FOSRICH COMPANY LIMITED

FINANCIAL STATEMENTS
DECEMBER 31, 2022

FOSRICH COMPANY LIMITED
INDEX
YEAR ENDED DECEMBER 31, 2022

Crooks Jackson Burnett
Chartered Accountants

"The Business District"
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Independent auditor's report

To the Members of
FosRich Company Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of FosRich Company Limited (the Company) set out on pages 1 to 35, which comprise statement of financial position as at December 31, 2022, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of company as at December 31, 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 of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the **Auditors' Responsibility 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 (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Principal: Effie M. Crooks. F.C.A. • Associate: Ethlyn Crooks. F.C.A.

Key Audit Matters (continued)

1. **Carrying value of inventory**

- At reporting date, December 31, 2022, inventory amounted to $2,248,793,424 representing 43.9 % of the company's total assets. Inventory consists of a wide range of products at several locations. Inherently, the varied product range and the large volume of inventory creates a challenge for management to conduct counts during the year, which contributes to the risk of inventory being misstated.

  In determining the carrying value of inventory, management conducts regular periodic counts at all its locations throughout the year.

- Certain items of inventory are susceptible to obsolescence as a result of technological changes. For example, the Jamaican Government has adopted new rules that set stricter energy efficient standards for light bulbs and has banned the sale of incandescent light-bulbs.

  Management is cognizant of those products lines and has implemented measures to reduce the stock level of those items.

How the matter was addressed in our audit.

Our audit procedures in response to this matter, included:

- Reviewed the company's standard operating procedure in order to assess the effectiveness of internal controls over inventory.
- Observed stock counts and conducted sample counts at several of the company's locations throughout the year.
- Verified the stock count results and our audit samples against the inventory system and where there were variances, they were corrected.
- Performed impairment assessment of inventories by measuring the movements of certain product lines during the year and also comparing recent sale price against cost price.
- Confirmed with management and performed various tests to verify that the company had no incandescent light bulbs in its inventories.

Based on the procedures conducted no further adjustment was required to the year-end inventory valuation.

Key Audit Matters (continued)

2. **Expected Credit Losses on Trade Receivables**

- **Key Audit Matter**

  The determination of credit losses is highly subjective and requires management to make significant judgement and estimates including the identification of increased credit risk exposure, determination of the appropriate variables and assumptions used and the application of forward-looking information.

  The company is required to recognise expected credit losses [ECL] on trade receivables measured at amortised cost. The determination of ECL is highly subjective and requires management to make significant judgements and estimates and the application of forward-looking information.

  The combination of estimates and judgements increases the risk that management's estimates could be materially misstated [see financial statements, notes 2{b}, 3{g} and 24{b}].

- **How the matter was addressed in our audit.**

  Our audit procedures in response to this matter, included:

  - Obtaining an understanding of the model used by management for the calculation of expected credit losses and trade receivables.
  - Testing the completeness and accuracy of the data used in the expected credit loss model to the underlying accounting records on a sample basis, including testing the recording and ageing if trade receivables.
  - Assessment of the appropriateness of the company's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, Financial Instruments.
  - Evaluating the appropriateness of the economic parameters including the use of forward-looking information.
  - Testing the accuracy of the expected credit loss calculation.
  - Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

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

Other information (continued)

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

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

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

Responsibilities of management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the 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.

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the company's financial statements, including the disclosures, and whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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

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

Crooks Jackson Burnett.
Chartered Accountants

March 15, 2023
19 Cargill Avenue, Kingston 10, Jamaica W.I.

FOSRICH COMPANY LIMITED

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2022

		2022 $	2021 $
Turnover		**3,372,945,924**	2,351,146,322
Cost of Sales	4{a}	**(1,980,686,522)**	(1,308,000,581)
Gross profit		**1,392,259,402**	1,043,145,741
Other income:			
Other operating income	5	**10,470,066**	56,130,209
		1,402,729,468	1,099,275,950
Administration, marketing and selling expenses	4{a}	**(790,011,425)**	(631,626,512)
Profit before depreciation and finance costs		**612,718,043**	467,649,438
Depreciation	9, 10{iii}	**(104,561,592)**	(83,136,788)
Profit before finance costs		**508,156,451**	384,512,650
Finance costs	6	**(182,418,122)**	(185,202,992)
Net profit before taxation		**325,738,329**	199,309,658
Taxation	7	**(1,026,088)**	-
Net profit		**324,712,241**	199,309,658
Other comprehensive income:			
Items that will not be reclassified to profit or loss - Unrealised fair value loss on available-for-sale investments	13	**600,625**	174,375
Total comprehensive income for the year		**325,312,866**	199,484,033
Earnings per stock unit	21	**$0.06**	$0.04

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 $	2021 $
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	**846,110,055**	349,530,748
Lease - right-of-use assets	10	**605,568,225**	564,845,958
Related party	11	**569,289,703**	370,503,789
Investments	12	**26,569,625**	32,918,578
Investment - equity	13	**2,228,125**	1,627,500
Associated company	14{b}	**-**	121,602,537
		2,049,765,733	1,441,029,110
Current Assets			
Inventories	15	**2,248,793,424**	1,784,242,080
Trade receivables	16	**377,326,589**	274,033,320
Other receivables and prepayments	16	**212,867,330**	115,292,261
Related party	11	**80,000,000**	80,000,000
Cash and bank balances	17	**103,799,830**	72,006,528
		3,022,787,173	2,325,574,189
Current Liabilities			
Payables	18	**792,852,601**	596,741,073
Associated company	14{b}	**131,037,639**	-
Current portion of long-term liabilities	22	**812,885,218**	181,406,702
Taxation payable		**1,026,089**	-
Lease - right-of-use liabilities	10	**50,434,215**	44,399,152
		1,788,235,762	822,546,927
Net Current Assets		**1,234,551,411**	1,503,027,262
		3,284,317,144	2,944,056,372

FOSRICH COMPANY LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	2022 $	2021 $
Equity			
Share capital	*19*	**369,620,810**	361,499,399
Capital reserves	*20*	**562,910,801**	67,096,070
Retained earnings		**852,581,037**	588,141,862
		1,785,112,648	1,016,737,331
Non-Current Liabilities			
Right-of-use liabilities	*10*	**532,357,775**	495,975,214
Long-term liabilities	*22*	**921,539,811**	1,383,540,839
Director's loan	*23*	**45,306,910**	47,802,988
		1,499,204,496	1,927,319,041
		3,284,317,144	2,944,056,372

The financial statements set out on pages 1 to 35 were approved for issue by the Board of Directors on March 15, 2023 and signed on its behalf by:

M Foster ______________________ Director

Marion Foster

______________________ Director

Peter Knibb

FOSRICH COMPANY LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2022

	Share capital	Capital reserves	Retained earnings	Total
	$	$	$	$
Balance at January 1, 2021	361,075,082	66,921,695	440,566,587	868,563,364
Unrealised gain on available-for-sale investments	-	174,375	-	174,375
Net profit	-	-	199,309,658	199,309,658
Transactions with owners:				
Sale of treasury shares *(note 19)*	424,317	-	-	424,317
Dividend paid *(note 8)*	-	-	(51,734,383)	(51,734,383)
Balance at December 31, 2021	361,499,399	67,096,070	588,141,862	1,016,737,331
Unrealised gain on available-for-sale investments	-	600,625	-	600,625
Unrealised surplus on revaluation of freehold properties		495,214,106		495,214,106
Net profit	-	-	324,712,241	324,712,241
Transactions with owners:				
Sale of treasury shares *(note 19)*	8,121,411			8,121,411
Dividend paid *(note 8)*	-	-	(60,273,066)	(60,273,066)
Balance at December 31, 2022 *(see notes 19 & 20)*	**369,620,810**	**562,910,801**	**852,581,037**	**1,785,112,648**

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022 $	2021 $
CASH FLOWS WERE PROVIDED BY/ (USED IN):		
Operating Activities		
Net profit	**324,712,241**	199,309,658
Items not affecting cash resources		
Depreciation	**104,561,592**	83,136,788
Interest on lease liability	**13,284,240**	17,512,320
Unrealised foreign exchange gain (net)	-	(2,400,304)
Profit on disposal of items if property, plant and equipment	-	(6,540,496)
Taxation charge	**1,026,088**	-
Interest income	**(116,504)**	(26,911,763)
Interest expense	**137,870,868**	102,227,368
	581,338,525	366,333,571
Changes in non-cash working capital components:		
Inventories	**(464,551,344)**	(326,004,977)
Receivables	**(103,293,269)**	(28,534,423)
Other receivables and prepayments	**(97,575,069)**	75,585,830
Payables	**196,674,654**	138,201,098
Related parties	**(198,785,914)**	(111,692,862)
Associated company	**252,640,176**	(97,290,745)
Rent paid	**(74,317,281)**	(84,791,533)
	-	-
Cash provided by/(used in) operating activities	**92,130,478**	(68,194,041)
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	**(59,573,637)**	(60,929,673)
Proceeds from disposal of items of property, plant and equipment	-	6,540,496
Encashment/(purchase) of investment	**6,348,953**	(16,849,339)
Cash used in investment activities	**(53,224,684)**	(71,238,516)
FINANCING ACTIVITIES		
Directors' loans repaid	**(2,496,078)**	(6,797,426)
Loans received	**381,635,723**	591,486,620
Loans repaid	**(196,346,118)**	(260,452,028)
Dividend paid	**(60,273,066)**	(51,734,383)
Interest received	**116,504**	1,169,734
Acquisition of treasury shares	**8,121,411**	424,312 *
Interest paid	**(137,870,868)**	(99,049,370)
Cash (used in)/provided by financing activities	**(7,112,492)**	175,047,459
INCREASE IN NET CASH BALANCES	**31,793,302**	35,614,902

* *Restated to conform with current year's presentation*

FOSRICH COMPANY LIMITED
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022 $	2021 $
INCREASE/(DECREASE) IN NET CASH BALANCES	**31,793,302**	35,614,902
Exchange effect on foreign currency cash balances	-	2,400,304
NET CASH BALANCES - Beginning of year	**72,006,528**	33,991,322
NET CASH BALANCES - End of year	**103,799,830**	72,006,528
REPRESENTED BY:		
Cash and bank balances	**103,799,830**	72,006,528

FOSRICH COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2022

		2022	2021
		$	$
Turnover		**3,357,523,895**	2,351,146,322
Cost of Sales	*4{a}*	**(1,970,882,059)**	(1,308,000,581)
Gross profit		**1,386,641,836**	1,043,145,741
Other income:			
Other operating income	*5*	**10,470,066**	56,130,209
		1,397,111,902	1,099,275,950
Administration, marketing and selling expenses	*4{a}*	**(783,245,253)**	(631,626,512)
Profit before depreciation and finance costs		**613,866,649**	467,649,438
Depreciation	*9, 10{iii}*	**(103,782,129)**	(83,136,788)
Profit before finance costs		**510,084,520**	384,512,650
Finance costs	*6*	**(181,332,374)**	(185,202,992)
Net profit before taxation		**328,752,146**	199,309,658
Taxation	*7*	**(1,026,088)**	-
Net profit		**327,726,058**	199,309,658
Other comprehensive income:			
Items that will not be reclassified to profit or loss - Unrealised fair value loss on available-for-sale investments	*13*	**600,625**	174,375
Total comprehensive income for the year		**328,326,683**	199,484,033
Earnings per stock unit	*21*	**$0.07**	$0.04

FOSRICH COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 $	2021 $
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	**839,448,086**	349,530,748
Lease - right-of-use assets	10	**605,568,225**	564,845,958
Related party	11	**569,289,703**	370,503,789
Investments	12	**26,569,625**	32,918,578
Investment - equity	13	**2,228,125**	1,627,500
Investment in subsidiary	14{a}	**10,307,145**	-
Associated company	14{b}	**-**	121,602,537
		2,053,410,909	1,441,029,110
Current Assets			
Inventories	15	**2,214,741,168**	1,784,242,080
Trade receivables	16	**374,347,702**	274,033,320
Other receivables and prepayments	16	**212,867,330**	115,292,261
Related party	11	**80,000,000**	80,000,000
Due from subsidiary		**6,194,652**	-
Cash and bank balances	17	**102,346,820**	72,006,528
		2,990,497,672	2,325,574,189
Current Liabilities			
Payables	18	**770,373,697**	596,741,073
Associated company	14{b}	**131,037,639**	-
Current portion of long-term liabilities	22	**812,885,218**	181,406,702
taxation payable		**1,026,088**	-
Lease - right-of-use liabilities	10	**50,434,215**	44,399,152
		1,765,756,857	822,546,927
Net Current Assets		**1,224,740,815**	1,503,027,262
		3,278,151,724	2,944,056,372

FOSRICH COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 $	2021 $
Equity			
Share capital	19	**369,620,810**	361,499,399
Capital reserves	20	**562,910,801**	67,096,070
Retained earnings		**855,594,854**	588,141,862
		1,788,126,465	1,016,737,331
Non-Current Liabilities			
Right-of-use liabilities	10	**532,357,775**	495,975,214
Long-term liabilities	22	**912,360,773**	1,383,540,839
Director's loan	23	**45,306,711**	47,802,988
		1,490,025,259	1,927,319,041
		3,278,151,724	2,944,056,372

The financial statements set out on pages 1 to 35 were approved for issue by the Board of Directors on March 15, 2023 and signed on its behalf by:

M Foster Director

Marion Foster

Peter Knibb Director

Peter Knibb

FOSRICH COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2022

	Share capital	Capital reserves	Retained earnings	Total
	$	$	$	$
Balance at January 1, 2021	361,075,082	66,921,695	440,566,587	868,563,364
Unrealised gain on available-for-sale investments	-	174,375	-	174,375
Net profit	-	-	199,309,658	199,309,658
Transactions with owners:				
Sale of treasury shares *(note 19)*	424,317	-	-	424,317
Dividend paid *(note 8)*	-	-	(51,734,383)	(51,734,383)
Balance at December 31, 2021	361,499,399	67,096,070	588,141,862	1,016,737,331
Fair value adjustment on available-for-sale investments	-	600,625	-	600,625
Unrealised surplus on revaluation of freehold properties		495,214,106		495,214,106
Net profit	-	-	327,726,058	327,726,058
Transactions with owners:				
Sale of treasury shares *(note 19)*	8,121,411			8,121,411
Dividend paid *(note 8)*	-	-	(60,273,066)	(60,273,066)
Balance at December 31, 2022 *(see notes 19 & 20)*	**369,620,810**	**562,910,801**	**855,594,854**	**1,788,126,465**

FOSRICH COMPANY LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022 $	2021 $
CASH FLOWS WERE PROVIDED BY/ (USED IN):		
Operating Activities		
Net profit	**327,726,058**	199,309,658
Items not affecting cash resources		
Depreciation	**103,782,129**	83,136,788
Interest on lease liability	**13,284,240**	17,512,320
Unrealised foreign exchange gain (net)	**-**	(2,400,304)
Profit on disposal of items if property, plant and equipment	**-**	(6,540,496)
Taxation charge	**1,026,088**	-
Interest income	**(116,504)**	(26,911,763)
Interest expense	**137,870,868**	102,227,368
	583,572,879	366,333,571
Changes in non-cash working capital components:		
Inventories	**(430,499,088)**	(326,004,977)
Receivables	**(100,314,382)**	(28,534,423)
Other receivables and prepayments	**(97,575,069)**	75,585,830
Payables	**174,195,551**	138,201,094
Related parties	**(198,785,914)**	(111,692,862)
Associated company	**252,640,176**	(97,290,745)
Due from subsidiary	**(6,194,652)**	-
Rent paid	**(74,317,281)**	(84,791,533)
Cash provided by/(used in) operating activities	**102,722,220**	(68,194,045)
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	**(52,132,205)**	(60,929,673)
Investment in subsidiary	**(10,307,145)**	-
Proceeds from disposal of items of property, plant and equipment	**-**	6,540,496
(Encashment)/purchase of investment	**6,348,953**	(16,849,339)
Cash used in investment activities	**(56,090,397)**	(71,238,516)
FINANCING ACTIVITIES		
Directors' loans repaid	**(2,496,078)**	(6,797,426)
Loans received	**372,456,684**	591,486,620
Loans repaid	**(196,346,118)**	(260,452,028)
Dividend paid	**(60,273,066)**	(51,734,383)
Interest received	**116,504**	1,169,734
Acquisition of treasury shares	**8,121,411**	424,316 *
Interest paid	**(137,870,868)**	(99,049,370)
Cash (used in)/provided by financing activities	**(16,291,531)**	175,047,463
INCREASE IN NET CASH BALANCES	**30,340,292**	35,614,902

FOSRICH COMPANY LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022 $	2021 $
INCREASE/(DECREASE) IN NET CASH BALANCES	**30,340,292**	35,614,902
Exchange effect on foreign currency cash balances	-	2,400,304
NET CASH BALANCES - Beginning of year	**72,006,528**	33,991,322
NET CASH BALANCES - End of year	**102,346,820**	72,006,528
REPRESENTED BY:		
Cash and bank balances	**102,346,820**	72,006,528

1. INCORPORATION AND IDENTITY

(a) The company is incorporated under the Jamaican Companies Act and is domiciled in Jamaica, having its registered office at 79 Molynes Road, Kingston 10, Jamaica. The company is listed on the Junior Market of the Jamaica Stock Exchange and has a wholly owned subsidiary, O'N'S Mini Mart & Electrical Supplies Limited, which was incorporated during the year.

(b) The main activity of the company is the manufacture of PVC pipes and fittings, distribution of lighting, electrical and solar energy products; its subsidiary distributes electrical and lighting products.

These financial statements represents the results of the Group.

2. Statement of Compliance and Basis of Preparation

(a) Statement of Compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

Standards, Interpretations and Amendments to published Accounting Standards effective in the current year

During the year, certain new standards, interpretations and amendments to existing standards became effective. The adoption of those standards and amendments did not have a significant impact on the amounts and disclosures in these financial statements.

New and amended standards issued but not yet effective:

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

- Amendments to ISA 1: Presentation of financial statements, will apply retroactively for annual reporting periods beginning on or after January 1, 2023. The amendments promotes consistency in application and and clarify the requirements on determining if a liability is current or non-current.

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

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

2. Statement of Compliance and Basis of Preparation

(b) Basis of preparation

The financial statements are presented in Jamaican dollars, which is the Group's functional and presentation currency. These statements have been prepared on the historical cost basis, except for the valuation of *available-for-sale* investment securities, financial assets and liabilities and the revaluation of certain items of property, plant and equipment. Those significant accounting policies stated stated below conform in all material respects with IFRS.

- **Use of estimates and judgements**

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

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

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

(i) Judgements:

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

Classification of financial assets:

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

Impairment of financial assets:

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

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

Allowance for impairment loss of financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour [e.g. the likelihood of customers defaulting and the resulting losses].

2. Statement of Compliance and Basis of Preparation (continued)

(b) Basis of preparation (continued)

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

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL:
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purpose of measuring ECL.

(iii) Net realisable value of inventories:

Estimates of *net-realisable valu* e are based on the most realisable evidence at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuation in price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

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

(iv) Judgement in evaluation of contingencies:

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

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

(v) Depreciation methods, useful lives and residual values:

Depreciation methods, useful lives and residual values rely on judgement and estimates by management one of which is that the relevant assets will continue to be used for their current purpose within the Group.

In addition, useful lives and residual values vary between individual assets and are dependent upon continuation of the current level of maintenance. Should there be a change in the present use or level of maintenance this could change the charge for depreciation and the net book value of property, plant and equipment [*see note 9*] within the next financial year.

It is reasonably possible, that based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

3. Significant Accounting Policies

(a) Revenue

Performance obligations and revenue recognition policies:

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

The Group's revenue is derived from the sale of manufactured PVC pipes and fittings, distribution of lighting, electrical, solar energy and other related products.

Revenue is recognised when the significant risks and reward of ownership have been transferred to the buyer; usually when the company and its subsidiary have delivered the goods to the customer and is accepted by thebuyer, invoice is generated and the revenue is generated at that point. Invoices are usually payable within 30 to 60 days or other contractual terms.

Revenue is shown net of Consumption Tax, returns, rebates and discounts.

(b) Other operating income

Other operating income mainly comprised of commissions received or receivable through partnership arrangements between local utility entities and the Group's international electrical suppliers. Other income includes interest, which is recognised as it accrues, using the effective interest method, unless collectibility is in doubt.

(c) Foreign Currency Transactions

i. Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ["the functional currency"].

ii. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Foreign exchange gains or losses resulting from the settlement of such transactions and from the transaction of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Plant, Machinery and Equipment

Property, plant and equipment are stated at cost and valuation less accumulated depreciation, and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-construct assets includes the costs of materials, direct labour and related cost to put the asset into service. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss.

3. Significant Accounting Policies (continued)

(d) Plant, Machinery and Equipment (continued)

Depreciation is calculated on a straight line basis at annual rates estimated to write down the property, plant and equipment to their estimated residual values at the end of their expected useful lives. No depreciation is charged on freehold land .

Annual rates used are as follows:

Freehold buildings	2 1/2%
Furniture, fixtures and equipment	10%
Computer systems	22 1/2%
Motor vehicles [commercial and private]	20%

Gains and losses on disposal of plant, machinery and equipment are determined by comparing proceeds with the carrying amount and are included in other operating income in the income statement.

(e) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short-term deposits, and overdrafts.

(f) Inventories

Inventories are measured at lower of cost and net realisable value, cost being determined on the weighted average cost method. The cost of manufactured finished goods comprises the raw material ingredients, direct labour, other direct cost and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

The cost of other inventories comprising purchased finished goods is based on their cost and expenses incurred in acquiring and bringing them to their existing location and condition.

(g) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

3. Significant Accounting Policies (continued)

(h) Leases:

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

As a leasee

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

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

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

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

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

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

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

3. Significant Accounting Policies (continued)

(h) Leases (continued):

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-valued assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight line basis over the life of the lease term.

(i) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Investments

Investments are classified as amortised cost or fair value through other comprehensive income. Investments classified at amortised cost have a fixed or determinable payment and are not quoted in an active market. Amortised cost is calculated on the effective interest rate method, less impairment loss.

The fair value of *available-for sale* investments is based on their quoted market bid price at the balance sheet date. Where the quoted market price is not available, fair value is estimated using discounted cash flow techniques.

Unrealised gain and losses arising from changes in the fair value of these securities are recognised in equity revaluation reserve. When securities classified as *available-for-sale* are sold or impaired, the accumulated fair value adjustments are included in other comprehensive income as gains and losses from investment securities. *(see note 12)*

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction cost incurred and subsequently at amortised cost using the effective yield method. Interest charges, including direct issue costs are accounted for on an accrual basis in the statement of profit or loss and are added to the carrying amount of the loan to the extent that they are not settled in the period in which they arise.

(l) Impairment:

Non-financial assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit [CGU] exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. Significant Accounting Policies (continued)

(l) Impairment (continued):

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Financial assets

The company recognises loss allowances for expected credit losses [ECLs] on financial assets measured at amortised cost and at fair value through OCI.

Trade receivables

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company consider reasonable and supportive information relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on historical information and informed credit assessment. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Debt investment securities

These are considered low-risk.

Write-off

The gross carrying amount of a financial asset is written off [either partially or in full] when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the company determines that the debtor does not have assets or sources of income that would generate sufficient cash flows to repay the amount subject to the write-off.

Recoverables of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial liabilities

All financial assets are recognised initially at fair value. Financial liabilities include borrowings, trade and other payables. Subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

(m) Employee benefits

Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability, if any, for vacation leave, as a result of services rendered by employees up to the reporting date. At year-end the company had no liability for annual leave as a result of services rendered by employees.

Pension

The company operates a "contributory pension scheme " funded by employees and the company, to provide benefits for the employees of the company. The scheme is administered by and managed by Sagicor Life Jamaica Limited. Contributions to the scheme are charged to profit or Loss account in the period to which they relate.

3. Significant Accounting Policies (continued)

(n) Related party transactions and balances

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 [referred to in ***IAS 24 - Related Party Disclosures*** as the "reporting entity']. Related party transactions and balances are recognised and disclosed for the following:

(1) A person or a close member of that person's family is related to a reporting entity if that person:
- i. has control or joint control over the reporting entity;
- ii. has significant influence over the reporting entity; or
- iii. is a member of the key management personnel of the reporting entity; or a parent of the reporting entity.

(2) The entity is related to a reporting entity if any of the following conditions apply:
- i. The entity and the reporting entity are members of a group [which means that each parent, subsidiary and fellow subsidiary is related to the other].
- ii. One entity is an associate or joint venture of the other entity [or an associate or joint venture of a member of a group of which the other entity is a member].
- iii. Both entities are joint ventures of the same third party.
- iv. The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- vi. The entity is controlled, or jointly controlled by a person identified in n(1){ii}.
- vii. A person identified in n (1){i} has significant influence over the entity [or is a member of the key management personnel of the entity].

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

4(a). EXPENSE BY NATURE

The following items have been charged in arriving at operating profit:

	2022	2021
	$	$
Cost of sales		
Cost of goods sold	**1,931,073,241**	1,274,054,610
Installation expense - contractors	**31,509,711**	17,666,084
Sales commission - contractors	**18,103,570**	16,279,887
	1,980,686,522	1,308,000,581

4(a). EXPENSE BY NATURE (continued)

Administrative and selling expenses

	2022 $	2021 $
Directors' emoluments	**41,427,106**	41,427,106
Directors' fees	**1,189,337**	1,045,337
Auditors' remuneration	**5,260,000**	2,500,000
Staff costs *(see note 4{b})*	**364,688,192**	321,899,741
Rent, security, repairs and maintenance	**68,152,432**	43,844,487
Motor vehicle and other related expense	**71,278,899**	44,246,060
General and keyman insurance	**28,238,112**	33,154,675
Utilities	**74,343,464**	22,599,626
Advertising and promotion	**44,112,128**	26,990,609
Legal and professional fees	**44,017,355**	39,721,548
Other expenses	**47,304,400**	54,197,323
	790,011,425	631,626,512

4(b). STAFF COSTS

	2022 $	2021 $
Salaries, commissions and bonus	**294,361,264**	261,407,281
Statutory contributions	**38,571,080**	31,388,125
Staff welfare	**31,755,848**	29,104,335
	364,688,192	321,899,741

The average number of persons employed full-time by the company during the year under review was 161 [2021 = 165]

5. OTHER OPERATING INCOME

	2022 $	2021 $
Interest income	**116,504**	26,911,763
Foreign currency exchange gain - net	-	2,400,304
Gain on disposal of items of property, plant and equipment	-	6,540,496
Other income	**10,353,562**	20,277,646
	10,470,066	56,130,209

6. FINANCE COSTS

	2022	2021
	$	$
Bank charges	**16,426,271**	12,009,397
Interest on bonds	**63,162,192**	51,857,534
Interest on long-term and short-term borrowings	**74,708,676**	50,369,834
Other finance charges	**14,836,743**	9,666,764
Bad debt impairment provision	-	43,787,143
Interest on lease liability	**13,284,240**	17,512,320
	182,418,122	185,202,992

7. TAXATION

Remission of income tax:

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective December 19, 2017. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided it complies with the criteria of the Income Tax (Jamaica Stock Exchange Junior Market) Regulation.

To obtain the remission of income taxes, the following conditions should be adhered to over the period:

(i) The company remains listed for at least 15 years and is not suspended from the JSE for any breaches of the rules of the JSE.

(ii) The subscribed participating voting share capital does not exceed $500 million.

(iii) The company has at least 50 participating voting shareholders.

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions. The periods are as follows:

Years 1 to 5	(December 19, 2017- December 18, 2022)	100%
Years 6 to 10	(December 19, 2022- December 18, 2027)	50%

As a consequence of the company obtaining a remission of tax status, effective December 19, 2017, the deferred tax asset position was reversed in the year in which the company was listed and no further account has been taken of any potential deferred tax asset or liability.

8. DIVIDENDS

By resolution dated November 1, 2022 the directors declared the payment of a dividend of **$.012** per share totalling $60,273,066 to be paid to shareholders on the company's register of members as at November 18, 2022.

9. PROPERTY, PLANT & EQUIPMENT

	Freehold Land $	Freehold Building $	Leasehold Improvement $	Leasehold Property $	Equipment, Furniture & Equipment, $	Computers $	Motor Vehicles $	Total $
At cost or deemed cost:								
January 1, 2021	29,980,000	181,440,499	52,898,470	30,000,000	124,367,874	28,300,922	94,217,496	541,205,261
Additions	-	-	-	-	21,206,116	14,364,468	25,359,089	60,929,673
Disposals					(440,000)	-	(13,956,388)	(14,396,388)
December 31, 2021	29,980,000	181,440,499	52,898,470	30,000,000	145,133,990	42,665,390	105,620,197	587,738,546
Revaluation	112,520,000	382,694,106	-	-	-	-	-	495,214,106
Additions	-		17,681,012		20,705,249	6,022,446	15,164,930	59,573,637
December 31, 2022	**142,500,000**	**564,134,605**	**70,579,482**	**30,000,000**	**165,839,239**	**48,687,836**	**120,785,127**	**1,142,526,289**
Accumulated Depreciation:								
January 1, 2021	-	39,636,091	51,184,604	6,000,000	43,000,991	17,859,950	55,472,631	213,154,267
Charge for the year	-	4,536,012	1,561,502	750,000	11,192,828	3,869,480	17,243,098	39,152,920
Eliminated on disposal					(143,000)		(13,956,389)	(14,099,389)
December 31, 2021	-	44,172,103	52,746,106	6,750,000	54,050,819	21,729,430	58,759,340	238,207,798
Charge for the year	-	18,785,682	227,167	750,000	14,165,089	5,151,427	19,129,071	58,208,436
December 31, 2022	**-**	**62,957,785**	**52,973,273**	**7,500,000**	**68,215,908**	**26,880,857**	**77,888,411**	**296,416,234**
Net book values:								
December 31, 2022	**142,500,000**	**501,176,820**	**17,606,209**	**22,500,000**	**97,623,331**	**21,806,979**	**42,896,716**	**846,110,055**
December 31, 2021	29,980,000	137,268,396	152,364	23,250,000	91,083,171	20,935,960	46,860,857	349,530,748

Freehold land and buildings comprising properties located at 77 Molynes Road, 14 Burley Avenue and 8 - 8b Maverly Avenue, Kingston 10 were re-appraised by professional, independent real estate valuators: Langford Brown in January 2023. The combined market value was determined as $732,134,604 using 'market approach' and sales comparison' valuation methods.

These assets are reflected in the financial statements at their respective fair values and the surplus on revaluation was credited to capital reserves. All other items of property, plant and equipment are stated at cost.

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

9. PROPERTY, PLANT & EQUIPMENT - THE COMPANY

1135122359	Freehold Land $	Freehold Building $	Leasehold Improvement $	Leasehold Property $	Equipment, Furniture & Equipment, $	Computers $	Motor Vehicles $	Total $
At cost or deemed cost:								
January 1, 2021	29,980,000	181,440,499	52,898,470	30,000,000	124,367,874	28,300,922	94,217,496	541,205,261
Additions	-	-	-	-	21,206,116	14,364,468	25,359,089	60,929,673
Disposals					(440,000)	-	(13,956,388)	(14,396,388)
December 31, 2021	29,980,000	181,440,499	52,898,470	30,000,000	145,133,990	42,665,390	105,620,197	587,738,546
Revaluation	112,520,000	382,694,106	-	-	-	-	-	495,214,106
Additions	-		14,108,645		16,949,184	5,909,446	15,164,930	52,132,205
December 31, 2022	**142,500,000**	**564,134,605**	**67,007,115**	**30,000,000**	**162,083,174**	**48,574,836**	**120,785,127**	**1,135,084,857**
Accumulated Depreciation:								
January 1, 2021	-	39,636,091	51,184,604	6,000,000	43,000,991	17,859,950	55,472,631	213,154,267
Charge for the year	-	4,536,012	1,561,502	750,000	11,192,828	3,869,480	17,243,098	39,152,920
Eliminated on disposal					(143,000)		(13,956,389)	(14,099,389)
December 31, 2021	-	44,172,103	52,746,106	6,750,000	54,050,819	21,729,430	58,759,340	238,207,798
Charge for the year	-	18,785,682	227,167	750,000	13,413,876	5,123,177	19,129,071	57,428,973
December 31, 2021	**-**	**62,957,785**	**52,973,273**	**7,500,000**	**67,464,695**	**26,852,607**	**77,888,411**	**295,636,771**
Net book values:								
December 31, 2021	**142,500,000**	**501,176,820**	**14,033,842**	**22,500,000**	**94,618,479**	**21,722,229**	**42,896,716**	**839,448,086**
December 31, 2020	29,980,000	137,268,396	152,364	23,250,000	91,083,171	20,935,960	46,860,857	349,530,748

Freehold land and buildings comprising properties located at 77 Molynes Road, 14 Burley Avenue and 8 - 8b Maverly Avenue, Kingston 10 were re-appraised by professional, independent real estate valuators: Langford Brown in January 2023. The combined market value was determined as $732,134,604 using 'market approach' and sales comparison' valuation methods.

These assets are reflected in the financial statements at their respective fair values and the surplus on revaluation was credited to capital reserves. All other items of property, plant and equipment are stated at cost.

10. LEASE RIGHT-OF-USE

The company leases a number of properties to conduct its operations which were previously classified as operating leases under IAS 17. These lease contracts were contracted for varying periods ranging from two to ten years, with options to renew. Some leases provide for additional rent payments that are based on changes in local price indices.

The current lease contracts are recognised in the statement of financial position as a ***right-of-use asset*** and the corresponding credit as a ***lease liability.***

Assets and liabilities are initially measured on a present value basis and lease liabilities include net present value of the fixed payments less any lease incentives receivable. The company has elected not to recognise ***right-to-use*** assets and lease liabilities for short-term [non-renewable leases and/or leases of low-value items.

Amount recognised in the statement of financial position [IFRS16]:

i. Right-of-use assets

	2022	2021
	$	$
Right-of-use assets		
Balance at January 1	**666,629,660**	451,114,690
Termination of ***right-of-use*** Asset	**(199,149,004)**	-
Additions to ***right-of-use*** Asset	**227,131,627**	215,514,970
	694,612,283	666,629,660
Accumulated depreciation brought forward	**101,783,702**	57,799,834
Depreciation eliminated on termination	**(59,092,800)**	-
Depreciation charge for the year	**46,353,156**	43,983,868
	89,044,058	101,783,702
Balance at end of year	**605,568,225**	564,845,958

ii. Lease liabilities

Maturity analysis - contractual undiscounted cash flows:

Less than one year	**60,906,979**	60,230,358
One to five years	**213,540,111**	193,699,848
More than five years	**936,699,101**	720,350,000
	1,211,146,191	974,280,206
Less: Future interest	**(628,354,201)**	(433,905,840)
	582,791,990	540,374,366
Less: Current portion	**(50,434,215)**	(44,399,152)
Non-current	**532,357,775**	495,975,214

10. LEASE RIGHT-OF-USE (continued)

Amount recognised in the statement of financial position:

iii. Amount recognised in the statement of comprehensive income:

	2022	2021
	$	$
Interest on lease liability	**13,284,240**	17,512,320
Depreciation charge for right-of-use assets	**46,353,156**	43,983,868 *

Right-of-use assets are measured at cost based on the amount of the initial measurement of the lease liability. The asset is subsequently depreciated using the straight-line method from the commencement date of the lease term.

iv. Amount recognised in the statement of cash flows:

Total cash outflows for leases	**74,317,281**	84,791,533

11. RELATED PARTY

	2022	2021
	$	$
Amount due from:		
LCCM Investment Ventures Limited	**450,503,789**	351,671,406
Net movements	**173,043,882**	73,090,351
	623,547,671	424,761,757
Interest accrued	**25,742,032**	25,742,032
	649,289,703	450,503,789
Current portion of related party balance	**(80,000,000)**	(80,000,000)
	569,289,703	370,503,789

LCCM Investments Ventures Limited has given the undertaking to repay a minimum of $80,000,000 on the principal balance during the ensuing year

Fosrich Limited is related to LCCM Investment Ventures Limited by means of common directorship. There were no trading activities between the companies during the year.

12. INVESTMENTS

	2022	2021
	$	$
Keyman Insurance - cash surrender value	**4,602,666**	4,602,666
Deposits - Bonds/guarantees	**10,867,351**	6,449,338
Term Deposits	**11,099,608**	21,866,574
	26,569,625	32,918,578

The above 'term deposits' include amounts denominated in United States Dollars [US$74,015] and Jamaican Dollars, which earn interest at rates of .85% and 2.95% respectively.

These funds are being held as security for the loans (*see note 22*)

13. INVESTMENTS - OTHER

	2022	2021
	$	$
Quoted Securities at market value		
Shares at market value	**1,627,500**	1,453,125
Gain from fair value adjustment	**600,625**	174,375
	2,228,125	1,627,500

14{a}. INVESTMENT IN SUBSIDIARY - THE COMPANY

During the year the company incorporated O'N'S Mini Mart & Electrical Supplies Limited. The amount statec on the balance sheet represents the cost of the investment in that company.

14{b}. ASSOCIATED COMPANY

	2022	2021
	$	$
Blue Emerald Limited		
Amounts due from:	-	121,602,537
Amounts due to:	**131,037,639**	-

During the year the company purchased goods for resale from associated company, Blue Emerald Limited amounting to $23,371,160. These transactions were conducted at 'arms length' deal.

15. INVENTORIES

Inventories comprise:

	2022	2021
	$	$
Merchandise	**1,850,483,351**	1,314,732,871
Raw material	**24,391,314**	59,101,147
	1,874,874,665	1,373,834,018
Goods-in-transit	**373,918,759**	410,408,062
	2,248,793,424	1,784,242,080

16. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
	$	$
Trade receivables	**377,326,589**	274,033,320
Other receivables and prepayments comprise:-		
Related party receivable	**120,232,890**	32,251,056
Sundry receivables	**9,774,726**	8,265,660
Statutory receivables	**19,101,945**	282,451
Prepayments	**12,003,747**	24,771,765
Other deposits	**51,754,022**	49,721,329
	212,867,330	115,292,261

The Group's exposure to credit risk and impairment loss associated to trade and other receivables are disclosed in note 24(b).

17. CASH & BANK BALANCES

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2022	2021
	$	$
Cash and current account balances	**76,920,291**	42,652,346
Savings account	**26,879,539**	29,354,182
	103,799,830	72,006,528

Amounts held in savings accounts are denominated in United States Dollar and Jamaican Dollar and attract interest at rates 0.75% and 2.95% per annum respectively during the year.

18. PAYABLES

	2022	2021
	$	$
Trade	**604,059,048**	521,286,561
Advances and other payables	**168,939,351**	57,901,439
Statutory payables	**19,854,202**	17,553,073
	792,852,601	596,741,073

19. SHARE CAPITAL

Share capital

	2022 Units	2022 $	2021 $
Authorised -			
Ordinary shares at no par value	15,000,000,000		
[2021 = 5,128,210,000]			
Issued and fully paid -			
Ordinary shares [2021 = 5,000,653,110]	5,022,755,550	**369,620,810**	369,620,810
Treasury shares	-	-	(8,121,411)
	5,022,755,550	**369,620,810**	361,499,399

On July 12, 2022, at the annual general meeting of the company, the shareholders approved the subdivision of each ordinary share into ten (10) ordinary shares with effect from July 27, 2022. To facilitate this subdivision of shares, the maximum number of shares that the company is authorised to issue was increased from 512,821,000 to 15,000,000,000. As a result of the stock split, all prior period stock data presented in the financial statements have been adjusted to reflect the subdivision.

During the year the company sold, at fair market value, all its remaining stock unit of treasury shares

20. CAPITAL RESERVES

Capital reserves represent:

i. Unrealised surplus on the revaluation of the company's freehold properties was credited to capital reserves [*see note 9*].

ii. Movements in fair value on the revaluation of *available -for-sale equity* securities [*see note 13*].

21. EARNINGS PER STOCK UNIT

Basic earnings per ordinary stock unit is calculated by dividing the net profit attributable to equity holders by the weighted average number of stock units in issue during the year.

	2022 $	2021 $
Net profit attributable to equity holders of the company	**324,712,241**	199,309,658
Weighted average number of ordinary stock units in issue	**5,007,512,333**	4,999,859,360
Basic earnings per stock unit	**$0.06**	$0.04

22. LONG-TERM LIABILITIES

		Interest Rate	2022 $	2021 $
Loans				
i	First Global Bank Jamaica Limited - Non-Revolving Loan	*[10.00%]*	**61,676,575**	90,149,201
ii	First Global Bank Jamaica Limited - Non-Revolving Loan	*[10.00%]*	**214,516,958**	257,939,691
iii	First Global Bank Jamaica Limited - Motor Vehicle Loan	*[9.75%]*	**6,848,805**	9,060,445
iv	First Global Bank Jamaica Limited - Motor Vehicle Loan	*[9.75%]*	**3,736,960**	6,126,558
v.	First Global Bank Jamaica Limited - Motor Vehicle Loan	*[9.00%]*	**12,025,805**	14,347,869
vi.	First Global Bank Jamaica Limited - Motor Vehicle Loan	*[10.00%]*	**8,091,595**	10,247,335
vii	First Global Bank Jamaica Limited	*[9.00%]*	**158,000,000**	-
viii	First Global Bank Jamaica Limited	*[9.75%]*	**12,647,962**	-
ix.	Mayberry Investments Limited	*[7.95%]*	**93,750,000**	101,666,935
x	Mayberry Investments Limited/Development Bank of Jamaica	*[7.95% & 10.5%]*	**383,333,332**	300,000,000
xi.	Corporate Bonds - unsecured	*[8.50%]*	**200,000,000**	200,000,000
xii.	Corporate Bonds - secured	*[6.25%]*	**560,000,000**	560,000,000
xiii.	National Commercial Bank Jamaica		**9,179,038**	-
Total			**1,723,807,030**	1,549,538,034
	Accrued interest on loans		**1,761,061**	3,767,758
			1,725,568,091	1,553,305,792
xiv.	GK Investments - Finance lease obligation		**8,856,938**	11,641,749
			1,734,425,029	1,564,947,541
Less:	Current portion of loans		**(808,992,952)**	(177,699,782)
	Current portion of finance lease obligation		**(3,892,266)**	(3,706,920)
			(812,885,218)	(181,406,702)
			921,539,811	1,383,540,839

22. LONG-TERM LIABILITIES (continued)

First Global Bank Loans -

i. First Global Bank - Non-Revolving Loan

This loan is a consolidation of loans granted in July 2020 to fund the company's service contract with the Jamaica Public Service Company to repair transformers. The loan is for a period of 48 months, expiring in November 2024. This is a variable rate interest rate loan, which initially, attracted interest at the rate of 8% per annum. At reporting date the applicable interest rate was 10% per annum.

ii. First Global Bank - Non-Revolving Loan

This loan is a consolidation of new a facility and the facility repaid in [22{i}] above. The purpose of this new facility is to fund working capital requirements. This new loan was granted in October 2021 and attracts interest at a variable rate of 8.0% per annum on initiation At reporting date the applicable interest rate was 10% per annum. It is repayable over a period of 60 months.

iii. First Global Bank - Non-Revolving motor vehicle Loan

This loan was granted in August 2020 and attracts interest at a variable rate of 7.75%. It is repayable over a period of 60 months applying prevailing interest rate. Interest rate moved during the year to 9.75% at reporting date.

iv. First Global Bank - Non-Revolving motor vehicle Loan

This loan was granted in May 2019 and attracts interest at a variable rate of 7.75%. It is repayable over a period of 60 months applying prevailing interest rate. Interest rate moved during the year to 9.75% at reporting date.

v. First Global Bank - Non-Revolving motor vehicle Loan

This loan was granted in March 2019 and attracts a variable rate interest of 7% per annum. It expires in March 2027. During the year the interest rate changed to 9.75% per annum.

vi. This represents the balance of a new facility granted during the year to finance the purchase of a motor truck. The loan is repayable over a period of 60 months and attracts a variable interest rate of 7.75% per annum. During the year the interest rate changed to 9.75% per annum.

vii This is a short-term loan was granted in September 2022 and is repayable in March 2023. This loan attracts interest at a variable rate of 9.00%.

viii This was loan was granted in March 2022 and is repayable in March 2027. This loan attracts interest at a variable rate of 9.75%.

22. LONG-TERM LIABILITIES (continued)

The loans granted by First Global Bank Limited as set out in items {i} to {viii} are secured as follows:-

(a) The personal guarantee of two of the company's directors and supported by the directors' personal assets in the form of real estates and the assignment of life insurance policies

(b) Letters of subordination of director's loans to the bank borrowings.

(c) Debenture over the company's assets

- Supported by Mortgages over the company's commercial properties situated at:

  77 Molynes Road, Kingston 10

  8A and 8B Maverly Avenue, Kingston 10

  14 Burley Road, Kingston 10

(d) The assignment of Fire and Allied Perils Insurance over stock-in-trade.

(e) The assignment of Fire and Allied Perils Insurance over properties held as security for their full replacement values.

(f) The assignment of 'keyman' life insurance policies on the lives of Cecil Foster and Marion Foster.

(g) Lien in favour of the bank on 'term deposit' held by the company.

(h) Letters of Subordination signed by Cecil Foster and Marion Foster.

(i) Second mortgage over the company's commercial properties, registered in the names of Cecil Foster and Marion Foster situated at:

- 79 Molynes Road, Kingston 10

In addition to the above securities First Global Bank Limited has set out certain conditions and covenants as outlined below, which are to be tested on an ongoing basis as a condition to the company's borrowings:

Covenants

Financial Covenants

i. *Debt/Tangible Net Worth*

First Global Bank requires maintenance of a maximum Debt to Tangible Net Worth ratio of **.97 *: 1***.
At year-end, it satisfies the bank's requirement by maintaining at Debt to Tangible Net Worth of ***1.47:1.***

ii. *Inventory Days*

The bank requires, that at year-end the maximum inventory days should not exceed 500 days. At reporting date, the value of inventory on hand as a measure of the product cost of goods sold during the current year amounted to **341 *days***.

In respect of other covenants, tests were conducted and confirmation received that at the date of signing, the insurance coverage in respect of those properties held by the bank as security for the loans remained fully insured.

Mayberry Investments Limited - Repurchase Agreements

ix & x The Mayberry Investments loans are 'reverse repurchase loans', were granted December 28, 2022 and mature March 29, 2023. Interest rate are rate of 7.95% and 10.5% per annum. The loans are unsecured.

22. LONG-TERM LIABILITIES (continued)

ix & x Mayberry Investments Limited/Development Bank of Jamaica Reverse Repo Loans

This facility is in respect of loans funded by the Development Bank of Jamaica [DBJ] and on-lend through Mayberry Investments Limited. The loan was granted in two tranches totalling Three Hundred Million Dollars {$300,000,000]

Tranche 1 in the amount of $200,000,000 was granted to the company to facilitate the installation of a 'solar System' project across Fosrich's various site locations,

Tranche 2 in the amount of $100,000,000 was granted to the company to be applied to the its existing line of credit with Mayberry Investments Limited.

Tranche 3 in the amount of $200,000,000 was granted to the company to be applied to the its existing line of credit with Mayberry Investments Limited.

The third tranche in the amount of $200,000,000 was granted for a period of seven [7] years, the first 12 months being a moratorium. The second tranche in the amount of $100,000,000 was granted for a period of five [5] years the first 12 months being a moratorium.

* The applicable interest rate on both tranches is at a fixed rate 7.95% per annum for the first five [5] years in respect of the first and second tranches and thereafter will be floating at the 6 months Weighted Average Treasury Bill Yield [WATBY] rate plus 6.45% per annum on the reducing balance basis. The tranche attracts an interest rate of 10.5% per annum.

The security in respect of the above DBJ facilities are two duly signed promissory notes.

xiii. This is in respect of two loans granted by the National Commercial Bank at variable interest rates.

Corporate Bonds

xi. Corporate Bonds - unsecured

These are debt instruments raised on the open market and attract a fixed interest rate of 8.5% per annum and are unsecured. These notes were issued in January 2020 with a tenor of three years.

xii. Corporate Bonds - secured

These are debt instruments raised on the open market and attract a fixed interest rate of 6.25% per annum and are secured, by assets pledged by the directors. These notes were issued in January 2020 with a tenor of three years.

GK Investments Limited lease

xiv. This lease facility was fully repaid during the year.

This represents the balance due on this lease facility, which was granted during the year by GK Investments for the financing of three [3] motor vehicles. The lease was granted for a period of four [4] years expiring January 28, 2025. The interest rate on this facility is at a fixed rate of 10.95%.

23. DIRECTORS' LOAN

This represents loan to the company by Directors. The loan is interest free and has no fixed date for repayment.

24. FINANCIAL RISK MANAGEMENT

The Group's activities exposes it to a variety of financial risk: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on its performance. Its management policies are designed to identify and analyse these risk, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews the risk management policies and systems to reflect changes in market, products and emerging best practice.

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The Board of Directors is ultimately responsible for the establishment and the oversight of the Group's risk management framework.

There has not been any significant change to the Group's exposure to financial risks or the manner in which it manages and measures risk. The types of risk considered most important to the Group are credit risk, liquidity risk and market risk. Market risk for the company includes currency risk, interest rate and price risks.

(a) Market risk

(i) **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than Jamaican Dollar. Foreign exchange risk arises from commercial transactions, primarily with respect to purchases, which are denominated in United States dollars. The Group does not earn sufficient foreign currency to counter the effects of the fluctuation in exchange rates.

The company manages this risk by purchasing foreign currency in advance and maintaining foreign currency accounts to satisfy its foreign creditors.

The exchange rates applicable at balance sheet date are US$ 1 = J$149.9643 [2021 = J$152.7521] in respect of foreign currency assets and US$ 1 = J$152.0521 [2021 = J$155.0878] in respect of foreign currency liabilities.

24. FINANCIAL RISK MANAGEMENT

(a) Market risk (continued)

(i) Currency risk (continued)

The principal foreign currency risks of the Group, represented by balances in United States Dollars are as follows:

	2022	2021
	US$	US$
Cash and cash equivalent	109,019	99,222
Trade and other payables	(3,441,707)	(2,733,248)
Net exposure	(3,332,688)	(2,634,026)

Foreign currency sensitivity

Changes in foreign currency exchange rates will have some effect, on the results of operations and/or the financial position of the Group as follows:

		Effect of movement in exchange rates
		Ja$
4% - change in currency ratio (devaluation of the Jamaican dollar)	+/- US$	(20,269,688)
1% - change in currency ratio (revaluation of the Jamaican dollar)	+/- US$	4,997,842

The Group has a net foreign currency liability. The above analysis demonstrates that the Group is adversely affected by a devaluation of the Jamaica dollar against its United States counterpart and *vice versa* from a revaluation.

(ii) Interest rate risk

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

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of these instruments. It's interest rate risk arises from long-term borrowings and other debt instruments.

The sensitivity of the profit or loss to this risk is the effect of the assumed changes in interest rates on profits based on variable rate borrowings and other debt instruments.

Financial assets -

The Group's financial assets subject to interest rate risks are in the form of bank deposits, cash and cash equivalents, which are not considered material and are being held on a short-term basis.

24. FINANCIAL INSTRUMENTS (continued)

(a) Market risk (continued)

(ii) **Interest rate risk (continued)**

Financial liabilities-

Approximately 72% [2021 = 68%] of the Group's borrowings are fixed rate instruments. The following reflects the sensitivity, based on its level of variable rate borrowings to a reasonable possible change in interest rates on the Group's profit with all other variables held constant.

The Group's interest bearing financial assets are considered negligible. Interest bearing financial instruments are set out below::

	Carrying Amounts	
	2022	2021
	$	$
Fixed rate instruments:		
Financial assets	**21,966,959**	11,441,861
Financial liabilities	**1,245,940,270**	1,173,308,684
Variable rate instruments:		
Financial assets	**26,879,539**	12,598,467
Financial liabilities	**488,484,759**	391,638,857

Cash flow sensitivity analysis for variable rate instruments

Approximately 28% [2021 = 32%] of the Group's borrowings are variable rate instruments. The following reflects the sensitivity, based on its level of variable rate borrowings to a reasonable possible change in interest rates on the Group's profit with all other variables held constant.

Borrowings:

			Effect on Net Profit	
			2022	2021
			$	$
Change in basis points:				
Increase	+100	[2021 + 300]	**4,640,605**	9,869,299
Decrease	-50	[2021 - 50]	**(2,320,303)**	(1,644,883)

(iii) **Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded on the market. The Group's exposure in relation to financial instrument is minimal as these are recorded at face value and no diminution in value is expected.

24. FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

Credit risk is the risk arising from a counterparty to a financial contract failing to discharge its obligations, and arises principally from the Group's receivables from customers, cash and investment securities.

Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counter-parties that have high credit quality accordingly, management does not expect any counterparty to accordingly, management does not expect any counterparty to fail to meet its obligations.

Loans receivable

The Group's exposure to credit risk for loans receivable is limited to related party, LCCM Investment Ventures Limited; which management does not expect to fail to meet its obligations.

Trade and other receivables

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period greater than 180 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The maximum exposure to credit risk at reporting date is represented by the carrying value of its financial assets. The Group's exposure to this risk is influenced by the individual characteristics of each customer.

Computation of net impairment on financial assets in respect of the current and the prior year was recognised in the profit or loss and adjusted to retained earnings respectively:

December 31, 2022

	Weighted Average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		$	$	
Current	2.50%	142,456,734	3,561,418	no
31 to 60 days past due	3.75%	92,649,017	3,474,338	no
61 to 90 days past due	5.50%	34,293,037	1,886,117	no
91 to 120 days past due	7.50%	33,739,204	2,530,440	no
121 to 150 days past due	9.00%	24,342,198	2,190,798	no
151 to 180 days past due	12.50%	13,881,798	1,735,225	no
Over 180 days	50.00%	96,731,363	48,367,233	no
		438,093,351	**63,745,569**	

24. FINANCIAL INSTRUMENTS (continued)

December 31, 2021

	Weighted Average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		$	$	
Current	2.50%	88,227,377	2,206,084	no
31 to 60 days past due	3.75%	74,157,261	2,781,297	no
61 to 90 days past due	5.50%	16,211,054	891,608	no
91 to 120 days past due	7.50%	30,415,356	2,281,552	no
121 to 150 days past due	9.00%	22,229,674	2,001,071	no
151 to 180 days past due	12.50%	8,173,050	1,021,831	no
Over 180 days	48.06%	88,302,067	42,438,770	no
Over 180 days	100.00%	23,673,799	23,673,799	yes
		351,389,638	77,296,013	

the movements in the allowance for impairment in respect of trade receivables during the year was as follows:

	2022	2021
	$'000	$'000
Balance at 1st January	**77,296,013**	33,569,753
Impairment loss recognised	-	43,726,260
Bad debts recovered	**(13,550,444)**	-
	63,745,569	77,296,013

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. Its financial liability comprise payables and accruals.

The company's financial liabilities at December 31, 2022 and 2021 comprise payables, accruals and marketing fund activities which are due to be expended evenly throughout the year.

Assets available to meet all the above liabilities and to cover financial liabilities are substantially receivables and bank balances, which are current and are well managed.

Other than the financial liabilities quantified in these financial statements there are no *off balance sheet* items, contingent liabilities or capital commitments.

24. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

The Group's financial liabilities at 31st December 2022 and 2021 comprise long-term loans, payables and accruals as set out below:

	Within 3 months $	3 to 12 months $	1 to 2 years $	Over 2 years $	Total $
At 31st December 2022					
Payables	645,840,119	133,217,916	-	-	779,058,035
Lease	952,580	2,939,686	3,919,582	1,045,090	8,856,938
Borrowings	955,248,238	111,744,714	451,568,375	215,863,702	1,734,425,029
Right-of-use liability	15,226,745	45,680,234	53,385,003	1,096,858,209	1,211,150,191
	1,617,267,682	**293,582,550**	**508,872,960**	**1,313,767,001**	**3,733,490,193**

	Within 3 months $	3 to 12 months $	1 to 2 years $	Over 2 years $	Total $
At 31st December 2021					
Payables	580,672,100	9,079,163	-	-	589,751,263
Lease	802,873	2,551,714	3,743,579	4,543,583	11,641,749
Borrowings	125,658,660	55,769,483	902,452,566	469,385,684	1,553,266,393
Right-of-use liability	17,062,148	43,168,210	49,744,319	864,305,529	974,280,206
	724,195,781	110,568,570	955,940,464	1,338,234,796	3,128,939,611

(d) Capital management

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital as well as to meet its liabilities when they fall due and to provide returns for its shareholders. The Board of directors monitors the return on capital on a regular basis.

The Group is not subjected to any externally imposed capital requirements.

Other than the financial liabilities quantified in these financial statements there are no ***off balance sheet*** items, contingent liabilities or capital commitments.

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

(e) Fair value disclosure:

Due to their short-term nature, the amounts reflected in the financial statements for cash and cash equivalents, accounts receivable and payables are considered to approximate to their respective fair values. Additionally, the cost of monetary assets and liabilities has been appropriately adjusted to effect the estimated losses on realisation or discounts on settlement.

25. CONTINGENT LIABILITY & CAPITAL COMMITMENT

In the normal course of business, the company is subject to various claims, disputes and legal proceedings. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the company, and the amount can be reasonably estimated.

In respect of claims asserted against the company for which, according to the principles outlined above, no provision has been made, management is of the opinion that such claims are without merit and can be successfully defended. The following legal matter were pending at reporting date.

At reporting date, there was an outstanding claim by two persons against the company in relation to a motor vehicle accident involving one of the company's drivers. The incident occurred on March 30, 2017 and after mediation hearings, the matter was returned to the Supreme Court for Case Management Conference, which was held on November 12, 2020. At that hearing the Court made an Order for Trial by Judge alone for three [3] days on January 19, 20, and 21, 2026. The sum of the claims being made by both parties amounts to Eighteen Million Dollars [$18,000,000].

The insurance policy limit is Twelve Million Dollars {$12,000,000} and previously, another party to the claim accepted a settlement of Three Million Dollars [$3,000,000], which was paid by the insurance company. No provision was made in these financial statements for a shortfall, if any, which could result under recovery of insurance proceeds.