NUTRITION PRODUCTS LIMITED

ANNUAL REPORT

2021- 2022

MISSION STATEMENT

To produce and distribute a nutritious meal to designated school children at the lowest possible cost, utilizing local resources whenever possible.

“Nutrition Supporting Education”

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COMPANY PROFILE

Nutrition Products Limited (NPL) was established in 1973 as an agency of the Ministry of Education Youth and Information. NPL underwent formal incorporation in 1974, operating as a Limited Liability Company in accordance with the Companies Act.

The Company is entrusted with the production and distribution of nourishing snacks to schools nationwide, as part of the overarching national school feeding initiative. NPL manages three production facilities situated in Kingston, St. Mary, and Westmoreland.

The primary objective of this programme is to furnish beneficiaries/students with a nourishing meal, thereby fostering the cultivation of healthy dietary practices, enhancing overall well-being, and bolstering educational attainment. This ensures that hunger does not impede the learning process, concurrently serving as a foundational measure in curtailing absenteeism.

CHAIRMAN'S REPORT

For the second successive year we encountered disruptions in the production and distribution of meal solutions to our children. 2021 - 2022 was a very challenging year for Nutrition Products Limited as a result of the COVID-19 pandemic.

In the absence of the regular production schedule, research and development, retooling and repair to the plant was prioritised. In addition, the time was used to sensitise employees, contractors and stakeholders on the new health and safety standards which were required to adapt to the new norm.

On behalf of the Board, let me commend the CEO, the management and staff for their creativity, efficiency and resilience in the execution of their duties.

Dr. Aundre Franklin, C.D
Board Chairman

CHIEF **EXECUTIVE** OFFICER'S REPORT

2021 – 2022 was another low-production year for Nutrition Products Limited (NPL). Our mandate of providing nutritious meals for the nation's children did not materialize as schools remained closed due to the COVID 19 pandemic.

There is high anticipation that schools will be returning to the customary face-to-face modality for the 2022 – 2023 academic year and the company is in full preparatory mode to start production/distribution as soon as this announcement is made.

During the downtime caused by the pandemic there has been renewed focus on areas which are always important to the efficient and effective operations of the company.

Some of the areas which received special attention were:

- New product development
- Enhancement of existing products
- Raw materials testing to determine quality
- Suppliers' capability to deliver quality raw materials
- Selection of suppliers
- Overall and servicing of plant and machinery
- Ensure availability of spare parts for efficient production
- Compliance with government quality standards
- Maintenance of the company's health and safety standards

My dedicated staff and I look forward to the reopening of schools and will ensure that everything is in place to continue to provide quality meals for the nation's children, hence making a difference in their lives.

……………………………

Andrew Narine
Chief Executive Officer

BOARD OF DIRECTORS

Dr. Aundre Franklin, C.D

Board Chairman

Ms. Karen Sutherland

Deputy Chairperson

Finance and Planning and Pension Chairperson

Mrs. Dorothy Finlayson

Human Resource & Admin Servs. Chairperson
Customer Service and Quality Assurance
Pension

Mr. Samuel Pinnock

(Appointed June 28, 2021)

Warehouse and Distribution
Human Resource & Admin Servs.
Maintenance and Safety

Mrs. Natalie Murray

Customer Service and Quality Assurance Chairperson
Finance and Planning and Pension
Warehouse and Distribution

Ms. Vicki Hanson

Management Information Systems Chairperson
Procurement and Contracts

Mr. Maurice Sloley

Maintenance, Production and Safety Chairperson
Customer Service
Quality Assurance

Mr. Sean Lyn

Warehouse and Distribution Chairperson
Management Information Systems
Maintenance, Production and Safety

Mr. Marlon Morgan

Human Resource & Admin Servs
Finance and Planning and Pension
Quality Assurance
Customer Service

BOARD OF DIRECTORS

Mr. Donnovan Samuels

Management Information Systems
Pension

Mr. Nigel Phipps

Human Resource & Admin Servs
Quality Assurance

Ms. Odia Reid

Procurement and Contracts Chairperson

Ms. Dorrett Campbell

Customer Service
Quality Assurance

Mr. Wayne Leahong

Mr. Andrew Warwar

(Resigned June 10, 2021)

Mr. Richard Cargill

DIRECTORS ATTENDANCE
BOARD AND COMMITTEE MEETINGS

DIRECTOR	BOARD MEETING	FINANCE & PLANING	PROCUREMENT & CONTRACTS	H.R & ADMIN. SERVICE	CUSTOMER SERVICE	PRODUCTION & MAINTENANCE	M.I.S	PENSION
Total Number of Meetings Held)	12	7	6	12	11	12	12	2
Mr. Aundre Franklin	12	-	-	-	-	-	-	-
Mr. Andrew Warwar	2	-	3	-	-	-	-	-
Mr. Donovan Samuels	10	-	-	-	-	-	12	2
Mrs. Dorothy Finlayson	10	-	-	9	6	-	-	2
Ms. Dorrett Campbell	10	-	-	-	5	-	6	-
Ms. Karen Sutherland	8	7	-	-	-	-	-	2
Mr. Marlon Morgan	12	7	-	12	-	-	-	2
Mr. Maurice Sloley	12	-	-	-	6	10	-	-
Ms. Natalie Murray	12	7	-	-	11	-	-	-
Mr. Nigel Phipps	10	-	-	8	7	-	-	-
Mr. Odia Reid	8	-	5	-	-	-	-	-
Mr. Richard Cargill	10	-	-	-	-	-	-	-
Mr. Samuel Pinnock	8	-	-	6	-	6	-	-
Mr. Sean Lyn	11	-	-	-	-	12	12	-
Ms. Vicki Hanson	12	-	5	-	-	-	12	-
Mr. Wayne Leahong	1	-	-	-	-	-	-	-

DIRECTORS **COMPENSATION**

NAME OF DIRECTOR	FEES $	MOTOR VEHICLE UPKEEP/TRAVELLING OR VALUE OF ASSIGNED MOTOR VEHICLE (TRAVEL) $	HONORARIUM $	ALL OTHERCOMPENSATION INCLUDING NON- CASH BENEFITS (MEAL ALLOWANCE) $	TOTAL $
Dr. Aundre Franklin	268,946.00	9,979.20	N/A	N/A	278,925.20
Mr. Andrew Warwar	56,100.00	163.80	N/A	N/A	56,263.80
Mr. Donovan Samuels	217,500.00	567.00	N/A	N/A	218,067.00
Mrs. Dorothy Finlayson	281,300.00	15,547.00	N/A	N/A	296,847.00
Ms. Dorrett Campbell	198,000.00	1,096.20	N/A	N/A	199,096.20
Ms. Karen Sutherland	209,500.00	5,600.00	N/A	N/A	215,100.00
Mr. Marlon Morgan	300,734.00	8,348.76	N/A	N/A	309,082.76
Mr. Maurice Sloley	307,204.00	14,816.20	N/A	N/A	322,020.20
Ms. Natalie Murray	317,904.00	14,602.00	N/A	N/A	332,506.00
Mr. Nigel Phipps	217,500.00	13,608.00	N/A	N/A	231,108.00
Mr. Odia Reid	147,602.00	25,554.40	N/A	N/A	173,156.40
Mr. Richard Cargill	120,000.00	-	N/A	N/A	120,000.00
Mr. Samuel Pinnock	174,000.00	3,325.14	N/A	N/A	177,325.14
Mr. Sean Lyn	309,402.00	13,440.00	N/A	N/A	322,842.00
Ms. Vicki Hanson	315,603.00	31,836.00	N/A	N/A	347,439.00
Mr. Wayne Leahong	12,000.00	-	N/A	N/A	12,000.00
TOTAL					**3,611,778.70**

EXECUTIVE MANAGEMENT TEAM

Andrew Narine
Chief Executive Officer

Zedalin Thorpe
Procurement Manager

Robert Carr
Internal Auditor

Katreena Barker
(Resigned July 20, 2021)
Customer Service Manager

Stephen Johnson
(Resigned December 17, 2021)
Maintenance & Safety Manager

Barbara Watson
(Appointed March 1, 2022)
Human Resource Manager

Micheal Montgomery
Warehouse & Distribution Manager

Hugh Fogo
Production Manager

EXECUTIVE MANAGEMENT COMPENSATION

NAMES	POSITIONS	SALARY $	GRATUITY PERF. INCENTIVE $	TRVL. ALLOWANCE OR VALUE OF ASSIGNED MOTOR VEHICLE $	PENSION OR OTHER RETIREMENT BENEFITS $	OTHER ALLOWANCES $	NON-CASH BENEFITS $	TOTAL $
Andrew Narine	Chief Executive Officer	4,292,962.00	-	1,697,148.00	215,299.84	606,590.60	97,020.00	6,909,020.44
Zedalin Thorpe-Ruddock	Procurement Manager	2,374,988.66	625,354.00	894,924.00	-	598,607.20	97,020.00	4,590,893.86
Robert Carr	Internal Auditor	2,547,979.04	-	894,924.00	-	72,452.08	97,020.00	3,612,375.12
Micheal Montgomery	Warehouse & Distribution Mgr.	2,050,396.76	.-	894,924.00	102,519.84	65,524.01	97,020.00	3,210,384.61
Hugh Fogo	Production Manager	1,900,817.28	-	894,924.00	99,796.25	145,101.05	97,020.00	3,137,658.58
Stephen Johnson	Maintenance & Safety Mgr.	1,457,984.86	.-	641,362.13	72,899.27	650,630.63	79,380.00	2,902,256.89
Katreena Barker	Customer Services Mgr.	801,736.00	-	298,308.00	30,065.10	547,590.83	35,280.00	1,712,979.93
Barbara Watson	Human Resources Manager	242,999.58	-	74,577.00	-	-	8,820.00	326,396.58
TOTAL		**15,669,864.18**	**625,354.00**	**6,291,091.13**	**520,580.30**	**2,686,496.40**	**608,580.00**	**26,401,966.01**

DEPARTMENTAL REPORTS

PRODUCTION

During the year under review (April 1, 2021 – March 31, 2022) Nutrition Products Limited (NPL), was not able to deliver on its mandate and directive of the government to provide nutritious meals to the nation's children. This was because all schools remained closed from the onset of the Covid-19 pandemic which started in March 2020, resulting in no face-to-face classes and the continuation of classes being conducted remotely via the internet. There being no face-to-face classes all three plants, island-wide ceased production/ manufacturing of finished products that would be supplied to the nation's children.

NPL was informed by the Ministry of Education, Youth and Information (MOEYI) during the year in review that schools will be reopened to face-to-face classes during the fiscal year 2022- 2023. This was a most welcomed decision to NPL, knowing that we would soon be able to return to our core responsibility of providing nutritious meals to the nation's needy children, thus enabling in the development of our human resources especially at the presecondary level.

In response to the decision of the possibility of returning to face-to-face classes in schools, NPL has been keeping the factories in readiness mode during the year in review, by, inter alia:

Focusing on critical areas of maintenance to ensure the equipment/machinery are in good working condition.

Implementing preventative measures for the protection of our team and stakeholders which include the strategic placing of health and safety posters, instructions, and signs throughout the plants.

Implementation of operational continuity plans for the efficient functioning of the three plants.

Continuing with routine audits conducted by the local regulatory authorities notably, the Bureau of Standard, Public Health Department and the Food Safety and Prevention of Infestation Division.

Upgrading and computerization of all production files thus granting management/ end users the ability to make more informed decisions based on accurate and reliable data to achieve continued operational efficiency and to develop stronger security measures

Continuing the close collaboration with safety agencies such as the Ministry of Labour (Factory Division), Office Management of Disaster Preparedness and Emergency (ODPEM) and the Fire Brigade.

WAREHOUSING & DISTRIBUTION

The Warehousing & Distribution Department is responsible for managing the seamless flow of goods from suppliers and manufacturers to the final point of delivery. This involves ensuring the production and distribution of high-quality products through the following measures:

- Timely delivery of raw materials, meeting specified quality standards for production.
- Proper stocking and storage of raw materials.
- Correct storage and timely transportation of finished products to designated schools across the island, maintaining optimal conditions.

The department successfully achieved the overall delivery and distribution targets in comparison to the planned deliveries for the year. Key initiatives undertaken during the review period include:

A strategic reconfiguration of contractors' delivery routes to enhance the efficiency and effectiveness of the delivery network. This adjustment, implemented in response to the continuous challenges posed by the COVID-19 pandemic, particularly benefitted deliveries to PATH beneficiaries.

Organizational restructuring within the department to establish a clearer reporting line and minimize role overlaps, resulting in an enhanced overall departmental effectiveness.

Collaborative efforts with the Ministry of Education, Youth & Information in facilitating the transportation of furniture to schools island-wide. The furniture included dual benches, students' desks and chairs, teachers' desks and chairs, trapezoidal tables, and infant chairs.

We recognize the gravity of our responsibility in meeting the needs of our nation's children, and we are committed to taking all necessary measures to further elevate our service levels in the forthcoming year.

MANAGEMENT INFORMATION SYSTEMS

The primary focus of the Management Information System (MIS) department is to leverage available technology and resources to implement systems and procedures that facilitate an efficient and effective means of collecting, sharing, and disseminating information and data throughout the company. This department is charged with the responsibility of providing technical and analytical support to ensure the company's sustained efficiency and effectiveness through fully operational Information Management Systems.

Activities conducted during the reviewed period encompassed:

- Conducting site visits to Rural Plants to ensure MIS Systems are fully functional and current.
- Conducting staff training to ensure proficiency with the system.
- Procuring new computers, printers, and routers as replacements.

Key activities undertaken during this period include:

- Establishing an Interactive Live Chat feature.
- Offering technical support and help desk services to all end users across all plants.
- Retraining and training of staff.
- Servicing printers for all plants.
- Conducting maintenance and monitoring of the company's network infrastructure.

The MIS department remains unwaveringly committed to its mandate, ensuring that the MIS infrastructure is continually upgraded and properly maintained. It strives to provide the necessary support and expertise to align with the company's standards and regulatory requirements.

HUMAN RESOURCE & ADMINISTRATIVE **SERVICES**

The Human Resource and Administrative Services Department is dedicated to utilizing the best human resource policies and practices to ensure the well-being of our employees, while at the same time achieving maximum productivity of the company.

During the year under review, the COVID-19 pandemic greatly impacted the planned activities of the department as a result of schools remained closed due to the pandemic, which resulted in a production halt. The areas mainly impacted were:

Training and development, summer employment, work experience for students from high schools and tertiary institutions and social events.

For the year 2021-2022 there were no summer employment, work experience or social events. The training that was carried out was with the administrative staff which included; Procurement and Contracts, Computer Application, Supervisory Management and Industrial Relations.

Ministry of Education Youth & Information (MOEYI)

Scholarships were provided to children of permanent employees who sat the Profile Exit Programme (PEP) Examination. There are currently six (6) recipients in the programme which includes one new awardee. The scholarship is reviewed each year to determine if the scholarship criteria for their advancement on the programme are satisfied.

The department is fully committed and dedicated in utilizing the best human resource policies and practices for promoting opportunities for both employees and employer’s growth and development

New employees for the last five financial years is reflected in the table below.

Financial Year	Kingston	St. Mary	Westmoreland	New Hire (Total)
2021/2022	3	0	0	**3**
2020/2021	8	0	0	**8**
2019/2020	10	2	2	**14**
2018/2019	9	1	2	**12**
2017/2018	31	7	0	**38**

The table below shows a comparison of separations for the last five (5) financial years

Financial Year	Kingston	St. Mary	Westmoreland	Total Separations
2021/2022	13	0	0	**13**
2020/2021	11	2	6	**19**
2019/2020	16	8	2	**26**
2018/2019	19	3	4	**26**
2017/2018	58	6	3	**67**

PROCUREMENT & **CONTRACTS**

The Procurement and Contracts Department holds a pivotal role within Nutrition Products Limited (NPL), ensuring that the organization's procurement activities not only deliver value for money but also contribute to the achievement of broader goals and objectives. It serves as a vital lens through which the effectiveness of the procurement strategy is evaluated.

Throughout the reviewed period, the Procurement and Contracts department effectively discharged its responsibilities by:

Planning, directing, and controlling all activities related to the procurement of goods, services, and works.

Ensuring the proper coordination of all procurement activities, considering the lead times inherent in the procurement process.

The department is mandated to procure goods, services, and works of the highest standard cost-effectively. It consistently fosters positive relationships with other departments, existing suppliers, and endeavors to establish new partnerships with potential suppliers, both locally and overseas.

Within NPL, the Head of Department (HOD) holds a position within the senior management team, collaborating with the General Manager and the Board of Directors to safeguard the integrity of the procurement processes. The HOD assumes the responsibility of ensuring fair and open competition while mitigating risks associated with fraud and unethical practices.

During the fiscal year 2021/2022, several significant procurement activities were undertaken, including:

Provision of Janitorial Services
Provision of External Audit
Provision of Transportation/Delivery Contractors/Transportation/Shuttle

Provision of Canteen Concessionaires
Provision of Group/Health Insurance
Provision of Insurance Placement
Provision of Security Services
Provision of IT Systems (software, UPS, and Network)
Provision of Servicing & Repairs to Machinery & Equipment

INTERNAL **AUDIT**

The Internal Audit Unit, in alignment with corporate governance principles and international standards, has consistently upheld its role of furnishing assurance to the Board of Directors and Management of the Company regarding their respective areas of responsibility. This assurance is derived from the unit's provision of independent and objective advice to the Board and Management, grounded in assessments and reviews of various operational facets for adequacy and effectiveness.

To preserve its independence, the Internal Audit Unit directly reports to the Audit Committee of the Board of Directors. Periodically, the head of the unit, the Internal Auditor, engages with members of the management team to discuss matters related to internal controls, risk management, and financial reporting.

While administratively reporting to the Chief Executive Officer, this arrangement did not compromise the independence of the auditor during the financial year under consideration.

Despite reduced company operations during the financial year, critical areas necessitated operational controls, leading the Internal Audit to conduct reviews and assessments. The unit undertook exercises, prepared reports of findings, and provided recommendations where necessary in the following areas:

Reviews of operations by the Finance Department, ensuring appropriate and timely reconciliations.
Observations and assessments of stock-count exercises.
Evaluation of sealed bids submitted for advertised tenders for the provision of goods and services.
Observations and reports on various disposal exercises.
Verification of payments for goods and services, both internal and external.
Throughout the financial year, the Internal Audit Unit maintained independence and adhered to expected standards in conducting reviews and assessments. The findings, level of risk to the Company, and recommendations were accepted by the management of the areas under review.

Moving forward, the Internal Audit Unit is committed to providing the requisite independent and objective reviews at the expected standard to enhance company operations. Additionally, the unit aims to enhance its effectiveness through increased utilization of technology and participation in external training to stay abreast of evolving auditing methodologies, techniques, and standards.

FINANCE

KEY **FINANCIAL** PERFORMANCE **INDICATORS**

BALANCE SHEET	2022 $,000	2021 $,000	2020 $,000	2019 $,000	2018 $,000
Non-Current Assets	117,047	146,811	156,953	149,908	173,387
Current Assets	281,399	121,842	301,891	82,962	283,195
Current Liabilities	16,078	41,867	136,930	77,644	39,369
Inventories	49,072	48,139	77,620	54,205	40,956
Receivables	43,320	42,288	38,479	15,096	14,148
Payables	8,380	30,641	124,814	69,915	28,418
Cash & Equivalents	187,345	29,753	184,130	11,999	226,429

PROFIT & LOSS	2022 $,000	2021 $,000	2020 $,000	2019 $,000	2018 $,000
Revenue & Other Income	583,707	552,898	1,099,303	645,426	832,045
Manufacturing Cost	267,824	434,637	627,987	632,713	762,146
Administrative Expenses	115,099	125,171	117,976	117,206	138,152
Distribution Costs	32,469	80,730	183,054	149,102	115,549
Pre-tax Profit/Loss	168,315	-87,640	170,286	-253,595	-183,802
After-tax Profit/Loss	168,315	-87,640	170,286	-253,655	-187,709

KEY RATIOS	2022	2021	2020	2019	2018
Operating Surplus to Revenue	28.84%	-15.85%	15.49%	-40.01%	-22.56%
Operating Surplus to Total Assets	42.24%	-32.62%	37.11%	-108.36%	-41.11%
Inventory Turnover	5.51	6.91	9.53	11.67	16.73
Day Sale O/S	0.00	0.00	0.00	0.00	102.20
Current Ratio	17.50	2.91	2.20	1.07	7.19
Quick Ratio	14.45	1.76	1.63	0.37	6.15

Operating surplus (deficit) to revenue ratio – for the 2022 year a surplus occurs for NPL, however when compared to the 2021 financial year it was the reverse as the company was operating at a deficit. The surplus indicates that the revenues exceed expenses of the company in 2022 by 40.50%. The surplus therefore is ideal as the company's revenue exceed the expenses for the period.

Operating Surplus (deficit) to Total Assets ratio – when compared NPL operating deficit to total assets ratio of the previous year 2021 to the current year 2022 the company measurement of its operating expenses improved in comparison to the fixed assets given the 42.24% in comparison to -32.62% for the previous year.

Inventory Turnover Ratio – NPL inventory ratio of 5.51 for 2022 financial year is signally that the entity is managing it inventory. Stock will not be depleted as the company continues to operate coming out of the pandemic period. The company is in the ideal ratio of 5-10 which is the bench mark.

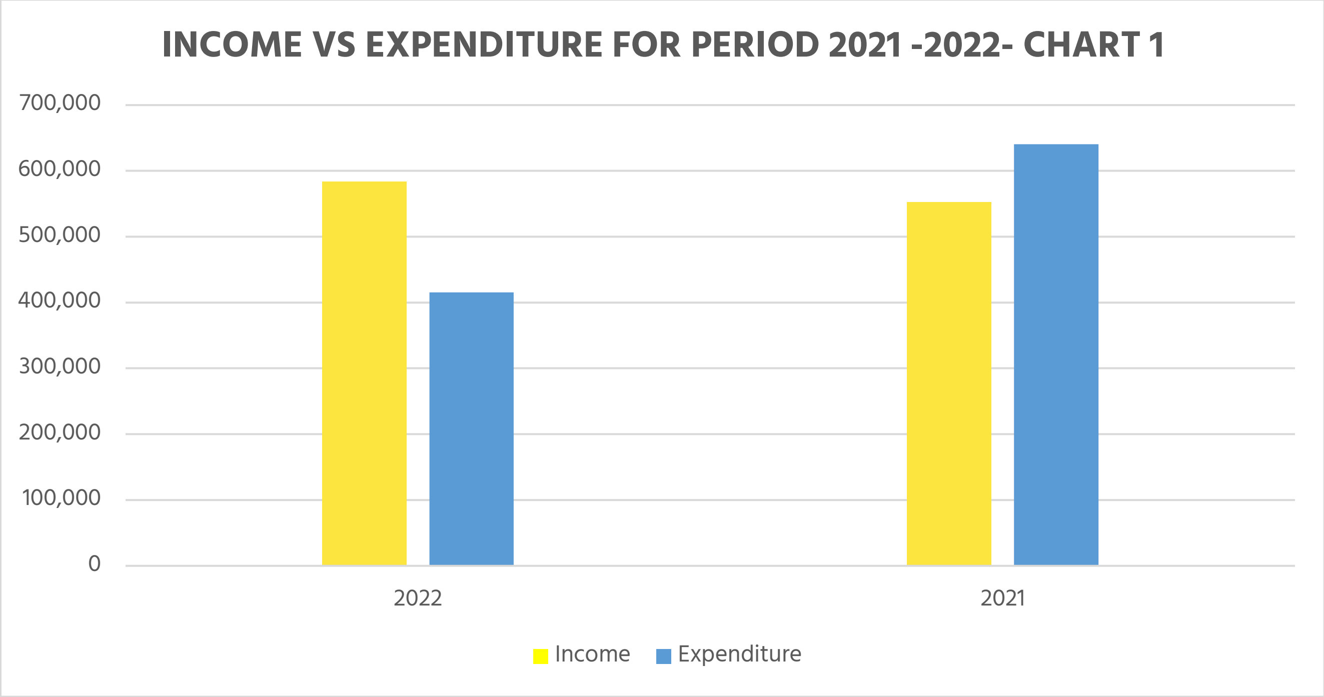
Days Sale o/s ratio is zero as the entity has no trade receivables. The company is not a profit-making entity and therefore all distribution of solutions are for free to the recipient schools and the entities that receive same.

Current Ratio – NPL current ratio of 17.50 is considered to be good in the manufactory industry. The company is able to pay its short-term liability that falls due within a year 17.50 times for the financial year 2022.

Quick Ratio – NPL's quick ratio is above the one benchmark threshold. It has the ability to use it cash and near cash assets which are liquid to cover its liability once they become due in a year for the financial year 2022.

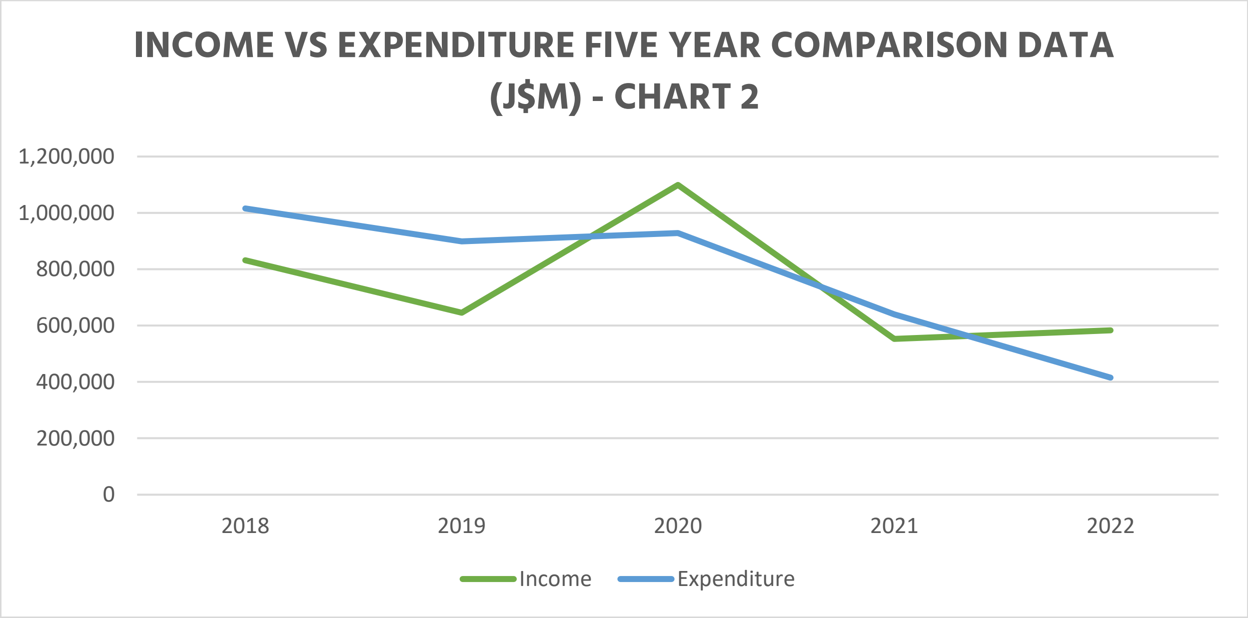
YEARS	2022	2021
	$'000	$'000
Income	583,707	552,898
Expenditure	415,392	640,538

INCOME VS EXPENDITURE FOR PERIOD 2021 -2022- CHART 1



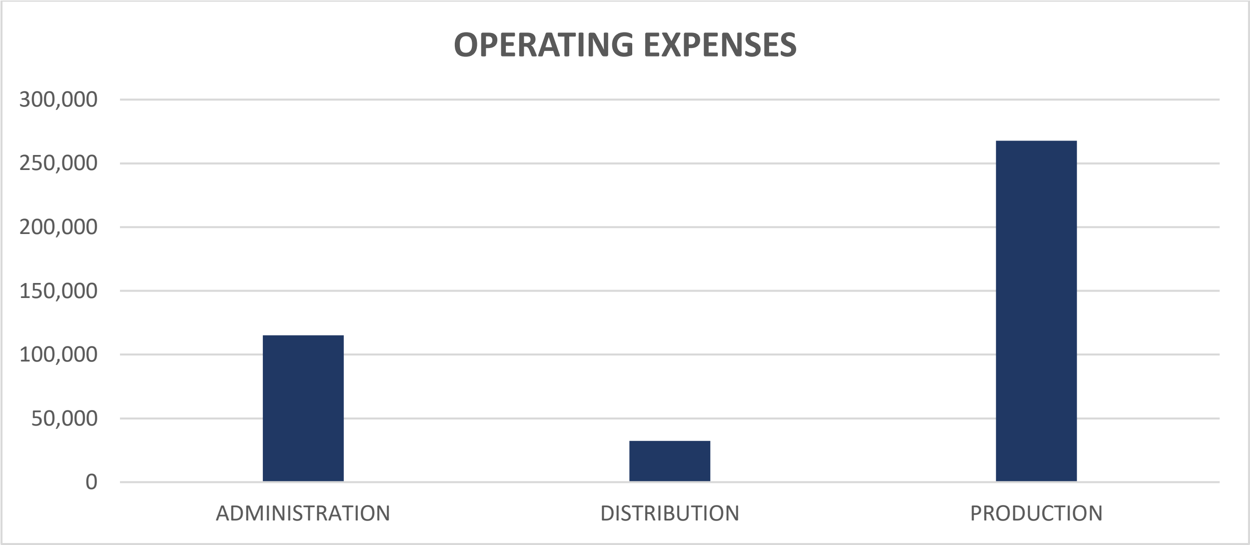
YEARS	2018	2019	2020	2021	2022
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Income	832,045	645,426	1,099,303	552,898	583,707
Expenditure	1,015,847	899,021	929,017	640,538	415,392

INCOME VS EXPENDITURE FIVE YEAR COMPARISON DATA (J$M) - TABLE 2



DEPARTMENTS	ADMINISTRATION $'000	DISTRIBUTION $'000	PRODUCTION $'000	TOTAL $'000
OPERATING EXPENSES	115,099	32,469	267,824	415,392
PERCENTAGE	27.71%	7.82%	64.48%	100%

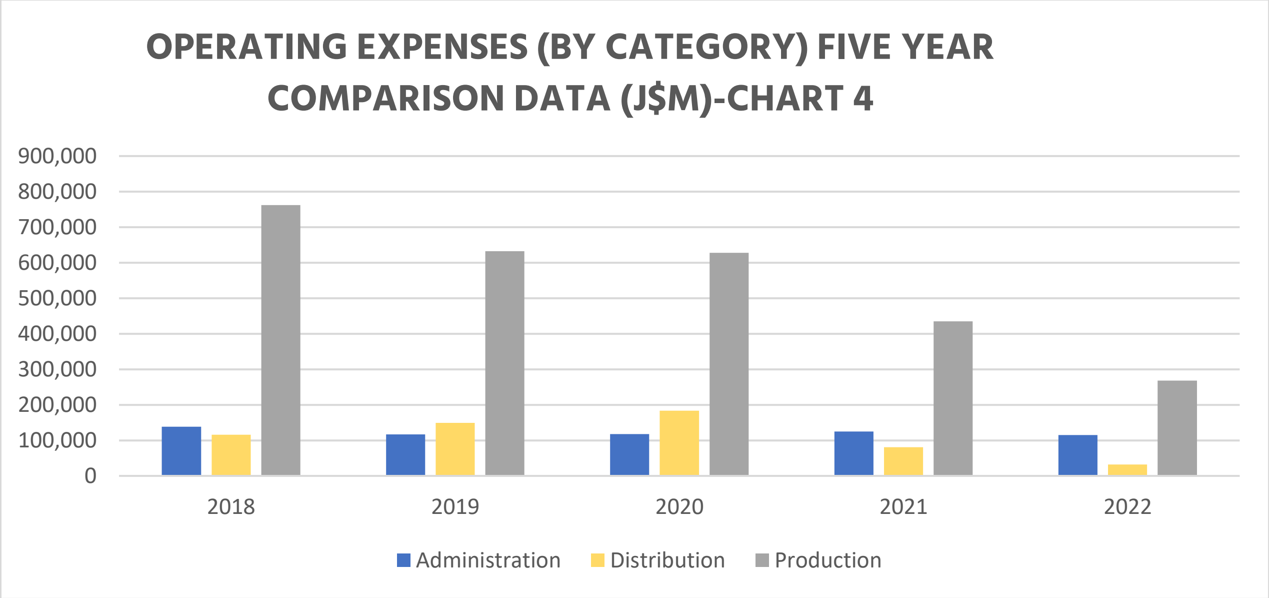
OPERATING EXPENSES FOR YEAR ENDED MARCH 2022 (J$M) - TABLE 3



OPERATING EXPENSES FOR YEAR ENDED MARCH 2022 (J$M) - CHART 3

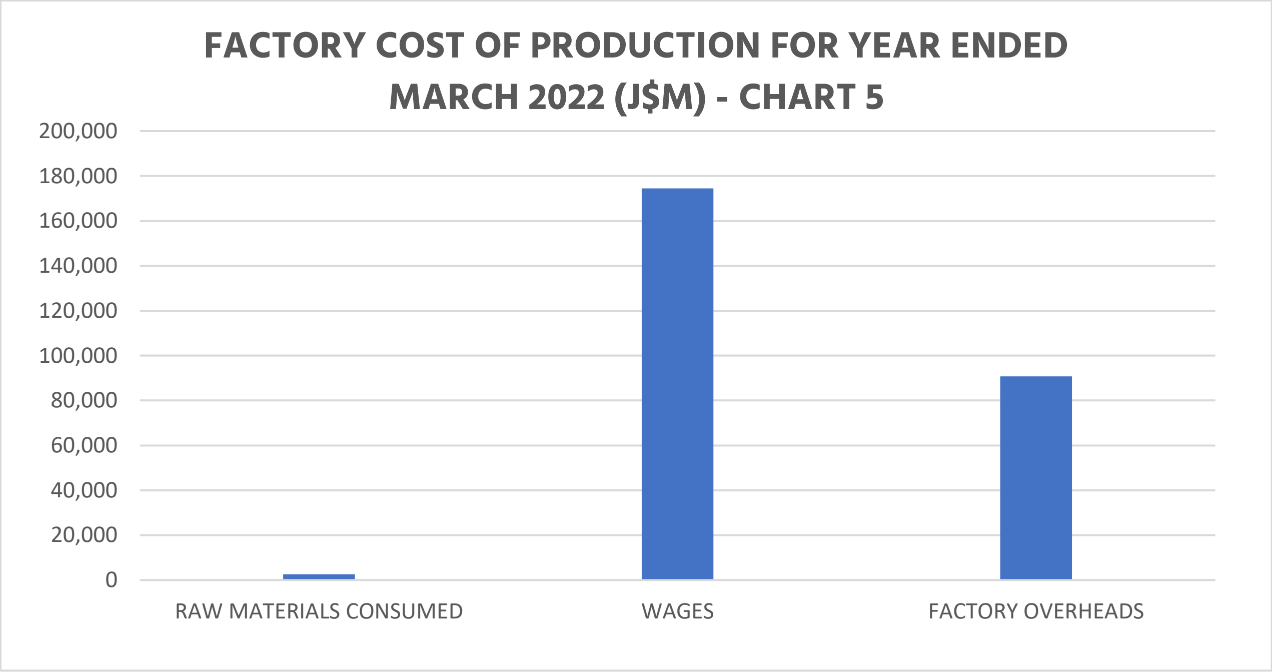
YEARS	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000
Administration	138,152	117,206	117,976	125,171	115,099
Distribution	115,549	149,102	183,054	80,730	32,469
Production	762,146	632,713	627,987	434,637	267,824

OPERATING EXPENSES (BY CATEGORY) FIVE-YEAR COMPARISON DATA (J$M) - TABLE 4



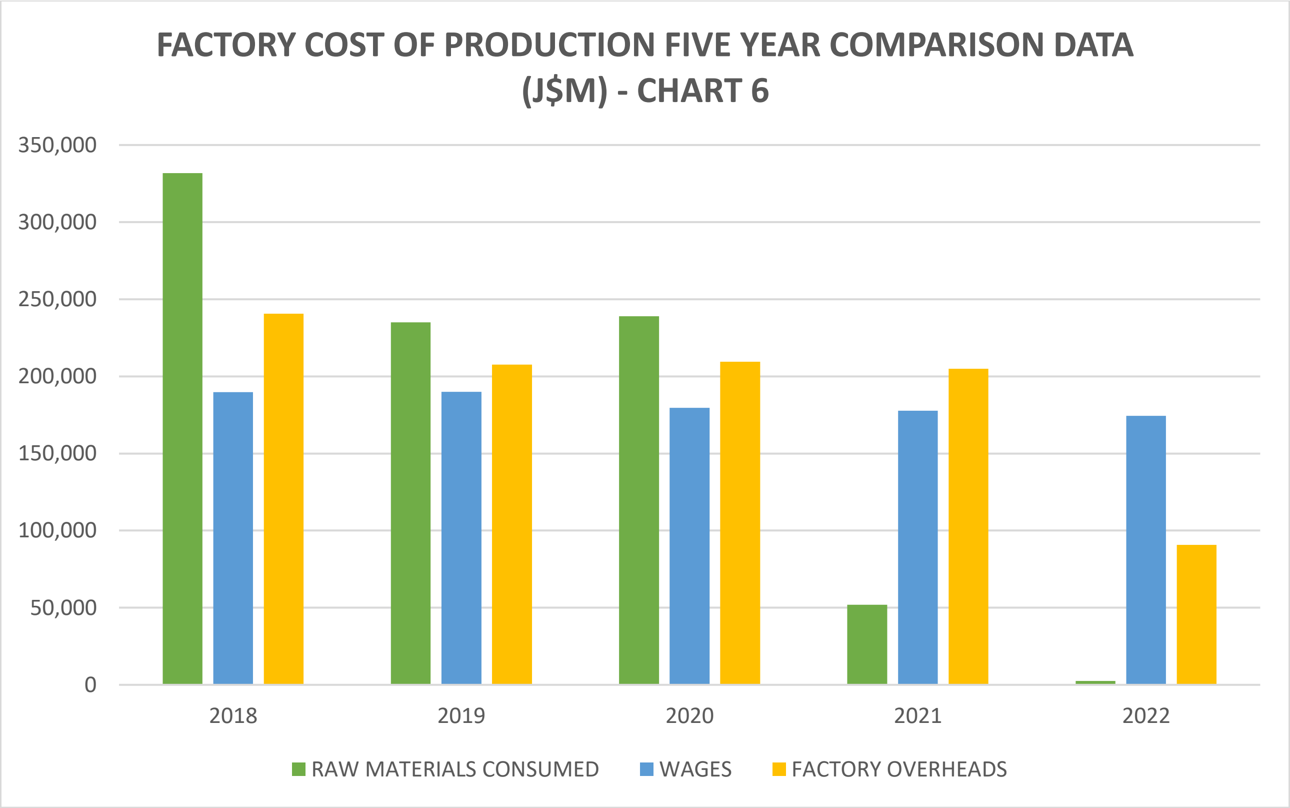
	RAW MATERIALS CONSUMED $'000	WAGES $'000	FACTORY OVERHEADS $'000	TOTAL $'000
MANUFACTURING COST	2,549	174,459	90,816	267,824
PERCENTAGE	0.95%	65.14%	33.91%	100.00%

FACTORY COST OF PRODUCTION FOR YEAR ENDED MARCH 2022 (J$M) - TABLE 5



YEARS	2018	2019	2020	2021	2022
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
RAW MATERIALS CONSUMED	331,712	235,070	239,034	51,993	2,549
WAGES	189,778	189,952	179,547	177,812	174,459
FACTORY OVERHEADS	240,656	207,691	209,406	204,832	90,816

FACTORY COST OF PRODUCTION FIVE YEAR COMPARISON DATA (J$M) - TABLE 6



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NUTRITION PRODUCTS LIMITED

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SFAI JAMAICA

C.R. Hylton & Co.

NUTRITION PRODUCTS LIMITED

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Charlton Hylton F.C.C.A., F.C.A., Hayseworth Hylton F.C.A., MBA
Dwayne Lindsay F.C.C.A., MBA, Paula Thorpe F.C.C.A., MBA

C.R.Hylton & Co.
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SFAI JAMAICA

INDEPENDENT AUDITORS' REPORT

To the Directors of Nutrition Products Limited

Report on the audit of the Financial Statements

Opinion
We have audited the financial statements of Nutrition Products Limited ("the Company"), which comprise of the statement of financial position at 31 March 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at
31 March 2022, and of its 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 Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter
We draw attention to note 26 of the financial statements, which states that the Government of Jamaica, through a Cabinet Decision, has given approval for the divestment/privatization of the manufacturing and distribution functions of the Company through the Accelerated Programme for the Rationalization of Public Bodies. Our opinion has not been modified in respect this matter.

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

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

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

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Directors of Nutrition Products Limited

Report on the audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 presents a true and fair view.

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

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.

Chartered Accountants
Kingston, Jamaica
June 22, 2023

NUTRITION PRODUCTS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 $'000	2021 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	117,047	140,351
Right of use assets	7	-	6,460
		117,047	146,811
Current assets			
Inventories	8	49,072	48,139
Receivables	9	43,320	42,288
Taxation recoverable		1,662	1,662
Cash and cash equivalents	10	187,345	29,753
		281,399	121,842
TOTAL ASSETS		398,446	268,653
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	-	-
Capital reserves	12	10,327	10,327
Retained earnings		346,044	177,729
		356,371	188,056
Non-current liabilities			
Deferred income	13	25,997	34,420
Lease liability	7	-	4,310
		25,997	38,730
Current liabilities			
Payables	14	8,380	30,641
Current portion of lease liability	7	-	3,528
Deferred income	13	7,698	7,698
		16,078	41,867
TOTAL EQUITY AND LIABILITIES		398,446	268,653

Approved for issue by the Board on June 22, 2023 and are signed on its behalf by:

....Chairman
Dr. Aundre Franklin

....Director
Karen Sutherland

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NUTRITION PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2022

	Note	2022 $'000	2021 $'000
Revenue	15	574,412	544,598
Cost of sales	16	(267,824)	(434,637)
Gross profit		306,588	109,961
Other operating income	17	10,737	9,501
Administrative expenses	18	(115,099)	(125,171)
Distribution costs	19	(32,469)	(80,730)
Operating (loss) profit	20	169,757	(86,439)
Finance cost, net	22	(1,442)	(1,201)
Profit (Loss) before taxation		168,315	(87,640)
Taxation	23	-	-
Net profit (loss) for year, being total comprehensive income (loss)		168,315	(87,640)

NUTRITION PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2022

	Share Capital(*) $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at April 1, 2020	-	10,327	265,369	275,696
Total comprehensive loss	-	-	(87,640)	(87,640)
Balance at March 31, 2021	-	10,327	177,729	188,056
Total comprehensive loss	-	-	168,315	168,315
Balance at March 31, 2022	-	10,327	346,044	356,371

(*) - denotes $200.

NUTRITION PRODUCTS LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022

	2022 $'000	2021 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit (Loss) before taxation	168,315	(87,640)
Adjustments for:		
Depreciation	24,230	37,617
Amortisation of right of use assets	6,459	10,131
Deferred income	(8,424)	(7,698)
Interest income	(141)	(175)
Lease interest expense	1,976	1,415
Interest expense	7	49
Foreign exchange (gain) loss	363	(88)
	192,785	(46,390)
Changes in operating assets and liabilities:		
Increase in receivables	(1,032)	(3,809)
Increase in inventories	(932)	29,480
Increase in payables	(22,261)	(94,173)
Cash (used in) provided by operating activities	168,960	(114,892)
Interest received	141	175
Interest paid	(7)	(49)
Foreign exchange gain	(363)	88
Lease interest paid	(1,214)	(1,415)
Net cash (used in) provided by operating activities	167,517	(116,093)
Investing Activity		
Purchase of property, plant and equipment	(925)	(29,135)
Net cash used in investing activity	(925)	(29,135)
Financing Activity		
Lease liability principal payments	(9,000)	(9,149)
Net cash used in investing activity	(9,000)	(9,149)
Net (decrease) increase in cash and cash equivalents	157,592	(154,377)
Cash and cash equivalents at beginning of the year	29,753	184,130
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 10)	187,345	29,753

1 Identification and principal activities

The Nutrition Products Limited (the company) is incorporated and domiciled in Jamaica. The company is a limited liability company, wholly - owned by the Government of Jamaica, through the Ministry of Education, Youth and Information. The principal activities include the preparation of healthy breakfast and lunches to circulate to children attending basic, primary and all-age schools. The registered office of the company is located at 6 Marcus Garvey Drive, Kingston 15.

Consequent upon a Cabinet Decision dated 04 June 2018, the Government of Jamaica has given approval for the manufacturing and distribution functions of Nutritional Products Limited (NPL) to be outsourced through the Accelerated Programme for the Rationalization of Public Bodies. Management has since made operational changes under the guidance of the Ministry of Education, Youth and Information's health initiative (See note 26).

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

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with !FRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing concern basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 5.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see below). Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Buildings and roadways	2.5%
Plant and machinery	10%
Furniture, fixtures and office equipment	10%
Milk crates and pallets	20%
Motor vehicles	20%
Forklifts	20%
Computer equipment	20%

2 Summary of significant accounting policies (Continued)

(b) Property, plant and equipment (cont'd

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

(c) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(d) Lease liabilities and Right-of-use assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
(i) Leases of low value assets; and
(ii) Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see Note 3 for 'changes in accounting policies. The following policies apply subsequent to the date of initial application, 1 April 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company' incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

(i) amounts expected to be payable under any residual value guarantee;
(ii) the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option;
(iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the company:

(i) since it does not have recent third-party financing, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
(ii) makes adjustments specific to the lease, e.g. term, currency and security.

2 Summary of significant accounting policies (Continued)

(d) Lease liabilities and Right-of-use assets (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

(i) lease payments made at or before commencement of the lease;
(ii) initial direct costs incurred; and
(iii) the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value, cost being determined on a first in first out basis. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

(f) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables impairment provisions, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

Under the simplified approach within IFRS 9, the impairment provision is assessed using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(g) Cash and short-term deposits

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

2 Summary of significant accounting policies (Continued)

(h) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Trade and other payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying 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 rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

(j) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be determined.

(k) Employee benefit costs

Annual leave obligation
Employees' entitlement to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Pension obligations
Payments to a defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them the contributions.

Termination obligations
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to present value.

2 Summary of significant accounting policies (Continued)

(l) Related party transactions Related parties:

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;
(ii) the party is an associate of the company;
(iii) the party is a joint venture in which the company is a venturer;
(iv) the party is a member of the key management personnel of the company or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

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

(m) Impairment

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable and represents amount for goods and services provided in the normal course of business, net of discount.

Sales to schools
Sales to schools are recognized when goods are delivered, and are recorded net of donations, returns, spoilage.

Interest income
Interest income and expense are recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective yield method
based on the actual purchase price.

2 Summary of significant accounting policies (Continued)

(o) Grants and subventions

Grants are recognized when there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received.

Grants are recognized in profit or loss on a systematic basis over the periods in which the company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit and loss on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(p) Taxation

The company's main source of income is subvention which is exempt from taxation under the Income Tax Act. All other earnings are subject to taxation.

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

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

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

Current and deferred tax assets and liabilities are offset when the legal right of offset exists.

(iii) General Consumption Tax (GCT)
Expenses and assets are recognised net of the amount of GCT, except when GCT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the taxis recognized as part of the cost of acquisition of the asset or included in expenses, as applicable.

The amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position, as appropriate.

2 Summary of significant accounting policies (Continued)

(q) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the statement of financial position date; that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains or losses arising from fluctuations in the exchange rates are reflected in the statement of comprehensive income.

3. Application of New and Revised International Financial Reporting Standards (IFRS)

3.1 **Current year changes**

In the current year the company applied amendments to IFRS, which are effective for annual periods beginning on or after January 1, 2020. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The application of the new and amended standards had no impact on the amounts or disclosures in the current or prior reporting periods for these financial statements and resulted in no changes to the company's principal accounting policies.

Following is a summary of the amendments effective for financial periods beginning on or after January 1, 2021:

Amendments to Standards

IAS 1and IAS 8 — *Presentation of Financial Statements; Accounting Policies, Changes in Accounting Estimates and errors*: *Amendments regarding the definition of Material*

The new definition states that 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amended definition clarifies that the materiality assessment will need to take into account the reasonably expected influence on economic decisions of primary users.

The amendments have no significant impact on the financial statements but will potentially impact how materiality judgements are made in practice by elevating the importance of how information is communicated and organised in the financial statements especially in light of 'obscuring information'.

IFRS 3 — *Business Combinations - Amendments regarding the definition of a business:*

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. There is no impact on these financial statements.

3. Application of New and Revised International Financial Reporting Standards (IFRS) (Continued)

3.1 Current year changes (continued)

Amendments to Standards (continued)

IFRS 7, 9, IAS 39 *Financial Instruments: Disclosures; Financial Instruments; Financial Instruments: Recognition and Measurement - Amendments regarding pre-placement issues in the context of the IBOR reform*:

The amendments require additional disclosures around uncertainty arising from the interest rate benchmark reform given the potential effects the Interbank Offered Rates (IBOR) reform could have on financial reporting. IBORs are interest referenced rates (e.g. LIBOR) that represent the cost of obtaining unsecured funding, in a particular combination of currency and maturity and in a particular interbank term lending market. Recent market developments have brought into question the long-term viability of those benchmarks. Issues arise for financial reporting in the period before the replacement of existing interest rate benchmarks with an alternative interest rate, which the amendment addresses. The amendments also address the implications for specific hedge accounting requirements of IFRS 9 and IAS 39, which require forward looking analysis and disclosures around the effects on hedging relationships.

There is no impact on these financial statements.

Conceptual Framework of Financial Reporting 2018

Amendments to References to the Conceptual Framework in IFRS Standards – amendments to IFRS 2, 3, 6 and 14 and IAS 8, 34, 37, 38 and IFRIC 12,19,20 and 22:

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard. Its purpose is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3.2 Future changes

The new and amended standards and interpretations that are issued, but not mandatorily effective are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts (new Standard)

The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

3. Application of New and Revised International Financial Reporting Standards (IFRS) (Continued)

3.2 Future changes (Continued)

IFRS 17 Insurance Contracts (new Standard) (continued)
IFRS 17 is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. IFRS 17 reflects the IAS Board's view that an insurance contract combines features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, the IAS Board developed an approach that:

a) Combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
b) Presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
c) Requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognise all insurance finance income or expenses for the reporting period in profit or loss or to recognise some of that income or expenses in other comprehensive income.

An entity may apply a simplified measurement approach (the premium allocation approach) to some insurance contracts. The simplified measurement approach allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period. This standard is not applicable to the company.

Other amendments to IFRS Standards and Interpretations issued but not yet effective are listed below:

Revised Standards	Description and effective financial period beginning:
IFRS 3	*Business Combinations* - Amendments updating a reference to the *Conceptual Framework – 1 January 2022*
IFRS 4, 7, 9,16, IAS 39	- Amendments regarding replacement issues in the context of the IBOR reform – 1 January 2021
IFRS 1, 9	- Amendments arising from 2018 – 2020 Annual Improvements to IFRS: Topics covered – (i) Subsidiary as a first-time adopter (ii) Fees in the 10% test for derecognition of a financial liability – 1 January 2022
IFRS 4	Insurance Contracts - Fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 now revised to: - 1 January 2023
IFRS 16	*Leases* - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification – 1 April 2021
IAS 1	*Presentation of Financial statements* - Amendments regarding the classification of liabilities and the disclosure of Accounting policies – 1 January 2023
IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors* - Amendments regarding the definition of accounting estimate – 1 January 2023
IAS 16	*Property, Plant and Equipment* - Amendment prohibiting deducting from cost of PP&E, amounts received from selling items produced while the entity is preparing the asset for its intended use -1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the cost to include when assessing whether a contract is onerous - 1 January 2022

4. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

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

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

a) Financial instrument risks

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments carried on the statement of financial position include cash and cash equivalents, receivables and payables.

Exposure to credit, interest rate, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of business. No derivative financial instruments are presently used to manage, mitigate or eliminate exposure to financial instrument risks.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

The company manages this risk by maintaining cash resources with reputable financial institutions. The company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

At the statement of financial position date, there were no trade receivables and the exposure to credit risk of other financial assets were considered immaterial.

(ii) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The company's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;
(ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
(iii) Optimising cash returns on investment.

4. Financial risk management (Continued)

a) Financial instrument risks

(ii) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities
The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

	2022				
	1 to 3 months $'000	4 to 12 months $'000	Over 1 year $'000	Total $'000	Carrying value $'000
Lease liability	-	-	-	-	-
Payables	1,036	-	-	1,036	1,036

	2021				
	1 to 3 months $'000	4 to 12 months $'000	Over 1 year $'000	Total $'000	Carrying value $'000
Lease liability	-	-	-	7,919	7,838
Payables	24,153	-	-	24,153	24,153

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

(iii) Market risk
The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in interest rates (see 4 (iv) and currency risk (see 4 (iv). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which it manages and measures the risk.

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

The company's interest rate risk mainly arises from its cash and cash equivalents. This risk is managed by analysing the economic environment. At 31 March 2022 and 2021, the Company had no significant exposure to variable rate interest rate risk.

4. Financial risk management (Continued)

a) Financial instrument risks

(v) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to foreign exchange risk arising from currency exposure primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The company is primarily exposed to such risks arising from foreign currency translation in relation to receivables and payables. The company had foreign currency net assets/(liabilities) denominated balances as at 31 March 2022, as follows:

	2022 $'000	2021 $'000
Receivables - JMD	-	-
Payables - JMD	-	(4,026)
	-	(4,026)
Currency		
USD	-	(27)

The following table indicates the currency to which the company had significant exposure on its monetary assets and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in the foreign exchange rate. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for changes in foreign currency rates as indicated in the table below. The sensitivity of the surplus was as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	% Change In Currency Rate 2022	Effect on Surplus 2022 $'000	% Change in Currency Rate 2021	Effect on Surplus 2021 $'000
Currency:				
Revaluation	2	-	2	81
Devaluation	8	-	6	(241)

b) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and short term deposits, receivables and payables, reflect their approximate fair values because of the short-term maturity of these instruments.

4. Financial risk management (Continued)

b) Fair value estimates

The fair value for lease liability is assumed to approximate carrying value as the contractual cash flows are at current market interest rates that are available to the company for similar financial instruments.

5. Critical accounting estimates and judgments in applying accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Income taxes
Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain during the ordinary course of business. In cases of such uncertainty, the company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

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

(iv) Fair value of financial assets
Management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions; (note 4(b)).

6. **Property, plant and equipment**

	Buildings And Roadways $'000	Plant and Machinery $'000	Furniture, Fixtures and Office Equipment $'000	Milk Crates and Pallets $'000	Motor Vehicles $'000	Forklifts $'000	Computer Equipment $'000	Total $'000
Cost -								
1 April 2020	69,910	192,042	56,544	27,349	13,532	5,561	34,579	399,517
Additions	12,271	11,213	1,495	-	-	-	4,156	29,135
31 March 2021	82,181	203,255	58,039	27,349	13,532	5,561	38,735	428,652
Additions	-	-	858	-	-	-	116	974
Adjustment	(313)	(47,912)	313	47,864	-	-	-	(48)
31 March 2022	81,868	155,343	59,210	75,213	13,532	5,561	38,851	429,578
Depreciation -								
1 April 2020	21,993	120,568	35,298	25,226	13,155	4,954	29,490	250,684
Charge for the year	2,055	20,326	5,803	1,664	3	305	7,461	37,617
31 March 2021	24,048	140,894	41,101	26,890	13,158	5,259	36,951	288,301
Charge for the year	2,047	9,405	5,921	4,600	374	76	1,807	24,230
Adjustment	(1,364)	(31,634)	20	32,978	-	-	-	-
31 March 2022	24,731	118,665	47,042	64,468	13,532	5,335	38,758	312,531
Net book value -								
31 March 2022	57,138	36,677	12,168	10,745	-	226	93	117,047
31 March 2021	58,133	62,361	16,938	459	374	302	1,784	140,351

7. Right-of-use asset

(i) Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases: -

Right-of-use asset

	2022 $'000	2021 $'000
Balance as at beginning of the year	6,460	16,591
Amortisation	(6,460)	(10,131)
Balance as at end of year	-	6,460

Lease liabilities

	2022 $'000	2021 $'000
Current	-	3,528
Non-current	-	4,310
Balance as at end of year	-	7,838

(ii) Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2022 $'000	2021 $'000
Amortisation of right-of-use assets (included in administrative expenses	-	6,234
Interest expense (included in finance cost)	-	1,723

(iii) Amounts recognized in the statement of cash flows

	2022 $'000	2021 $'000
Total cash outflows for leases	7,838	10,564

8. Inventories

	2022 $'000	2021 $'000
Raw materials	20,160	20,109
Finished products	832	1,329
Packaging supplies	25,102	24,077
Consumable stores	3,167	2,813
	49,261	48,328
Provision for obsolete stock	(189)	(189)
	49,072	48,139

	2022 $'000	2021 $'000
Movement in provision for inventories		
Balance at the beginning and end of year	189	189

During the years ended March 2022 and 2021, there were no inventory written off.

9. Receivables

	2022 $'000	2021 $'000
Advance to suppliers	29,438	29,398
Other receivables	13,204	12,371
Prepaid insurance	678	519
	43,320	42,288

10. Cash and short-term deposits

		2022 $'000	2021 $'000
Cash at bank and in hand	(i)	183,963	26,249
Short term deposits	(ii)	3,382	3,504
		187,345	29,753

i. Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the company's accounts, ranges from 0.35% to 1.2%.

ii. Short term deposits are held at licensed financial institutions and attract interest at 0.25% - 1.5% per annum. They all have remaining maturities of less than one year, substantially comprise Reverse Repurchase Agreements on Certificates of Participation, consisting of interest in, or is collaterised by mainly Government of Jamaica and Bank of Jamaica Securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed primarily by reviews of the financial status of the counterparty.

11. Share capital

	2022 $	2021 $
Authorized, issued and fully paid:		
Ordinary shares at beginning and end of the year	200	200

The company has one class of ordinary shares which carry no rights to fixed income.

12. Capital reserves

	2022 $'000	2021 $'000
The balance at the end of the year comprises:		
Unrealised surplus on valuation of property, plant and equipment	9,539	9,539
Surplus on acquisition of assets of Nutrition Products Centre	788	788
	10,327	10,327

13. Deferred income

Deferred income arising on government grant:

	2022 $'000	2021 $'000
Balance at beginning of year	42,118	49,816
Amount transferred to income, (Note 17)	(8,423)	(7,698)
Balance at end of year	33,695	42,118
Comprising:		
Current	7,698	7,698
Non-current	25,997	34,420
	33,695	42,118

The deferred income arises as a result of capital grants received from government. The grants are used to purchase plant and equipment and are amortised over the useful life of the assets acquired.

14. Payables

	2022 $'000	2021 $'000
Trade payables	37	19,986
Statutory payable	695	1,484
Other payables and accruals	7,648	9,171
	8,380	30,641

15. Revenue

Revenue comprises the subvention received from the Government of Jamaica and the sale of goods and is stated net of discounts, returns and allowances.

	2022 $'000	2021 $'000
Subvention	574,412	544,598
	574,412	544,598

16. Cost of sales

	2022 $'000	2021 $'000
Opening inventories	48,328	77,620
Purchases, haulage, duty and freight	3,482	22,701
	51,810	100,321
Closing inventories	(49,261)	(48,328)
	2,549	51,993
Manufacturing labour (Note 21)	174,459	177,812
Prime cost	177,008	229,805
Factory overheads:		
Amortisation of right of use assets	6,460	10,131
Charitable donations- snacks	46	2,727
Depreciation	16,051	24,043
Factory rental and maintenance	319	23,240
Fuel oil	-	724
Insurance	456	386
Machinery lease	760	(1,109)
Repairs and maintenance	28,805	67,723
Sanitation	4,103	22,370
Security	18,943	17,628
Staff welfare and subsistence	4,975	11,878
Transportation	85	4,421
Utilities	9,813	20,761
	90,816	204,832
	267,824	434,637

17. Other operating income

	2022 $'000	2021 $'000
Capital grant deferred income, (Note 13)	8,423	7,698
Rental income	2,280	1,760
Other income	34	43
	10,737	9,501

18. Administrative expenses

	2022 $'000	2021 $'000
Advertising and public relations	850	245
Audit fee	1,610	1,610
Bank charges	324	1,365
Computer service	4,888	2,396
Depreciation	8,103	13,265
Directors' expenses	3,713	5,407
Donation	180	-
Group health and life insurance	2,084	2,400
Insurance	253	215
Legal and professional fees	9,212	9,260
Motor vehicle expenses	222	221
Repairs and maintenance	960	5,605
Salaries and wages (Note 21)	61,943	57,207
Sanitation	5,431	5,769
Security	983	1,321
Staff welfare and subsistence	3,951	5,505
Stationery, office expenses and supplies	1,649	4,256
Subscription and donations	2,664	2,272
Utilities	6,077	6,852
	115,099	125,171
Distribution costs (Note 19)	32,469	80,730
Finance cost (income), net (Note 22)	1,442	1,201
	149,010	207,102

19. Distribution costs

	2022 $'000	2021 $'000
Contract deliveries	109	14,989
Depreciation	76	308
Group health and life insurance	906	1,433
Insurance	304	258
Motor vehicle expenses	2,843	3,878
Other distribution	-	23,696
Repairs and maintenance	-	409
Salaries and wages (Note 21)	19,372	23,167
Sanitation	84	762
Security	4,424	5,949
Staff welfare and subsistence	59	713
Stationery, office expenses and supplies	621	1,038
Transportation and haulage	2,665	2,602
Utilities	1,006	1,528
	32,469	80,730

20. Operating profit/(loss)

In arriving at the operating profit/(loss), the following have been charged: -

	2022 $'000	2021 $'000
Auditors' remuneration	1,610	1,610
Depreciation	20,529	37,617
Directors' emoluments:		
- Fee	3,713	5,407
- Management remuneration (included in staff costs, note 21)	26,118	34,085

21. Staff costs

	2022 $'000	2021 $'000
Salaries and wages	232,528	236,439
Statutory contributions	12,198	12,204
Pension costs (Note 24)	11,668	9,543
	256,394	258,186
Staff cost reflected in:-		
Cost of sales (Note 16)	174,459	177,812
Administrative expenses (Note 18)	61,943	57,207
Distribution costs (Note 19)	19,992	23,167
	256,394	258,186

22. Finance cost/(income), net

	2022 $'000	2021 $'000
Interest income	(142)	(175)
Interest expense	7	49
Lease interest expense	1,214	1,415
Foreign exchange (gain) loss	363	(88)
	1,442	1,201

23. Coronavirus Pandemic

Due to the Coronavirus (COVID-19) outbreak the Government of Jamaica mandated the discontinuation of face-to-face teaching at schools. As a result, the company lost majority of its customer base that it serves. In light of this, the company significantly scaled back its manufacturing operations. The company, however, maintained all its staff during this period.

As a result, the company's revenue and manufacturing expenses were reduced significantly during the year.

24. Taxation

The company's income mainly comprises subventions from the Government of Jamaica, which is used to offset production and distribution costs of school meals. Subvention income is not subject to taxation.

25. Pension scheme

The company operates a defined contribution retirement benefit plan for all full time employees. The assets of the plan are held separately from those of the company in funds under the control of the Trustees.

The pension scheme is funded by contributions from employees at a fixed rate of 5% (with option of contributing up to 15%) of salary with the employer contributing 5%. Pension benefits are based on the accumulation of contributions by employees and employer plus investment income earned. The company's contribution for the year totaled $10.2 million (2021: $9.5 million).

26. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

(a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or

(b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the company.

The remuneration of directors, committee members and other key members of management during the year was as follows:

	2022 $'000	2021 $'000
Directors' fee	3,713	5,407
Management remuneration (included in staff costs)	26,118	34,086

27. Other

On June 4, 2018, the Government of Jamaica, through Cabinet Decision No. *20/18,* after consideration, gave approval under the Accelerated Programme for the Rationalization of Public Bodies for a Divestment/Privatization action to be undertaken to outsource the manufacturing and distribution functions for Nutrition Products Limited. It was also suggested that this process could be achieved through an Employee Share Stock Ownership (ESOP) program. This decision was supported by the Ministry of Education, Youth and Information which monitors the nutritional content and cost of operations for Nutrition Products Limited.

Management has since made operational changes under the guidance of the Ministry of Education, Youth and Information's health initiative. These changes include a restructuring of the current labour force; a redesign of the recipes for baked products to reduce sugar content; replacement of sugary drinks with bottled water along with further measures to reduce costs.