NUTRITION PRODUCTS LIMITED

FINANCIAL STATEMENTS
31 MARCH 2023

SFAI JAMAICA
C.R. Hylton & Co.

NUTRITION PRODUCTS LIMITED

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31 MARCH 2023

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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 2023, 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 2023, 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
August 29, 2024

NUTRITION PRODUCTS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 $'000	2022 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	164,788	117,047
Current assets			
Inventories	8	185,206	49,072
Receivables	9	20,073	43,320
Taxation recoverable		-	1,662
Cash and cash equivalents	10	74,469	187,345
		279,748	281,399
TOTAL ASSETS		444,536	398,446
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	-	-
Capital reserves	12	10,327	10,327
Retained earnings		545,092	346,044
		555,419	356,371
Non-current liabilities			
Deferred income	13	-	25,997
Current liabilities			
Payables	14	(110,883)	8,380
Deferred income	13	-	7,698
		(110,883)	16,078
TOTAL EQUITY AND LIABILITIES		444,536	398,446

Approved for issue by the Board on August 29, 2024 and are signed on its behalf by:

....Chairman
Dr. Aundre Franklin

....Director
Odia Reid

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

NUTRITION PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2023

	Note	2023 $'000	2022 $'000
Revenue	15	1,851,636	574,412
Cost of sales	16	(1,204,795)	(267,824)
Gross profit		646,841	306,588
Other operating income	17	36,503	10,737
Administrative expenses	18	(199,228)	(115,099)
Distribution costs	19	(285,127)	(32,469)
Operating (loss) profit	20	198,989	169,757
Finance cost, net	22	59	(1,442)
Profit (Loss) before taxation		199,048	168,315
Taxation	23	-	-
Net profit for year, being total comprehensive income		199,048	168,315

The accompanying notes form an integral part of the financial statements

NUTRITION PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2023

	Share Capital(*) $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at April 1, 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
Total comprehensive loss	-	-	199,048	199,048
Balance at March 31, 2023	-	10,327	545,092	555,419

(*) - denotes $200.

NUTRITION PRODUCTS LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	2023 $'000	2022 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	199,048	168,315
Adjustments for:		
Depreciation	27,219	24,230
Amortisation of right of use assets	-	6,459
Deferred income	(33,695)	(8,424)
Interest income	(338)	(141)
Lease interest expense	-	1,976
Interest expense	24	7
Foreign exchange (gain) loss	255	363
	192,513	192,785
Changes in operating assets and liabilities:		
Increase in receivables	24,902	(1,032)
Increase in inventories	(136,134)	(932)
Increase in payables	(119,263)	(22,261)
Cash (used in) provided by operating activities	(37,982)	168,960
Interest received	338	141
Interest paid	(24)	(7)
Foreign exchange gain	(255)	(363)
Lease interest paid	-	(1,214)
Net cash (used in) provided by operating activities	(37,923)	167,517
Investing Activity		
Purchase of property, plant and equipment	(74,953)	(925)
Net cash used in investing activity	(74,953)	(925)
Financing Activity		
Lease liability principal payments	-	(9,000)
Net cash used in investing activity	-	(9,000)
Net (decrease) increase in cash and cash equivalents	(112,876)	157,592
Cash and cash equivalents at beginning of the year	187,345	29,753
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 10)	74,469	187,345

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:

	2023				
	1 to 3 months $'000	**4 to 12 months $'000**	**Over 1 year $'000**	**Total $'000**	**Carrying value $'000**
Lease liability	-	-	-	-	-
Payables					

	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

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:

	2023 $'000	2022 $'000
Receivables - JMD	-	-
Payables - JMD	-	-
	-	-
Currency		
USD	-	-

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 -								
1st April 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
Additions	-	62,520	3,792	2,772	-	4,106	1,763	74,953
Adjustment	-	-	-	-	-	-	-	
31 March 2023	81,868	217,863	63,002	77,985	13,532	9,667	40,614	504,531
Depreciation -								
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
Charge for the year	2,046	10,735	4,454	8,961	-	555	461	27,212
Adjustment	-	-	-	-	-	-	-	-
31 March 2023	26,777	129,400	51,496	73,429	13,532	5,890	39,219	339,743
Net book value -								
31 March 2023	55,091	88,463	11,506	4,556	-	3,777	1,395	164,788
31 March 2022	57,138	36,677	12,168	10,745	-	226	93	117,047

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

	2023 $'000	2022 $'000
Balance as at beginning of the year	-	6,460
Amortisation	-	(6,460)
Balance as at end of year	-	-

Lease liabilities

	2023 $'000	2022 $'000
Current	-	-
Non-current	-	-
Balance as at end of year	-	-

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

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

	2023 $'000	2022 $'000
Amortisation of right-of-use assets (included in administrative expenses	-	-
Interest expense (included in finance cost)	-	-

(iii) Amounts recognized in the statement of cash flows

	2023 $'000	2022 $'000
Total cash outflows for leases	-	7,838

8. Inventories

	2023 $'000	2022 $'000
Raw materials	24,365	20,160
Finished products	157,137	832
Packaging supplies	-	25,102
Consumable stores	3,893	3,167
	185,395	49,261
Provision for obsolete stock	(189)	(189)
	185,206	49,072

	2023 $'000	2022 $'000
Movement in provision for inventories		
Balance at the beginning and end of year	189	189

During the years ended March 2023 and 2022, there were no inventory written off.

9. Receivables

	2023 $'000	2022 $'000
Advance to suppliers	464	29,438
Other receivables	18,869	13,204
Prepaid insurance	740	678
	20,073	43,320

10. Cash and short-term deposits

		2023 $'000	2022 $'000
Cash at bank and in hand	(i)	70,980	183,963
Short term deposits	(ii)	3,489	3,382
		74,469	187,345

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

	2023 $	2022 $
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

	2023 $'000	2022 $'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:

	2023 $'000	2022 $'000
Balance at beginning of year	33,695	42,118
Amount transferred to income, (Note 17)	(33,695)	(8,423)
Balance at end of year	-	33,695
Comprising:		
Current	-	7,698
Non-current	-	25,997
	-	33,695

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

	2023 $'000	2022 $'000
Trade payables	(133,815)	37
Statutory payable	-	695
Other payables and accruals	22,932	7,648
	(110,883)	8,380

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.

	2023 $'000	2022 $'000
Subvention	1,851,636	574,412

16. Cost of sales

	2023 $'000	2022 $'000
Opening inventories	49,261	48,328
Purchases, haulage, duty and freight	719,637	3,482
	768,898	
		51,810
Closing inventories	(185,206)	(49,261)
	583,692	2,549
Manufacturing labour (Note 21)	317,169	174,459
Prime cost	900,861	177,008
Factory overheads:		
Amortisation of right of use assets	-	6,460
Charitable donations- snacks	2,075	46
Depreciation	19,704	16,051
Factory rental and maintenance	13,395	319
Fuel oil	11,412	-
Insurance	595	456
Machinery lease	383	760
Repairs and maintenance	111,141	28,805
Sanitation	54,741	4,103
Security	17,983	18,943
Professional & Tech Services	389	-
Staff welfare and subsistence	30,400	4,975
Transportation	9,036	85
Utilities	32,680	9,813
	303,934	90,816
	1,204,795	267,824

17. Other operating income

	2023 $'000	2022 $'000
Capital grant deferred income, (Note 13)	33,695	8,423
Rental income	2,760	2,280
Other income	48	34
	36,503	10,737

18. Administrative expenses

	2023 $'000	2022 $'000
Advertising and public relations	808	850
Audit fee	2,600	1,610
Bank charges	3,538	324
Computer service	4,768	4,888
Depreciation	6,961	8,103
Directors' expenses	2,484	3,713
Donation	173	180
Group health and life insurance	2,348	2,084
Insurance	313	253
Legal and professional fees	5,966	9,212
Motor vehicle expenses	907	222
Repairs and maintenance	3,437	960
Salaries and wages (Note 21)	93,719	62,186
Sanitation	7,342	5,431
Security	2,253	983
GCT irrecoverable	40,128	-
Staff welfare and subsistence	7,004	3,951
Stationery, office expenses and supplies	1,866	1,406
Subscription and donations	3,019	2,664
Utilities	9,594	6,077
	199,228	115,099
Distribution costs (Note 19)	285,127	32,469
Finance cost (income), net (Note 22)	(59)	1,442
	484,296	149,010

19. Distribution costs

	2023 $'000	2022 $'000
Contract deliveries	195,538	109
Warehouse Distribution	12,061	-
Depreciation	554	76
Group health and life insurance	753	906
Insurance	381	304
Motor vehicle expenses	4,761	2,843
Other distribution (Aluminium Bowls)	15,320	-
Repairs and maintenance	81	-
Salaries and wages (Note 21)	31,883	19,372
Sanitation	479	84
Security	4,937	4,424
Staff welfare and subsistence	1,370	59
Stationery, office expenses and supplies	-	621
Transportation and haulage	13,746	2,665
Utilities	3,263	1,006
	285,127	32,469

20. Operating profit/(loss)

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

	2023 $'000	2022 $'000
Auditors' remuneration	2,600	1,610
Depreciation	27,219	20,529
Directors' emoluments:		
- Fee	2,484	3,713
- Management remuneration (included in staff costs, note 21)	37,523	26,118

21. Staff costs

	2023 $'000	2022 $'000
Salaries and wages	407,624	232,528
Statutory contributions	22,776	12,198
Pension costs (Note 24)	12,371	11,668
	442,771	256,394
Staff cost reflected in:-		
Cost of sales (Note 16)	317,169	174,459
Administrative expenses (Note 18)	93,719	61,943
Distribution costs (Note 19)	31,883	19,992
	442,771	256,394

22. Finance cost/(income), net

	2023 $'000	2022 $'000
Interest income	(338)	(142)
Interest expense	24	7
Lease interest expense	-	1,214
Foreign exchange (gain) loss	255	363
	(59)	1,442

23. 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.

24. 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 $12.4 million (2022: $10.2 million).

25. 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:

	2023 $'000	2022 $'000
Directors' fee	2,484	3,713
Management remuneration (included in staff costs)	37,523	26,118

26. Matters affecting continuity

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.