,475	5,928,084	3,963,004	5,819,566

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

1. Identification

Caribbean Producers (Jamaica) Limited ("company" or "parent company") is domiciled in Jamaica and was incorporated under the laws of Jamaica. Its registered office is situated at Shop No. 14, Montego Freeport Shopping Centre, Montego Bay, St. James and its principal place of business is at 1 Guinep Way, Montego Freeport, Montego Bay, St. James.

The company's shares are listed on the Junior Market of the Jamaica Stock Exchange.

The company and its subsidiaries are collectively referred to as "the group".

The Group's principal activities are the wholesale and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and meats.

The details of the company's subsidiaries as at June 30, 2021 are as follows:

Company	Principal activity	Percentage of ordinary shares held by company	Place of incorporation
CPJ Investments Limited	Holds investment in CPJ (St. Lucia) Limited	100	St. Lucia
CPJ (St. Lucia) Limited	Wholesale and distribution of food and beverages and distribution of non-food supplies	51	St. Lucia
CPJ Homeporting Limited	Logistics services	100	Jamaica

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and comply with the provisions of the Jamaican Companies Act.

New and amended standards that came into effect during the year:

Certain new and amended standards that were in issue came into effect during the year. The adoption of those standards and amendments did not have a significant impact on the amounts recognised or disclosed in financial statements, except for the amendment to IFRS-16 "COVID-19-Related Rent Concessions". The impact of the amendment is shown in note 13(c).

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

(a) Statement of compliance (continued):

New and amended standards issued but not yet effective:

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

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance contracts and* IFRS 16 *Leases, is* effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revise discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS *9 Financial Instruments,* IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual reporting periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 Leases amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  (iii) The amendments to IAS 41 *Agriculture* removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement.*

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

(a) Statement of compliance (continued):

New and amended standards that are not yet effective (continued):

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The group is assessing the impact that the amendments will have on its financial statements when they become effective.

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

(b) Basis of preparation and measurement:

The financial statements are prepared under the historical cost convention, and are presented in United States dollars ($), which is the Group's functional currency.

The significant accounting policies stated in note 3(a) to (u) have been applied to all periods presented in these financial statements and conform in all material aspects with IFRS.

(c) Going concern:

The preparation of the financial statements in conformity with IFRS assumes that the group will continue in operational existence for the foreseeable future. This means, in part, that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate or curtail the scale of operations.

As detailed in note 29, the group was affected by the outbreak of the Coronavirus (COVID-19) pandemic which resulted in the groups revenue from sales to hotels falling for the period.

On July 2, 2020, following the Government of Jamaica's national plan put in place to facilitate tourist arrivals to the country, the group's revenue from sales to hotels increased.

Continuation as a going concern is dependent on the control of the pandemic and reduction on restrictions on inbound tourism as well as continued support from the group's related parties and external lenders should the pandemic continue to affect its results adversely. Detailed of financial support are included in note 29. Management has concluded that the going concern basis of accounting remains appropriate in the preparation of the financial statements.

Given that the ultimate impact of the pandemic on the group remains unknown and it is uncertain how long it will take to for the tourism industry to return to normalcy a material uncertainty exists in respect of going concern.

If, for any reason the group is unable to continue as a going concern, then this could have an impact on the group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

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

(d) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are discussed below:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual cash flows from a financial asset are solely payments of principal and interest (SPPI) on the principal amount requires management to make certain judgements on its business operations.

Impairment of financial assets:

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

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

(d) Use of estimates and judgements (continued):

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3(r), which also sets out key sensitivities of the ECL to changes in these elements.

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

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(iii) Net realisable value of inventories:

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

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

(iv) Judgement in evaluation of contingencies:

For a contingent liability to qualify for recognition there must be a present obligation and the probability of an outflow of economic benefits to settle that obligation. In recognising contingent liabilities of the group, management determines the possibility of an outflow of resources and makes estimates of expenditure required to settle the present obligation at the reporting date.

No provision is made if management considers the possibility of any outflow in settlement to be remote.

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

(d) Use of estimates and judgements (continued):

(v) Residual value and expected useful life of property plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each reporting date, and, if expectations differ from previous estimates, the change is accounted for prospectively. The useful life of an asset is defined in terms of the asset's expected utility to the group.

(e) Basis of consolidation:

(i) A "subsidiary" is an enterprise controlled by the company. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the company and its subsidiaries (note 1), made up to June 30, 2021.

(ii) Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issued debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, generally, are recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

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

(e) Basis of consolidation (continued):

(iii) (Continued)

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally, fair value) of the identifiable assets acquired and liabilities assumed.

(iv) The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(v) Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(vi) When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. Significant accounting policies

The group has consistently applied the accounting policies set out below to all periods presented in these financial statements.

(a) Cash and cash equivalents:

This comprises cash and bank balances and short-term deposits maturing within three months or less from the date of deposit or acquisition that are readily convertible into known amounts of cash and which are not subject to significant risk of changes in value. Cash and cash equivalents are measured at cost.

Bank overdrafts that form an integral part of the group's cash management for financing operations are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant accounting policies (continued)

(b) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses [see note 3(r)].

(c) Inventories:

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

The cost of raw materials, labour and appropriate allocations for overhead expenses are included in manufactured finished goods.

(d) Other asset:

Other asset represents an amount paid as part of an arrangement for the use of a certain asset and is measured at cost.

(e) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amount of an asset is written down immediately to its recoverable amount if the amount is greater than its estimated recoverable amount.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the group.

(iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. No depreciation is charged on construction in progress.

The depreciation rates are as follows:

Leasehold improvements	6.67%,10% and 20%
Furniture, fixtures and equipment	10%, 20% and 33.33%
Computer equipment	33.33%
Motor vehicles	20%

3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued):

(iii) Depreciation (continued):

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Leases:

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

i. As a lessee

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

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

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

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

3. Significant accounting policies (continued)

(f) Leases (continued):

i. As a lessee (continued):

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

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

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

Short-term leases and leases of low-value assets

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

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

(g) Intangible asset:

Intangible asset, which represents computer software, is deemed to have a finite useful life of three years and is measured at cost, less accumulated amortisation and impairment losses, if any.

(h) Accounts payable:

Trade and other payables are measured at amortised cost.

3. Significant accounting policies (continued)

(i) Provisions:

A provision is recognised when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risk specific to the obligation.

(j) Related parties:

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

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

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

(ii) has significant influence over the group; or

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

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

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

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

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

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

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

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

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

(viii) The entity, or any member of a group of which it is a part, provides key management personnel sevices to the group or to the parent of the group.

3. Significant accounting policies (continued)

(j) Related parties (continued):

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

(d) The group has related party relationship with directors, subsidiaries and associates and with its executive officers and those of its subsidiaries.

(k) Interest in subsidiaries:

Interest in subsidiaries and advances to subsidiaries are measured at cost, less provision for impairment, if any.

(l) Share capital and dividends:

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(m) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost, with any difference between cost and redemption value recognised in profit or loss over the period of the borrowing on an effective interest basis.

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortisation is charged to profit or loss on the effective interest basis over the life of the related borrowings.

(n) Revenue:

Performance obligations and revenue recognition policies:

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

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

3. Significant accounting policies (continued)

(n) Revenue (continued):

Type of product	Wholesale and distribution of food and beverage, the distribution of non-food supplies and the manufacturing and distribution of fresh juices and meats.
Nature and timing of satisfaction of performance obligations, including significant payment terms.	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognised at that point in time. Invoices are usually payable within 30 days. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly. The group gives rebates to select customers based on the volume of purchase made. Certain major customers receive volume rebates based on purchases made. Rebates are included in other payables and payments are made to the customers.

3. Significant accounting policies (continued)

(o) Expenses/income:

(i) Expenses:

Expenses are recognised in profit or loss on the accrual basis.

(ii) Finance costs:

Finance costs comprise interest payable on borrowings calculated using the effective interest method and material bank overdraft interest.

(iii) Finance income:

Finance income comprises interest earned on funds invested and is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(iv) Employee benefits:

Employee benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation leave and non-monetary benefits such as medical care and housing. Short-term employee benefits are recognised as a liability, net of payments made, and charged as expenses as incurred. The expected cost of vacation leave that accumulates is recognised over the period that the employees become entitled to the leave.

(p) Taxation:

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

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

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

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

3. Significant accounting policies (continued)

(p) Taxation (continued):

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

(q) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise cash and cash equivalents and accounts receivable. Financial liabilities comprise accounts payable, short-term loans, bank overdraft, short-term promissory notes, long-term promissory notes, long-term borrowings and due to related company.

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets

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

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

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

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

3. Significant accounting policies (continued)

(q) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

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

- Cash and cash equivalents
- Accounts receivable

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

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

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs.

Financial assets and liabilities – Subsequent measurement and gains and losses:

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

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

3. Significant accounting policies (continued)

(q) Financial instruments (continued):

(ii) Derecognition

Financial assets

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

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

Financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the consolidated statement of comprehensive income.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(r) Impairment:

Financial assets

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and at fair value through OCI.

The group measures loss allowances at an amount equal to lifetime ECLs.

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

3. Significant accounting policies (continued)

(r) Impairment (continued):

Financial assets (continued)

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

The group assumes that the credit risk on financial assets has increased significantly if it is more than 180 days past due.

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

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to action such as realising security if any is held; or
- the financial asset is more than 180 days past due.

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

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

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

3. Significant accounting policies (continued)

(r) Impairment (continued):

Credit-impaired financial assets (continued)

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

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

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

Non-financial assets

The carrying amount of the group's non-financial assets is reviewed at each reporting date to determine whether there is any indication of the impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount, if the carrying amount is greater than its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(Presented in United States dollar)

3. Significant accounting policies (continued)

(s) Operating segments:

An operating segment is a component of the group:

(i) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

(ii) whose operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and

(iii) for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group has primarily geographical segments determined by the countries in which the group operates. Transactions between business segments have been eliminated.

(t) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary assets and liabilities denominated in other currencies at the reporting date are translated to United States dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

(u) Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The group's financial instruments lack an available trading market. Further, the company has no financial instruments that are carried at fair value.

4. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
Cash	15,836	10,387	3,777	4,866
Bank balances	4,185,706	6,039,757	3,959,227	5,814,700
	4,201,542	6,050,144	3,963,004	5,819,566
Bank overdraft (a)	(1,536,067)	(122,060)	-	-
	2,665,475	5,928,084	3,963,004	5,819,566

(Presented in United States dollar)

4. Cash and cash equivalents (continued)

(a) The overdraft facility is secured by way of a guarantee and postponement of claims from a related party.

(b) The company has a multi-purpose operating line of credit in the amount of $8,500,000 which facilitates an overdraft limit of J$120 million. The overdraft is subject to interest at the bank's base lending rate less 5% and is secured as disclosed in note 18.

5. Accounts receivable

	Group		Company	
	2021	2020	2021	2020
Trade receivables (a)	11,478,200	4,865,054	9,592,290	4,296,934
Other receivables (b)	4,644,836	4,135,047	4,275,462	3,904,968
	16,123,036	9,000,101	13,867,752	8,201,902
Less: Allowance for impairment losses	(728,366)	(611,222)	(578,244)	(465,914)
	15,394,670	8,388,879	13,289,508	7,735,988

(a) Trade receivables include amounts due from directors amounting to $292 (2020: $1,135) for the group and the company; and $322,551 (2020: $317,668) due from related companies, which are controlled by directors for the group and the company.

(b) Other receivables include amounts due from directors amounting to $254 (2020: $200) for the group and the company; and $18,605 (2020: $18,605) due from related companies, which are controlled by directors for the group and the company.

All related party balances are unsecured, interest free and repayable on demand.

(c) Information about the group's and the company's exposure to credit risk and impairment losses for trade receivables is included at note 27(a).

6. Inventories

	Group		Company	
	2021	2020	2021	2020
Goods held for resale – duty paid	15,858,240	17,443,147	12,394,912	13,571,816
Goods held in bonded warehouse	586,174	4,341,457	53,496	3,841,843
Goods in transit	3,676,973	890,731	3,675,522	747,301
Raw materials	674,273	649,921	656,821	629,881
Others	633,649	788,494	527,227	634,063
	21,429,309	24,113,750	17,307,978	19,424,904

During the year, expenses relating to inventory write-offs amounted to $1,374,805 (2020: $2,756,009) for the group and $944,121 (2020: $2,336,104) for the company.

(Presented in United States dollar)

6. Inventories

During the year inventories of $44,514,412 (2020: $68,681,648) for the group and $35,856,261 (2020: $58,367,103) for the company were recognised as an expense in cost of operating revenue.

7. Short-term loans

	Group and Company	
	2021	2020
The Bank of Nova Scotia Jamaica Limited	1,700,000	1,900,000

These are US$ revolving loans that bear interest at 4.25% and are secured as disclosed in note 18. Total draw-down during the year was $3,100,000 (2020: $9,050,000) and total repayments $3,300,000 (2020: $12,300,000).

8. Accounts payable

	Group		Company	
	2021	2020	2021	2020
Trade payables (a)	9,381,387	5,436,104	7,682,692	4,438,046
Other payables (b)	2,199,219	2,981,589	1,616,632	2,128,844
	11,580,606	8,417,693	9,299,324	6,566,890

(a) Trade payables include amounts due to related companies, which are controlled by directors, amounting to $327,071 (2020: $64,728) for the group and $165,174 (2020: $30,065) for the company.

(b) Other payables include $7,262 (2020: $30,283) due to related companies which are controlled by directors for the group and the company.

The amounts with related parties are unsecured, interest free and payable on demand.

9. Short-term promissory notes

	Group and Company	
	2021	2020
8% related company loan (a)	750,000	750,000
8% related party loans	1,858,333	1,858,333
7% related party loan	1,063,332	1,563,333
6% related party loan	146,128	146,128
	3,817,793	4,317,794

(a) The related company is controlled by directors.

These US$ promissory notes are unsecured and repayable with three months notice to the company.

(Presented in United States dollar)

10. Interest in subsidiaries

Interest in subsidiaries comprises:

	Company	
	2021	2020
Shares, at cost	21,303	10,000
Advances (see note below)	3,513,553	3,257,067
	3,532,856	3,267,067
Less: impairment allowance	(175,085)	(235,759)
	3,359,771	3,031,308

These advances represent amounts loaned to a subsidiary company and bears interest at 5.25% and are unsecured. These amounts are due and repayable on June 30, 2026.

11. Deferred tax asset

The deferred tax asset is attributable to differences in tax and financial statement reporting in respect of the following:

	Group				
	2019	Recognised in income [note 23(a)]	2020	Recognised in income [note 23(a)]	2021
Accounts payable	47,289	1,169	48,458	51,139	99,597
Accounts receivable	16,015	21,483	37,498	97,581	135,079
Lease liabilities	-	1,953,727	1,953,727	1,192,932	3,146,659
Provision for obsolete inventory	-	74,392	74,392	126,343	200,735
Unrealised foreign exchange gains	(8,750)	8,750	-	9,030	9,030
Tax effect of losses carried forward	8,797	747,897	756,694	(568,097)	188,597
Property, plant and equipment	1,032,650	241,082	1,273,732	174,802	1,448,534
Right-of-use asset	-	(1,848,500)	(1,848,500)	(1,083,730)	(2,932,230)
	1,096,001	1,200,000	2,296,001	-	2,296,001

	Company				
	2019	Recognised in income [note 23(a)]	2020	Recognised in income [note 23(a)]	2021
Accounts payable	47,289	1,169	48,458	29,747	78,205
Accounts receivable	16,015	21,483	37,498	96,137	133,635
Lease liabilities	-	1,681,227	1,681,227	1,136,441	2,817,668
Provision for obsolete inventory	-	74,392	74,392	71,999	146,391
Unrealised foreign exchange gains	(8,750)	8,750	-	9,030	9,030
Tax effect of losses carried forward	8,797	747,897	756,694	(568,097)	188,597
Property, plant and equipment	1,032,650	241,082	1,273,732	288,214	1,561,946
Right-of-use asset	-	(1,576,000)	(1,576,000)	(1,063,471)	(2,639,471)
	1,096,001	1,200,000	2,296,001	-	2,296,001

While the entity has a recent history of losses, these are due to extraordinary circumstances that are not expected to repeat in future years. An analysis of expected future taxable profit shows that the entity will generate sufficient taxable profits to utilize the deferred tax asset noted above.

(Presented in United States dollar)

12. Property, plant and equipment

	Group					
	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Construction in progress	Total
Cost:						
June 30, 2019	10,163,670	14,710,489	2,285,499	1,864,005	3,406,250	32,429,913
Additions	36,951	705,503	65,684	162,864	27,231	998,233
Disposals	-	(162,559)	(351,922)	(136,574)	-	(651,055)
Transfer	3,030,186	259,230	-	-	(3,289,416)	-
June 30, 2020	13,230,807	15,512,663	1,999,261	1,890,295	144,065	32,777,091
Additions	1,018,019	427,088	85,104	677,871	136,156	2,344,238
Disposals	(227,944)	(290,302)	(909)	(276,975)	-	(796,130)
Transfer	20,676	-	8,405	-	(29,081)	-
Adjustments	-	-	-	-	(3,467)	(3,467)
June 30, 2021	14,041,558	15,649,449	2,091,861	2,291,191	247,673	34,321,732
Depreciation:						
June 30, 2019	6,507,079	8,378,456	1,941,277	1,299,569	-	18,126,381
Charge for the year	1,317,258	1,335,443	189,169	230,150	-	3,072,020
Disposals	-	(142,004)	(351,922)	(128,563)	-	(622,489)
Adjustments	43	821	303	-	-	1,167
June 30, 2020	7,824,380	9,572,716	1,778,827	1,401,156	-	20,577,079
Charge for the year	1,252,332	1,330,228	151,894	210,783	-	2,945,237
Disposals	(204,406)	(262,810)	(909)	(136,361)	-	(604,486)
Adjustments	6,090	14,959	(4,550)	-	-	16,499
June 30, 2021	8,878,396	10,655,093	1,925,262	1,475,578	-	22,934,329
Net book values:						
June 30, 2021	5,163,162	4,994,356	166,599	815,613	247,673	11,387,403
June 30, 2020	5,406,427	5,959,002	220,434	545,945	68,204	12,200,012
June 30, 2019	3,656,591	6,351,088	344,222	621,242	3,330,389	14,303,532

	Company					
	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Construction in progress	Total
Cost:						
June 30, 2019	8,856,471	12,649,817	2,103,823	1,312,356	3,301,458	28,223,925
Additions	36,951	567,075	64,749	98,489	27,231	794,495
Disposals	-	(162,559)	(351,922)	(136,574)	-	(651,055)
Transfers	3,030,186	259,230	-	-	(3,289,416)	-
June 30, 2020	11,923,608	13,313,563	1,816,650	1,274,271	39,273	28,367,365
Additions	2,398	427,088	82,794	552,149	24,719	1,089,148
Disposals	(227,944)	(290,302)	(909)	(276,975)	-	(796,130)
Transfers	20,676	-	8,405	-	(29,081)	-
Adjustments	-	-	-	-	(3,467)	(3,467)
June 30, 2021	11,718,738	13,450,349	1,906,940	1,549,445	31,444	28,656,916
Depreciation:						
June 30, 2019	6,211,775	7,606,332	1,850,012	944,339	-	16,612,458
Charge for the year	1,186,020	1,108,564	162,951	151,098	-	2,608,633
Disposals	-	(142,004)	(351,922)	(128,563)	-	(622,489)
Adjustments	43	821	303	-	-	1,167
June 30, 2020	7,397,838	8,573,713	1,661,344	966,874	-	18,599,769
Charge for the year	1,118,676	1,096,250	129,527	147,349	-	2,491,802
Disposals	(204,406)	(262,810)	(909)	(136,361)	-	(604,486)
Adjustments	6,090	10,869	(4,550)	-	-	12,409
June 30, 2021	8,318,198	9,418,022	1,785,412	977,862	-	20,499,494
Net book values:						
June 30, 2021	3,400,540	4,032,327	121,528	571,583	31,444	8,157,422
June 30, 2020	4,525,770	4,739,850	155,306	307,397	39,273	9,767,596
June 30, 2019	2,644,696	5,043,485	253,811	368,017	3,301,458	11,611,467

(Presented in United States dollar)

13. Leases

The group and the company leases property and vehicles. The leases typically run for 3 to 10 years, with options to renew. The group and the company has elected not to recognise right-of-use assets and lease liabilities for leases that are short- term and/or leases of low-value items.

Information about leases for which the group and the company owe a lessee is presented below:

	2021	
	Group	Company
(a) Right-of-use assets:		
Balance at July 1, 2019	8,632,857	7,419,451
Depreciation charge for the year	(1,238,623)	(1,115,451)
Balance at June 30, 2020	7,394,234	6,304,000
Additions	5,386,292	5,386,292
Depreciation charge for the year	(1,213,359)	(1,098,987)
Derecognition of right-of-use asset	(33,422)	(33,422)
Balance at June 30, 2021	11,533,745	10,557,883

(b) Lease liabilities:

	2021	
	Group	Company
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	1,616,538	1,428,824
One to five years	5,611,560	4,860,704
More than 5 years	15,837,841	15,243,414
Total undiscounted lease liabilities at June 30, 2021	23,065,939	21,532,942
Less: discount	(10,698,630)	(10,262,269)
Lease liabilities at June 30, 2021	12,367,309	11,270,673
Presented in the statement of financial position as follows:		
Current	649,839	553,213
Non-current	11,717,470	10,717,460
	12,367,309	11,270,673

(Presented in United States dollar)

13. Leases (continued)

(b) Lease liabilities (continued):

	2020	
	Group	Company
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	1,461,317	1,304,889
One to five years	3,848,182	3,097,326
More than 5 years	7,909,635	7,127,493
Total undiscounted lease liabilities at June 30, 2020	13,219,134	11,529,708
Less: discount	(5,339,673)	(4,804,802)
Lease liabilities at June 30, 2020	7,879,461	6,724,906
Presented in the statement of financial position as follows:		
Current	861,405	803,488
Non-current	7,018,056	5,921,418
	7,879,461	6,724,906

(c) Amounts recognised in profit or loss:

	2021	
	Group	Company
Depreciation	1,213,359	1,098,987
Gain on modification of leases	1,183	1,183
Interest on lease liabilities [note 22(c)]	634,817	540,003
Other income – rent concession recognized in accordance with amendment to IFRS 16 "COVID-19 Related Rent Concessions"	457,791	457,791
Expenses relating to short-term leases [note 21(b)]	957	957

	2020	
	Group	Company
Depreciation	1,238,623	1,115,451
Interest on lease liabilities [note 22(c)]	648,612	543,214
Expenses relating to short-term leases [note 21(b)]	63,000	63,000
	1,950,235	1,721,665

(d) Amounts recognised in the statement of cash flows:

	2021	
	Group	Company
Total cash outflow for leases excluding interest	(406,048)	(348,129)
Other income – rent concession	457,791	457,791

	2020	
	Group	Company
Total cash outflow for leases excluding interest	(753,396)	(694,545)

(Presented in United States dollar)

14. Intangible asset

	Computer software	
	Group	Company
Cost:		
June 30, 2019	146,742	87,117
Addition	43,703	40,004
June 30, 2020	190,445	127,121
Disposal	(106)	-
June 30, 2021	190,339	127,121
Amortisation:		
June 30, 2019	114,157	81,117
Charge for the year	25,490	13,825
June 30, 2020	139,647	94,942
Charge for the year	26,440	14,667
June 30, 2021	166,087	109,609
Carrying amount:		
June 30, 2021	24,252	17,512
June 30, 2020	50,798	32,179
June 30, 2020	32,585	6,000

15. Share capital

	Group and Company	
	2021	2020
Authorised:		
176,000,000,000 ordinary shares of no par value		
Stated capital, issued and fully paid:		
1,100,000,000 ordinary shares of no par value	5,117,611	5,117,611
Less: Transaction costs of share issue	(219,181)	(219,181)
	4,898,430	4,898,430

16. Non-controlling interest

This represents non-controlling interest of 49% in the company's subsidiary CPJ (St. Lucia) Ltd.

(Presented in United States dollar)

16. Non-controlling interest (continued)

The following table summarises the financial information of CPJ (St. Lucia) Ltd., the group's subsidiary that has non-controlling interest, before any intra-group eliminations:

	Group	
	2021 $	2020 $
Percentage ownership interest	49%	49%
Non-current assets	4,212,583	3,541,269
Current assets	6,786,478	5,808,580
Non-current liabilities	(7,827,899)	(7,539,135)
Current liabilities	(3,971,935)	(1,530,794)
Net assets (100%)	(800,773)	(279,920)
Non-controlling interest share of net assets	(392,379)	(137,161)
Revenue	11,562,126	13,724,081
Net loss from continuing operations	(520,854)	(568,193)
Loss allocated to Non-controlling interest (NCI)	(255,218)	(278,415)
Cash flows from operating activities	(433,869)	1,376,739
Cash flows from investing activities	(926,627)	(226,535)
Cash flows from financing activities	(45,552)	(4,583)
Net (decrease)/ increase in cash and cash equivalents	(1,406,048)	1,145,621

17. Long-term promissory notes

	Group and Company	
	2021	2020
Due to related companies (a):		
6% loan	100,000	100,000
8% loan	500,000	500,000
9% loan	6,000,000	6,000,000
4.5% loan	2,000,000	2,000,000
Due to related company (a):		
Non-interest bearing loans	650,000	650,000
Due to third party:		
8% loan	24,180	22,356
	$9,274,180	9,272,356

These US$ loans are unsecured and not repayable before June 30, 2022.

(a) Related companies are controlled by directors.

(Presented in United States dollar)

18. Long-term borrowings

		Group		Company	
		2021	2020	2021	2020
8% Bonds	(a)	3,366,550	3,571,145	3,366,550	3,571,145
10.5% Sagicor Bank Jamaica Limited [J$ Nil (2020: J$2,121,341)]	(b)	-	15,151	-	15,151
10.9% Sagicor Bank Jamaica Limited [J$Nil (2020: J$261,284)]	(c)	-	1,866	-	1,866
10.5% Sagicor Bank Jamaica Limited [J$Nil (2020: J$515,693)]	(d)	-	3,683	-	3,683
6.95% Bank of Nova Scotia Jamaica Limited [J$56,761,980 (2020: J$53,345,750)]	(e)	382,184	381,011	382,184	381,011
4.75% Bank of Nova Scotia Jamaica Limited	(f)	771,429	725,000	771,429	725,000
9.5% Bank of Nova Scotia Jamaica Limited [J$7,692,320 (2020: J$10,000,016)]	(g)	51,793	70,793	51,793	70,793
10% Bank of Nova Scotia Jamaica Limited [J$6,666,628 (2020: J$8,666,632)]	(h)	44,887	61,890	44,887	61,890
9.5% Bank of Nova Scotia Jamaica Limited [J$513,331 (2020: J$513,331)]	(i)	3,950	3,666	3,950	3,666
9% Bank of Nova Scotia Jamaica Limited [J$1,044,000 (2020: J$1,044,000)]	(j)	7,810	7,457	7,810	7,457
8.75% Bank of Nova Scotia Jamaica Limited [J$750,000 (2020: J$750,000)]	(k)	3,367	5,357	3,367	5,357
7% Bank of Nova Scotia Jamaica Limited [J$3,296,667 (2020: J$3,296,667)]	(l)	22,713	23,546	22,713	23,546
7% Bank of Nova Scotia Jamaica Limited [J$3,637,500 (2020: J$3,637,500)]	(m)	25,036	25,980	25,036	25,980
7% Bank of Nova Scotia Jamaica Limited [J$5,145,833 (2020: J$5,145,833)]	(n)	33,558	35,073	33,558	35,073
4.35% Bank of Nova Scotia Jamaica Limited	(o)	2,467,952	2,467,952	2,467,952	2,467,952
6.95% Bank of Nova Scotia Jamaica Limited [J$12,551,786 (2020: J$12,551,786)]	(p)	85,703	89,649	85,703	89,649
6.95% Bank of Nova Scotia Jamaica Limited [J$9,816,786 (2020: J$9,816,786)]	(q)	64,531	67,161	64,531	67,161
6.95% Bank of Nova Scotia Jamaica Limited [J$11,795,000 (2020: J$Nil)]	(r)	79,417	-	79,417	-
6.95% Bank of Nova Scotia Jamaica Limited [J$2,921,250 (2020: J$Nil)]	(s)	19,669	-	19,669	-
6.95% Bank of Nova Scotia Jamaica Limited [J$8,763,750 (2020: J$Nil)]	(t)	59,007	-	59,007	-
4.5% First Caribbean International Bank Limited	(u)	118,140	195,616	-	-
		7,607,696	7,751,996	7,489,556	7,556,380
Less: Current portion		(1,012,223)	(1,068,964)	(1,012,223)	(1,022,794)
		6,595,473	6,683,032	6,477,333	6,533,586
Debt issuance costs:	(v)				
At beginning of the year		(86,868)	(104,597)	(86,868)	(104,597)
Additional costs incurred in the year		(11,390)	(9,484)	(11,390)	(9,484)
Debt costs amortised during the year		35,699	27,213	35,699	27,213
At the end of the year		(62,559)	(86,868)	(62,559)	(86,868)
		6,532,914	6,596,164	6,414,774	6,446,718

18. Long-term borrowings (continued)

(a) On April 27, 2018, the company authorised the private placement by way of an exempt distribution under the Guidelines for Exempt Distributions (Guidelines SR-GUID-08/05-0016) of a series of 5-year unsecured promissory Bonds ("the Bonds") denominated in Jamaican dollars ("J$") for an aggregate principal amount of J$500,000,000. These bonds mature in May 2023.

(b) This represented the balance due on an initial loan of J$13,195,000. The loan was repayable in eighty-four monthly instalments of principal and interest of J$222,477; the loan was fully repaid during the year.

(c) This represented the balance due on an initial loan of J$6,976,000. The loan was repayable in seventy-two monthly instalments of principal and interest of J$132,425; the loan was fully repaid during the year.

(d) This represented the balance due on an initial loan of J$2,880,006. The loan was repayable in seventy-two monthly instalments of principal and interest of J$54,084; the loan was fully repaid during the year.

(e) This represents the balance due on an initial loan of J$147,160,689. The applicable rate of interest was 9.25% per annum up to July 16, 2018 and thereafter the 6 months Weighted Average Treasury Bill Yield (WATBY) rate plus 4.82% per annum (with a floor of 9% per annum), reset quarterly. The loan was refinanced and is payable in 30 equal monthly installments.

(f) This represents the balance due on an initial loan of $2,000,000. The applicable rate of interest was 4.75% per annum up to July 16, 2018 and thereafter the 6 months LIBOR rate plus 4.35% per annum, reset quarterly. The loan was refinanced and is payable in 30 equal monthly installments.

(g) This represents the balance due on an initial loan of J$30,000,000, funded by the Development Bank of Jamaica Limited (DBJ). The DBJ's authorised lending rate for its energy funding line is currently at 6.5% per annum, plus a commission of 3% per annum, gives an effective all-in-one interest rate of 9.5% per annum. The loan is for seven years with a six months moratorium. The principal is repayable in seventy-seven equal monthly payments of J$384,616 and one final payment of J$384,568. The loan matures on August 8, 2022.

(h) This represents the balance due on an initial loan of J$26,000,000, funded by the DBJ. The DBJ's authorised lending rate for its regular J$ funding line is currently at 7% per annum, plus a commission of 3% per annum, gives an effective all-in-one interest rate of 10% per annum. The principal is repayable in seventy-seven equal monthly payments of J$333,334 and one final payment of J$333,282. The loan matures on August 12, 2022.

(i) This represents the balance due on the initial loan of J$4,400,000. This initial loan is repayable in fifty-nine monthly payments of J$73,333 and matures December 31, 2021. The interest rate on this initial disbursement is fixed at 9.5% per annum.

18. Long-term borrowings (continued)

(j) This represents the balance due on an initial loan of J$6,960,000 for the purchase of two motor vehicles. The interest rate of 9% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$116,000; the final instalment being due in March 2022.

(k) This represent the balance due on an initial loan of J$7,500,000 for the purchase of two motor vehicles. The interest rate of 8.75% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$125,000; the final instalment being due in February 2022.

(l) This represents the balance due on an initial loan of J$4,600,000 received in January 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of J$76,667; the final instalment being due in January 2024.

(m) This represents the balance due on an initial loan of J$4,850,000 received in January 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of J$80,833; the final instalment being due in April 2024.

(n) This represents the balance due on an initial loan of J$6,175,000 received in April 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of J$73,512; the final instalment being due in May 2024.

(o) This represents the balance due on an initial loan of US$2,750,000 received in May 2019. The interest rate of 4.35% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of US$35,246; the final instalment being due in May 2024.

(p) This represents the balance due on an initial loan of J$14,850,000 received in May 2019. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in sixty (60) monthly instalments of principal and interest of J$176,785; the final instalment being due in May 2024.

(q) This represents the balance due on an initial loan of J$10,850,000 received in October 2019. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in eighty-four (84) monthly instalments of principal and interest of J$129,167; the final instalment being due in October 2026.

(r) This represents the balance due on an initial loan of J$11,795,00 for the purchase of 2 motor vehicles. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$140,717; the final instalment being due in June 2025.

(s) This represents the balance due on an initial loan of J$2,921,250 for the purchase of a motor vehicle. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$34,777; the final instalment being due in June 2025.

18. Long-term borrowings (continued)

(t) This represents the balance due on an initial loan of J$8,763,750 for the purchase of two motor vehicles. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J$121,719; the final instalment being due in June 2025.

(u) This represents the balance outstanding on a revolving loan facility of US$650,000 received in April 2019. Total drawdown for the period was $195,616. The interest rate of 4.5% per annum is fixed for the term.

(v) This represents costs incurred in obtaining certain long-term borrowings. The costs are being written off over the period of the borrowings on the effective interest basis.

The borrowings at (b) to (d) and (q) were secured as follows:

- In respect of the purchase of motor vehicles; bill of sale to cover the purchase price and assignment of comprehensive insurance over the assets endorsed in favour of the bank.

The borrowings at (e) to (q), (r), (s), (t) and short-term loans (note 7) with the Bank of Nova Scotia Jamaica Limited are primarily secured as follows:

- Demand debenture stamped to cover US$14,112,000 and J$50,000,000, with power to upstamp, constituting a charge over assets of the company and:

  (i) Limited guarantee of a related company, supported by a first legal mortgage for $1,000,000 over certain commercial properties owned by the said related company.

  (ii) Limited guarantee of another related company supported by a first legal mortgage for $2,000,000 over certain commercial properties owned by this related company.

  (iii) Limited guarantee by both related companies mentioned in (i) and (ii) supported by a second legal mortgage for J$64,890,278 over commercial properties owned per (i) and (ii).

- Assignment of peril insurance policy providing adequate replacement coverage over charged assets with loss if any payable to the bank.

- Subordination and postponement agreement for $6,000,000 due to a related company (note 17).

- In respect of the purchase of motor vehicles; bill of sale to cover the purchase price and assignment of comprehensive insurance over the assets endorsed in favour of the bank.

- Unsupported guarantee of CPJ Investments Limited.

In respect of these credit facilities except (f) and (g), the bank allowed the company a 6 months postponement of the principal payments due from April to September 2020 resulting in new maturity dates being 6 months after the disclosed original maturity dates.

(Presented in United States dollar)

18. Long-term borrowings (continued)

The borrowings at (u) with First Caribbean International Bank (Barbados) Limited is primarily secured as follows:

- Supported by a first legal mortgage of $6,375,000 over certain immovable property.

Breach of loan covenants:

- The group has certain loans totalling $7,489,556 as at June 30, 2021. These loans contain convenants which are to be tested annually/semi-annually. If the covenants are not met, the loans can be repayable on demand.

- According to the agreements, the debt service coverage ratio cannot be less than 1.5:1 and the debt to EBITDA cannot exceed 3:1. The group is in breach of these ratios. However, management obtained a waiver from the respective financial institutions on June 29, 2021. As the waiver was approved by the bank prior to the reporting date, the loans were not classified as current.

19. Related party balances and transactions

(a) The statement of financial position includes balances arising in the ordinary course of business with related parties.

The amounts due to related company are payable to non-controlling interests and are interest-free, unsecured and are not repayble before June 30, 2022.

Other related party balances are disclosed in notes 5, 8, 9, 10 and 17.

(b) The statement of profit or loss and other comprehensive income for the year includes the following (income)/expense and transactions with related parties in the ordinary course of business:

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Sales to related companies/parties	(221,252)	(651,172)	(213,846)	(651,172)
Sales to subsidiary	-	-	(326,927)	(546,476)
Interest expense paid to related companies/parties	420,750	621,688	420,750	621,688
Rent paid to related companies- included in right-of-use-assets and lease liabilities	561,179	911,128	446,791	746,824
Agency fee paid to a related company	735,000	1,199,000	735,000	1,199,000
Directors' emoluments:				
Fees	14,500	15,500	14,500	15,500
Management remumeration	196,686	311,017	196,686	311,017
Compensation for key management:				
Short-term benefits	633,660	980,660	302,052	699,342

Related companies are controlled by directors.

(Presented in United States dollar)

20. Gross operating revenue

Gross operating revenue represents income from the sale of food, beverages and non-food items for the year.

21. Nature of expenses

(a) Cost of operating revenue:

Cost of operating revenue primarily comprises the costs to purchase or process inventory items, such as meats, seafood, dairy products and beverages, which were sold by the group to third parties during the year.

(b) Selling and administrative expenses:

	Group		Company	
	2021	2020	2021	2020
Advertising	322,993	866,221	288,880	816,461
Audit fees	70,500	110,700	57,000	94,500
Bank charges	94,696	178,931	59,909	164,372
Cleaning and sanitation	53,336	65,301	49,609	57,473
Data processing	789,789	758,448	747,442	758,448
Garbage disposal	33,068	130,647	16,576	112,499
GCT irrecoverable	102,474	125,239	102,474	125,239
Insurance	376,369	447,791	314,430	399,644
Miscellaneous	395,506	841,214	20,654	197,812
Motor vehicle expenses	1,022,281	2,026,170	883,584	1,943,689
Penalties and interest	38,137	27,213	38,137	27,213
Pest control	16,970	19,622	10,124	14,249
Printing, postage and stationery	108,396	161,431	92,458	137,798
Professional fees	1,040,333	1,637,062	955,053	1,574,210
Rates and taxes	155,349	132,659	136,337	122,406
Rental of premises [notes 13(c)]	957	63,000	957	63,000
Repairs and maintenance	505,407	967,952	365,972	807,419
Security	313,250	451,542	254,278	388,420
Staff costs:				
Salaries, wages, and other payroll costs	5,340,800	7,107,855	4,169,127	6,044,174
Payroll taxes	491,660	738,003	449,456	698,273
Staff welfare	253,041	444,876	235,900	421,940
Subscriptions	23,763	39,431	21,959	35,789
Travel and entertainment	1,477,284	380,207	1,117,564	319,052
Utilities	79,465	1,544,380	71,566	1,196,337
	13,105,824	19,265,895	10,459,446	16,520,417

(Presented in United States dollar)

22. Disclosure of income/(expenses)

	Group		Company	
	2021	2020	2021	2020
(a) Other operating income:				
Gain on disposal of property plant and equipment	68,257	6,487	68,257	6,487
Covid-19 rent concessions	457,791	-	457,791	-
Gain on lease modification (note 13(c))	1,183	-	1,183	-
Others	788,902	121,961	251,682	95,993
	1,316,133	128,448	778,913	102,480
(b) Finance income:				
Interest income - third party	33,099	3,724	33,099	3,724
(c) Finance costs:				
Foreign exchange loss, net	(73,019)	(135,549)	(73,019)	(129,861)
Interest on promissory notes	(569,741)	(847,757)	(569,741)	(847,757)
Interest on long-term and short term borrowings	(906,195)	(733,103)	(560,148)	(725,881)
Interest on lease liabilities	(634,817)	(648,612)	(540,003)	(543,214)
Overdraft interest	(32,871)	(39,908)	-	-
	(2,216,643)	(2,404,929)	(1,742,911)	(2,246,713)

23. Taxation

(a) Taxation is based on the following:

	Group		Company	
	2021	2020	2021	2020
Current tax	-	-	-	-
Deferred tax (note 11):				
Tax losses	-	(747,897)	-	(747,897)
Origination and reversal of temporary differences	-	(452,103)	-	(452,103)
	-	(1,200,000)	-	(1,200,000)
Tax credit recognised during the year	-	(1,200,000)	-	(1,200,000)

(Presented in United States dollar)

23. Taxation (continued)

(b) Reconciliation of actual taxation credit:

	Group		Company	
	2021	2020	2021	2020
Loss before taxation	(2,518,994)	(5,546,096)	(1,996,540)	(4,976,553)
Computed "expected" tax credit at 25% and 30%	(655,871)	(1,386,524)	(499,135)	(1,244,138)
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	516,487	241,082	516,487	241,082
Other items, net	139,384	(54,558)	(17,352)	(196,944)
	-	(1,200,000)	-	(1,200,000)

(c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

- Years 2012 to 2016 - 100%
- Years 2017 to 2021 - 50%

(d) As at June 30, 2021, subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses available for set-off against future profits amounted to approximately $3,518,000 (2020: $3,027,000) for the group and company. If unutilised, these losses can be carried forward indefinitely. However, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year.

24. Earnings per share

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year as follows:

	Group		Company	
	2021	2020	2021	2020
Loss for the year attributable to the shareholders of the company	(2,263,776)	(4,067,681)	(1,996,540)	(3,776,553)
Weighed average number of ordinary shares held during the year	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per share (expressed in ¢ per share)	(0.21)	(0.37)	(0.18)	(0.34)

25. Contingent liabilities

(a) In 2016, Tax Administration Jamaica (TAJ) conducted a GCT audit for the period January 2012 to December 2015 and proposed an adjustment to the returns for the period. No formal assessment has been served in this regard. During the year, the management and directors continued discussions with TAJ and other relevant authorities to review and resolve the proposed adjustments. At the date of authorisation of these financial statements, the resolution process is still ongoing.

(b) The company has given guarantees in the ordinary course of business, under banking arrangements, in favour of the Collector of Customs in the amount of $339,259 (J$47,500,000).

(c) In 2018, Jamaica Customs Agency Post Clearance Audit (JCA) conducted a review of the company's import declarations for the period from January 1, 2017 to July 31, 2018 and assessed the company for potential additional duty and taxes as per the Assessment Order dated January 22, 2019. The management has had discussions with JCA and has disputed the assessment. As at the date of authourisation of these financial statements, the resolution process is still ongoing.

26. Dividends

There was no dividend declaration in the current year.

27. Financial instruments

(a) Financial risk management:

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

- credit risk;
- liquidity risk; and
- market risk.

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

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The Board of Directors has monitoring oversight of the risk management policies.

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at the reporting date was represented by the carrying value of financial assets in the statement of financial position. The group had no significant concentration of credit risk.

Cash and cash equivalents

The group limits its exposure to credit risk by placing cash resources with substantial counterparties who are appropriately licensed and regulated, and are believed to have minimal risk of default.

Accounts receivable

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The group does not require collateral in respect of trade and other receivables.

Trade receivables mainly consist of balances due from retail and hospitality customers across Jamaica. Apart from the concentration of customers in Jamaica, the group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Expected credit loss assessment

The group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and the available press information about its customers) and applying experienced credit judgement.

The group uses a provision matrix to measure ECLs on trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

The following table provides information about the exposure to credit risk and ECL for trade receivables as at June 30, 2021 (see also note 5).

	Group 2021			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.3%	8,951,419	27,781	no
31-60 days past due	0.4%	1,055,304	3,938	no
61-90 days past due	2.4%	391,346	9,546	no
91-180 days past due	4.1%	409,735	16,705	no
More than 180 days past due	100%	670,396	670,396	yes
		11,478,200	728,366	

	Group 2020			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.2%	1,023,602	3,728	No
31-60 days past due	0.4%	501,903	1,950	No
61-90 days past due	1.8%	153,222	2,735	No
91-180 days past due	10.0%	2,870,617	287,099	No
More than 180 days past due	100%	315,710	315,710	Yes
		4,865,054	611,222	

	Company 2021			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.2%	7,278,420	17,533	no
31-60 days past due	0.3%	1,038,302	3,768	no
61-90 days past due	1.5%	334,929	6,262	no
91-180 days past due	6.1%	406,098	16,141	no
More than 180 days past due	100%	534,540	534,540	yes
		9,592,290	578,244	

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

	Company 2020			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.2%	881,069	1,633	No
31-60 days past due	0.3%	428,609	1,217	No
61-90 days past due	1.9%	141,015	2,613	No
91-180 days past due	7.7%	2,584,017	198,227	No
More than 180 days past due	100%	262,224	262,224	Yes
		4,296,934	465,914	

The impairment of trade receivables at the reporting date was:

	Group		Company	
	2021 $	2020 $	2021 $	2020 $
Balance at beginning of year	611,222	424,081	465,914	224,626
Amount charged, net	135,494	443,496	119,028	398,893
Recoveries	(18,350)	(256,355)	(6,698)	(157,605)
Balance at end of year	728,366	611,222	578,244	465,914

The provision is determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management of the group manages liquidity risk by maintaining adequate liquid financial assets with appropriate terms and currencies, together with committed financing to meet all contractual obligations and operational cash flows, including the servicing of its long-term liabilities.

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group can be required to pay.

	Group 2021			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Bank overdraft	1,536,067	1,536,067	1,536,067	-
Short-term loans	1,700,000	1,772,250	1,772,250	-
Accounts payable	11,580,606	11,580,606	11,580,606	-
Short-term promissory notes	3,817,793	4,118,429	4,118,429	-
Lease liabilities	12,367,309	12,367,309	649,839	11,717,470
Long-term promissory notes	9,274,180	10,454,049	-	10,454,049
Long-term borrowings	7,545,137	9,019,881	1,094,936	7,924,945
Due to related company	3,233,634	3,233,634	-	3,233,634
Total financial liabilities	51,054,726	54,082,225	20,752,127	33,330,098

	Group 2020			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Bank overdraft	122,060	122,060	122,060	-
Short-term loans	1,900,000	1,980,750	1,980,750	-
Accounts payable	8,417,693	8,417,693	8,417,693	-
Short-term promissory notes	4,317,794	4,653,428	4,653,428	-
Lease liabilities	7,879,461	7,879,461	861,405	7,018,056
Long-term promissory notes	9,272,356	10,431,933	-	10,431,933
Long-term borrowings	7,665,128	9,699,791	1,133,096	8,566,695
Due to related company	3,143,791	3,143,791	-	3,143,791
Total financial liabilities	42,718,283	46,328,907	17,168,432	29,160,475

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

	Company 2021			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	1,700,000	1,772,250	1,772,250	-
Accounts payable	9,299,324	9,299,324	9,299,324	-
Short-term promissory notes	3,817,793	4,118,429	4,118,429	-
Lease liabilities	11,270,673	11,270,673	553,213	10,717,460
Long-term promissory notes	9,274,180	10,454,049	-	10,454,049
Long-term borrowings	7,426,997	8,896,425	1,094,936	7,801,489
Total financial liabilities	42,788,967	45,811,150	16,838,152	28,972,998

	Company 2020			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	1,900,000	1,980,750	1,980,750	-
Accounts payable	6,566,890	6,566,890	6,566,890	-
Short-term promissory notes	4,317,794	4,653,428	4,653,428	-
Lease liabilities	6,724,096	6,724,906	803,488	5,921,418
Long-term promissory notes	9,272,356	10,451,933	-	10,451,933
Long-term borrowings	7,469,512	9,495,372	1,084,848	8,410,524
Total financial liabilities	36,250,648	39,873,279	15,089,404	24,783,875

There were no changes to the group's approach to liquidity risk management during the year.

(iii) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets. The nature of the group's exposures to market risk and its objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risk, the group has policies and procedures in place which detail how the risk is managed and monitored.

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

The management of each of these major components of market risk and the exposure of the group at the reporting date to each major risk are addressed below.

Derivative financial instruments are not used to reduce exposure to fluctuations in interest and foreign exchange rates.

Interest rate risk

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

The group materially contracts financial liabilities at fixed interest rates. These primarily relate to borrowings which are subject to interest rates fixed in advance, but which may be varied with appropriate notice by the lenders.

Interest-bearing financial assets are primarily represented by cash and cash equivalents, which are contracted at various interest rates.

Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2021	2020	2021	2020
Fixed rate instruments:				
Financial assets	1,970,212	1,813,009	1,970,212	1,813,009
Financial liabilities	(21,909,500)	(21,541,033)	(20,453,926)	(21,223,357)
	(19,939,288)	(19,728,024)	(18,483,714)	(19,410,348)
Variable rate instruments:				
Financial assets	306,545	115,681	306,545	115,681
Financial liabilities	(1,153,613)	(1,106,011)	(1,153,613)	(1,106,011)
	(847,068)	(990,330)	(847,068)	(990,330)

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

Cash flow sensitivity analysis for variable rate instruments

An increase or decrease in basis points in interest rates at the reporting date would have (increased)/decreased loss for the year by amounts shown below:

	The Group and Company			
	2021		2020	
	Increase 100bp	Decrease 100bp	Increase 100bp	Decrease 100bp
Effect on profit or loss (decrease)/increase	(8,471)	8,471	(9,903)	9,903

Fair value sensitivity analysis for financial instruments

The group does not account for any financial instrument at fair value. Therefore, a change in interest rates at the reporting date would not affect the carrying value of the group's financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The group incurs foreign currency risk primarily on receivables, purchases and borrowings that are denominated in a currency other than the United States dollar. The principal foreign currency risks of the group are denominated in Jamaica dollar (J$).

The group ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in J$ as a hedge against adverse fluctuations in exchange rates.

At the reporting date, net foreign currency assets/(liabilities) of the group and the company are as follows:

	Group and Company	
	2021	2020
Cash and cash equivalents	181,326,106	215,155,630
Accounts receivable	813,339,205	681,594,847
Accounts payable	(208,367,999)	(129,729,401)
Long-term borrowings	(630,333,140)	(611,017,928)
Net foreign currency assets	J$155,964,172	156,003,148
Equivalent to	US$ 1,050,148	1,129,558

(Presented in United States dollar)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

Foreign currency risk (continued)

Exchange rates for the J$ in comparison to the United States dollar were as follows:

June 30, 2021:	J$148.52 to US$1
June 30, 2020:	J$139.11 to US$1

Sensitivity analysis

Changes in exchanges rates would have the effects described below:

	Group and Company	
	Decrease/(increase) in loss for the year	Decrease/(increase) in loss for the year
	2021	2020
6% (2020: 6%) weakening against the US$	(63,009)	(67,773)
2% (2020: 2%) strengthening against the US$	21,003	22,591

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2020.

(b) Capital risk management:

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders. The directors of the company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The group defines capital as total shareholders' equity.

Management of the group is responsible for monitoring the group's adherence to loan covenants on a timely basis and also to obtain relevant approvals from the banks before certain decisions are finalised.

There were no changes in the group's approach to capital management during the year.

(c) Fair value disclosures:

The fair values of cash and cash equivalents, accounts receivable, bank overdraft, accounts payable and short-term loans and promissory notes are assumed to approximate their carrying values due to their relatively short-term nature. Long-term borrowings and promissory notes are carried at their contracted settlement value based on commercial terms. Amounts due to related company are considered to approximate their carrying value due to their short-term nature, and/or an ability to effect future set-offs in the amounts disclosed.

(Presented in United States dollar)

28. Segment reporting

Segment information is presented in respect of the group's strategic business segments. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Segment information below represents segment revenue based on the country receiving the benefit of the products/services and segment assets based on the country in which the owner is registered. Segment information is only applicable to the group as the company only operates in one segment.

Geographical information:

	2021			
	Jamaica	St. Lucia	Eliminations	Total
Revenue from external customers	46,943,211	11,562,126	(326,927)	58,178,410
Loss for the year	(1,996,540)	(520,854)	-	(2,517,394)
Segment non-current assets	24,451,208	4,212,583	(3,359,771)	25,304,020
Segment current assets	34,560,490	6,786,478	(212,982)	41,133,986
Segment total assets	59,011,698	10,999,061	(3,572,753)	66,438,006
Additions to property, plant and equipment	1,089,148	1,255,090	-	2,344,238

	2020			
	Jamaica	St. Lucia	Eliminations	Total
Revenue from external customers	78,525,705	13,724,081	(546,476)	91,703,310
Loss for the year	(3,776,553)	(568,193)	-	(4,344,746)
Segment non-current assets	21,498,969	3,541,269	(3,031,308)	22,008,930
Segment current assets	32,980,458	5,808,580	(168,713)	38,620,325
Segment total assets	54,479,427	9,349,849	(3,200,021)	60,629,255
Additions to property, plant and equipment	794,495	203,738	-	998,233

29. Impact of COVID-19

The World Health Organization had declared the novel Coronavirus (COVID-19) outbreak a global pandemic on March 11, 2020. After the first wave in early 2020, the world saw a slight rebound in economic activities, but was again hit with a second wave in mid to late 2020, resulting in significantly depressed sales. This reduction consequently impacted the financial performance of the group for the fiscal year ended June 30, 2021.

29. Impact of COVID-19 (continued)

Travel restrictions and global-wide lockdowns resulted in the closure of hotels since April 2020 and this resulted in a significant decrease in the group's revenue.

Effective end of March 2020, the group had to restrict its operations to direct selling and retail market till the partial re-opening of the hotels from June 2020 onwards. Although this was new, the group adjusted to the changing landscape with ease and successfully adapted to the new economic order.

The group performed various assessments and stress testing of its business plans under multiple scenarios, as part of its business continuity and contingency planning. Assessments revealed that there was a significant business interruption primarily due to travel restrictions and closure of hotels. This may result in the partial obsolescence of inventory held, delays in collection of trade receivables, managing the expectation of lenders and liquidity to continue the operations at reduced level. The group may also experience significant decline in sales resulting in reduced earnings and operating cash flows.

To address these challenges and risks identified, the group management resorted to implementing the following measures:

- Acted diligently on collection of its account receivables and continued monitoring leading to significant further reduction in receivables;
- Negotiated extended credit terms with its suppliers from 30 to 90 days;
- Focused on selling its inventory at risk through retail and online sales strategies;
- Separation of non-critical staff;
- Deferral of planned non-essential capital expenditure;
- Reduction of non-critical overheads;
- Agreed salary reduction for all staff;
- Financial support from related party and external lenders:
  - Negotiated interest rate reduction on all related party loans to June 2021;
  - Obtained commitment from related parties to not recall loans payment in next 12 months;
  - Negotiated moratorium for its bank loans;
  - Negotiated reduction of rental charge on most properties to June 2021;
  - Obtained waiver letter from lenders regarding the breach in debt covenants at the reporting date.
- Improvements in IT systems to facilitate operational efficiencies, relating to supply chain, demand planning and warehouse management;

29. Impact of COVID-19 (continued)

All the above measures led to an improved cashflow position, a reduction in account receivables and payables and reduction in inventories to a manageable level. The group has been able to meet its obligation to its suppliers, bondholders and to its employees to date.

The group is optimistic that a solution to the virus will be available soon and restore confidence in travel, especially in light of the vaccination drives in several countries. The governments in the countries of operations are committed to restoring the capacity of the tourism industry in the shortest possible time, while ensuring the safety protocols. The Government of Jamaica continues to support the hospitality and tourism industry, through measures like the north coast 'coronavirus-resilient zone', allowing ports of entries to remain open, increase vaccination for hospitality industry workers. Those measures have resulted in increased confidence in the sector, which will positively impact the revenue of the group. Similar measures are in place in St Lucia. The group is prepared for what it is certain, will be a full recovery of the travel industry. It remains committed to its strategic goal of achieving long term shareholder value by creating scale and implementing strategic business transformation initiatives.

The financial support required is dependent on the evolution of the pandemic and its implications on the group's operations. Based on sales projections, reflecting the estimated impact of the stressed conditions currently experienced and other initiatives undertaken, management expects to continue in operations, meeting its obligations as and when they fall due, for at least twelve months from the reporting date. Consequently, management is of the opinion that the going concern basis of accounting, applied in preparation of these financial statements remains appropriate.

As at the date of approval of these financial statements, the ultimate impact of the pandemic on the group remains unknown as it is uncertain how long it will take to fully control the virus and return to normalcy.

30. Capital committments

The group has committed to the expansion of its retail store located at its headquarters in Montego Bay. Construction of a 6,000 sq feet store space began in July 2021 and is budgeted to cost US$450,000. The project is estimated to be completed in January 2022.

TOP TEN (10) STOCKHOLDERS
AS AT 30th JUNE 2021

NAME	UNITS	%
Sportswear Producers Limited	253,084,299	22.0077
Mayberry Jamaican Equities Limited	219,026,784	19.9115
Wave Trading Limited	124,132,858	11.2848
Oniks Investments Limited	117,797,515	10.7089
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,581,579	3.0529
Beech Realty Company Limited	31,000,000	2.8182
PWL Bamboo Holdings Limited	20,536,570	1.8670
MF& G Trust & Finance Ltd A/C 58	12,355,738	1.1232
Sagicor Select Fund Limited (Class C Shares)	10,917,106	0.9925

SENIOR MANAGERS

NAME	UNITS	%
Debbie Clarke		
Hugh Logan	144,343	0.0131
Vivek Gambhir		
Xavier Perez		
Alejandro Sanchez		

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
Sportswear Producers Limited			253,084,299	22.0077
Mark Hart	Chairman	Connected party holding		
Mayberry Jamaican Equities Limited			219,026,784	19.9115
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
Wave Trading Limited			124,132,858	11.2848
Mark Hart	Chairman	Connected party holding		
Oniks Investments Limited			117,797,515	10.7089
Thomas Tyler	Co-Chairman	Connected party holding		
Thomas Tyler	Co-Chairman	Self	82,830,563	7.5301
PWL Bamboo Holdings Limited			20,536,570	1.8670
Konrad Mark Berry	Director	Connected party holding		
Alpine Endeavours Limited			1,881,100	0.1710
Ronald Schrager	Director	Connected party holding		
Apex Pharmacy Limited			1,421,936	0.1292
Christopher Berry	Director	Connected party holding		
A+Medical Centre Limited			1,000,000	0.0909
Christopher Berry	Director	Connected party holding		
Konrad Mark Berry	Director	Self	500,000	0.0454
Theresa Chin	Director	Self	288,900	0.0262
Richard Mark Hall	Director	Self	114,090	0.0104