

**J.P. SANTOS & COMPANY LIMITED**

**(SUBSIDIARY OF JOHN FERNANDES LIMITED)**

**144TH ANNUAL REPORT**

**31<sup>ST</sup> DECEMBER, 2021**

**J.P.SANTOS & COMPANY LIMITED**

**(SUBSIDIARY OF JOHN FERNANDES LIMITED)**

**C O N T E N T S**

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**J.P.SANTOS & COMPANY LIMITED**  
**& SUBSIDIARIES**

**SUBSIDIARY OF JOHN FERNANDES LIMITED**

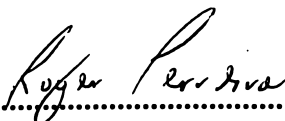
**NOTICE OF ANNUAL GENERAL MEETING**

**The One Hundred and Forty Fourth (144<sup>th</sup>) Annual General Meeting** of the Company will be held in the Boardroom of John Fernandes Ltd 49 – 52 Access Road, Georgetown, on July 1, 2022, at 4:30 pm for the following purposes:-

- (a) To receive the Report of the Directors & the Audited Financial Statements for the year ended 31<sup>st</sup> December 2021 and the Report of the Auditors thereon.
- (b) To consider and (if thought fit) pass the following resolution.
  - 1. “That the Financial Statements for year ended 31<sup>st</sup> December 2021, and the Report of the Directors thereon be and are hereby adopted”.
- (c) To consider the declaration of a Final Dividend of \$3.00 per share by the Board, in addition to the Interim Dividend already declared and paid by the Board of \$4.00 per share and (if thought fit) pass the following resolution:-
  - 1. “That the Interim Dividend of \$4.00 per share, already paid be confirmed, and that a final dividend of \$3.00 per share as recommended by the Directors in respect of the year ended 31<sup>st</sup> December 2021 be approved”.
- (d) To elect Directors in place of those retiring by rotation.
- (e) To fix the remuneration of the Directors.
- (f) To appoint Auditors and the Directors be authorised to fix their remuneration.
- (g) To transact any other business of an Annual General Meeting.

In accordance with the Company’s by laws 69-75, a member is entitled to appoint a “Proxy” to attend and vote on his/her behalf A “Proxy” need not be a member.

**BY ORDER OF THE BOARD**



.....  
**Roger Perreira**  
**Company Secretary**

**DATE: June 9, 2022**

**CLOSURE OF SHARES REGISTER**

The shares register of the above-named Company will be closed from  
June 17 – July 1, 2022, both days inclusive.

**J.P.SANTOS & COMPANY LIMITED**  
**(SUBSIDIARY OF JOHN FERNANDES LIMITED)**

**DIRECTORS:** C.J. Fernandes CCH, AA Chairman  
L.P. Baker  
P.N. de Groot  
P.C. Fernandes  
A.C. Fernandes

**COMPANY SECRETARY:** Roger Perreira

**AUDITORS:** TSD Lal & Company Chartered Accountants

**ATTORNEYS-AT-LAW:** Messrs Luckhoo & Luckhoo  
1 Croal Street, Stabrock

**BANKERS:** Republic Bank (Guyana) Ltd  
Bank of Nova Scotia  
Guyana Bank for Trade & Industry Ltd  
Demerara Bank Ltd

## **J. P. SANTOS & COMPANY LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors hereby submit their report together with the audited financial statement for the year ended 31<sup>st</sup> December, 2021.

#### **TURNOVER & PROFITABILITY**

The group turnover increased by 5.04% from G\$5.894B in 2020 to G\$6.191B in 2021. There was a group profit after tax of G\$286.308 in 2021 as compared to G\$289.043M in 2020 a decrease of G\$2.735M.

The company's first subsidiary JPS Trading Inc. recorded a Total Comprehensive Income Profit after tax of G\$151.170M in 2021 as against G\$160.511M in 2020 while its second subsidiary Value 4 U Inc. recorded a Total Comprehensive profit after tax of G\$44.902M in 2021 as compared to G\$34.789M in 2020.

Taxation charged to the group for the year increased by 3.72% from G\$170.059M in 2020 to G\$176.385M in 2021.

#### **DIVIDENDS**

We propose a final dividend of \$3.00 per share, which, taken with the interim dividend of \$4.00 per share already paid brings the total dividend per share for 2021 to \$7.00. If approved, the total dividend payout for 2021 will be G\$133.031M.

#### **DIRECTORS**

Directors Messrs A. C. Fernandes and P. C. Fernandes, in accordance with the Company's By Laws, retire by rotation, and being eligible, offer themselves for re-election.

#### **AUDITORS**

The Auditors, Messrs TSD Lal & Company have retired as required by the Company's By Laws and offer themselves for re-appointment.

## DIRECTORS' EMOLUMENTS

	<b>G\$</b>
Messrs: C. J. Fernandes, CCH, A.A	144,000
L. P. Baker	96,000
P. N. de Groot	96,000
P. C. Fernandes	96,000
A. C. Fernandes	<u>96,000</u>
	<u>528,000</u>

## DIRECTORS' INTERESTS

SHARES IN	<u>J.P.S &amp; Co. Ltd.</u>	<u>J.F. Ltd.</u>	<u>B.F. Ltd.</u>
	ORDINARY SHARES AT NO. PAR VALUE		
Messrs: C. J. Fernandes, CCH, A.A	-	7,560	1,792
L. P. Baker	-	-	-
P. N. de Groot	-	7,560	1,574
P. C. Fernandes	-	7,560	1,520
A. C. Fernandes	-	7,560	1,520

All of these shares are held beneficially.

No Director held shares in Valuc 4 U Inc., JPS Trading Inc., and Guyana Biscuit (Holdings) Ltd as at December 31, 2021.

## INTER-COMPANY LEASE AGREEMENTS

- a) John Fernandes Limited leases 53 – 55 Water Street and 49 – 52 Access Road for the sums of US\$28,000 and US\$15,500 respectively per month.

## OPERATION AND MANAGEMENT OF MEAT CENTRES

- a) The Company's subsidiary JPS Trading Inc. owns three (3) Meat Centres. These three Meat centres are stocked with meat produced and supplied by Bounty Farm Limited. We provide no consideration for the use of the name "Bounty".

## DIRECTORS' CONTRACT

There were no service contracts with any of the Directors of the Company.

## SHARE CAPITAL

The authorized Share Capital of the Company is 40,000,000 of which 19,004,400 shares have been issued and fully paid.

## SUBSTANTIAL SHAREHOLDER

<u>J.P. SANTOS &amp; CO. LTD.</u>	<u>NUMBER OF SHARES</u>	<u>% SHAREHOLDING</u>
John Fernandes Ltd.	17,339,825	91.24

A substantial shareholder is defined as a person who has holdings of 5% or more of the issued Share Capital of the Company.

## PRINCIPAL ACTIVITIES OF THE COMPANY ITS SUBSIDIARIES AND ASSOCIATES

The principal activities of the Company its Subsidiaries and Associates and respective turnover and contribution to operating profit were:

<u>1) Principal Activities</u>	<u>Turnover</u>	<u>Contribution to Profit</u>
	<u>G\$000</u>	<u>G\$000</u>
Trading	6,191,093	301,162
Rental of Property	100,740	100,740
Other	<u>51,611</u>	<u>60,791</u>
	6,343,444	462,693

- 2) No Trading is carried on outside of Guyana by either J. P. Santos & Co. Ltd., its subsidiaries or its associates. The subsidiaries of J. P. Santos & Co. Ltd. are Value 4 U Inc. and JPS Trading Inc. which are incorporated in Guyana and carries on business in the Distribution and Retail Trade locally.

The Associate Company is Guyana Biscuit (Holdings) Ltd which is incorporated in Guyana and its principal activity is investment of funds in long and short term securities.



### 3) ISSUED SHARE CAPITAL OF SUBSIDIARIES AT DECEMBER 31, 2021

- a. Value 4 U Inc. 1,000 shares at \$1,000 per share
- b. JPS Trading Inc. 1,000 shares at \$1,000 per share

### ISSUED SHARE CAPITAL OF ASSOCIATES AT DECEMBER 31, 2021

Guyana Biscuit (Holdings) Ltd 5,475 Shares at \$25 per share

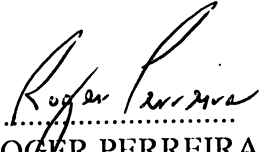
The Directors and Chief Executive Officer, have no right to subscribe for shares or debt securities of the Companies.

### SHAREHOLDERS' INTERESTS

Analysis of Shareholders' Interests according to size of holding as at 31<sup>st</sup> December, 2021.

<u>Holdings</u>	<u>No. of shareholders</u>	<u>% of shareholders with Holdings</u>	<u>No. of Shares held</u>
1 - 10,000	167	83.50	477,199
10,001 - 20,000	19	9.50	281,186
20,001 - 50,000	7	3.50	277,600
50,001 - 100,000	4	2.00	303,000
100,001 - 500,000	2	1.00	325,590
500,001 - 1,000,000	0	0	0
1,000,001 & Over	1	0.50	17,339,825
	<b>200</b>	<b>100</b>	<b>19,004,400</b>

BY ORDER OF THE BOARD

  
.....  
ROGER PERREIRA  
COMPANY SECRETARY

J. P. SANTOS & COMPANY LTD

FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2021  
AN INDEPENDENT AUDITOR'S REPORT

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**J.P. SANTOS AND COMPANY LIMITED AND SUBSIDIARIES**  
**(SUBSIDIARY OF JOHN FERNANDES LIMITED)**  
**ON THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of J.P. Santos and Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies as set out on pages 2 to 44.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guyana 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Key Audit Matter**  
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.....  
**How our audit addressed the Key Audit Matter**  
.....

*Valuation of Investments (Refer to notes 14(a), 14(b) and 14(c) in the group financial statements).*

At 31 December 2021, the Group's Investments comprised of fair value through other comprehensive income of G\$856,385,155 and Investment in Associate of G\$179,477,487. The Company's Investment in Subsidiaries totaled G\$103,675,000 as at this date.

Investments are considered a key audit matter as they are material to the Group and Investments in Subsidiaries and Associate were valued based on cost, equity method and/or entity-developed internal methods which involved significant measurement judgements.

At 31 December 2021, there is significant measurement uncertainty involved in these valuations. As a result, the valuation of these investments was significant to our audit.

Our procedures in relation to the valuation of investments included;

- Obtaining an understanding of the valuation methods used by the Group and assessing whether they were consistent with prior years and our understanding of the client;
- Reviewing the source data used by the Group in the valuation methods and performing tests to ascertain its completeness and accuracy;
- Reviewing the Group's policy on accounting for the various categories of investments and ensuring compliance with relevant IFRS/IAS; and
- Reviewing audited financial statements of subsidiaries and associate to ensure going concern and identify potential indicators of impairment.

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**Key Audit Matter**  
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**How our audit addressed the Key Audit Matter**  
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*Valuation and impairment of investment properties (Refer to note 13(a) in the group financial statements).*

The consolidated financial statements detailed investment properties with a net book value of G\$905,084,500.

Investment properties are considered a key audit matter as significant management judgment was used to select depreciation rates for this category of buildings and equipment.

Our procedures in relation to management's valuation and impairment of investment properties included:

- Test checking of depreciation rates for investment properties to ensure consistency with accounting policies and industry rates;
- Assessing the methodology used by management to carry out impairment review and also obtaining and checking written representation;
- Physical verification of selected investment properties was also done;
- Ensuring owner-occupied properties were correctly eliminated in the consolidated financial statements and presented and disclosed in accordance with IAS 40.

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**Key Audit Matter****How our audit addressed the Key Audit Matter**

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*Valuation and impairment of property, plant and equipment. (Refer to note 13(b) in the group financial statements).*

The consolidated financial statements detailed property, plant and equipment with a net book value of G\$57,126,569. No revaluation of property, plant and equipment was done during the year.

Property, plant and equipment is considered a key audit matter as significant management judgment was used to select depreciation rates for property, plant and equipment.

In addition, an annual impairment review of all property and equipment was done which involved significant management judgement.

Our procedures in relation to management's valuation and impairment of property, plant and equipment included:

- Test checking of depreciation rates for property, plant and equipment to ensure consistency with the accounting policies and industry rates;
- Obtaining and checking written representation by management of their assessment of impairment;
- Assessing the methodology used by management to carry out impairment review;
- Physical verification of selected assets which were acquired during the current and prior years;

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**Other Information in the Annual Report**

Management/Directors are responsible for the other information. The other information comprises all the information included in the Group's 2021 Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Group's 2021 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 of this other information, we are required to report that fact. At the time of issuing the audit opinion, the annual report was not available.

**Responsibilities of those Charged with Governance for the Consolidated Financial Statements**

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

We communicate with the 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

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

The consolidated financial statements comply with the requirements of the Companies Act 1991.

The engagement partner on the audit resulting in this independent auditor's report is Malinda Persaud, FCCA.

*TSD Lal & Co.*  
TSD LAL & CO.  
CHARTERED ACCOUNTANTS

77 Brickdam,  
Stabroek,  
Georgetown,  
Guyana

Date: April 28, 2022

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Company		Group	
		2021 G\$	2020 G\$	2021 G\$	2020 G\$
Turnover	5	-	-	6,191,093,128	5,893,870,593
Cost of sales	6 (i)	-	-	(5,106,216,694)	(4,882,499,188)
Gross profit		-	-	1,084,876,434	1,011,371,405
Other income	9 (a)	263,319,768	248,929,229	148,969,052	142,140,805
Administrative expenses	7	(37,116,034)	(39,452,132)	(607,703,591)	(565,104,861)
Selling costs	8	-	-	(176,010,107)	(153,075,628)
Profit before interest and taxation		226,203,734	209,477,097	450,131,788	435,331,721
Finance income	9 (b)	25,155,997	37,338,026	9,178,553	19,748,111
Share of associate profits	14 (c) (i)	-	-	3,382,443	4,022,221
Profit before taxation		251,359,731	246,815,123	462,692,784	459,102,053
Taxation	10	(41,755,637)	(47,687,773)	(176,385,031)	(170,059,043)
Profit for the year		<u>209,604,094</u>	<u>199,127,350</u>	<u>286,307,753</u>	<u>289,043,010</u>
<b>Other comprehensive income:</b>					
<b>Items that will not be subsequently reclassified to profit or loss</b>					
Fair value gain on investments	18 (b)	371,798,143	8,707,149	426,733,011	11,009,480
Other comprehensive income for the year, net of tax		<u>371,798,143</u>	<u>8,707,149</u>	<u>426,733,011</u>	<u>11,009,480</u>
Total comprehensive income for the year		<u>581,402,237</u>	<u>207,834,499</u>	<u>713,040,764</u>	<u>300,052,490</u>
<b>Profit attributable to:</b>					
Equity holders of the parent		<u>209,604,094</u>	<u>199,127,350</u>	<u>286,307,753</u>	<u>289,043,010</u>
		<u>209,604,094</u>	<u>199,127,350</u>	<u>286,307,753</u>	<u>289,043,010</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		<u>581,402,237</u>	<u>207,834,499</u>	<u>713,040,764</u>	<u>300,052,490</u>
		<u>581,402,237</u>	<u>207,834,499</u>	<u>713,040,764</u>	<u>300,052,490</u>
Basic earnings per share in dollars	12	<u>11.03</u>	<u>10.48</u>	<u>15.07</u>	<u>15.21</u>

"The accompanying notes form an integral part of these financial statements".



J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Note	Company					
	Attributable to equity holders of the parent					
	Share capital	Other reserve	Accumulated earnings	Capital reserve	General reserve	Total
	G\$	G\$	G\$	G\$	G\$	G\$
At 31 December 2019	19,004,400	445,452,116	1,265,521,569	212,032,483	1,620,376	1,943,630,944
<b>Changes in equity 2020</b>						
Profit for the year	-	-	199,127,350	-	-	199,127,350
Other comprehensive income for the year	18 (b) -	8,707,149	-	-	-	8,707,149
Total comprehensive income for the year	-	8,707,149	199,127,350	-	-	207,834,499
Dividends	11 -	-	(114,026,400)	-	-	(114,026,400)
At 31 December 2020	19,004,400	454,159,265	1,350,622,519	212,032,483	1,620,376	2,037,439,043
<b>Changes in equity 2021</b>						
Profit for the year	-	-	209,604,094	-	-	209,604,094
Other comprehensive income for the year	18 (b) -	371,798,143	-	-	-	371,798,143
Total comprehensive income for the year	-	371,798,143	209,604,094	-	-	581,402,237
Dividends	11 -	-	(133,030,800)	-	-	(133,030,800)
At 31 December 2021	19,004,400	825,957,408	1,427,195,813	212,032,483	1,620,376	2,485,810,480

"The accompanying notes form an integral part of these financial statements" °

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	<b>Group</b>						
	<b>Equity holders of the parent</b>						
	<u>Note</u>	<u>Share capital</u>	<u>Other reserve</u>	<u>Accumulated earnings</u>	<u>Capital reserve</u>	<u>General reserve</u>	<u>Total</u>
	G\$	G\$	G\$	G\$	G\$	G\$	
Balance at 31 December 2019		19,004,400	524,032,684	1,627,858,592	212,032,483	1,620,376	2,384,548,535
<b>Changes in equity 2020</b>							
Profit for the year		-	-	289,043,010	-	-	289,043,010
Other comprehensive income for the year		-	11,009,480	-	-	-	11,009,480
Total comprehensive income for the year	18 (b)	-	11,009,480	289,043,010	-	-	300,052,490
Dividends	11	-	-	(114,026,400)	-	-	(114,026,400)
Balance at 31 December 2020		19,004,400	535,042,164	1,802,875,202	212,032,483	1,620,376	2,570,574,625
<b>Changes in equity 2021</b>							
Profit for the year		-	-	286,307,753	-	-	286,307,753
Other comprehensive income for the year	18 (b)	-	426,733,011	-	-	-	426,733,011
Total comprehensive income for the year		-	426,733,011	286,307,753	-	-	713,040,764
Dividends	11	-	-	(133,030,800)	-	-	(133,030,800)
Balance at 31 December 2021		<u>19,004,400</u>	<u>961,775,175</u>	<u>1,956,152,155</u>	<u>212,032,483</u>	<u>1,620,376</u>	<u>3,150,584,589</u>

"The accompanying notes form an integral part of these financial statements"

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 2021

	Notes	Company		Group	
		2021 G\$	2020 G\$	2021 G\$	2020 G\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13 (b)	4,206,288	44,836,372	57,126,569	86,804,550
Intangible assets		-	-	2,692,621	4,970,993
Investment properties	13 (a)	905,084,500	901,152,488	905,084,500	901,152,488
Investments - subsidiary	14 (a)	103,675,000	103,675,000	-	-
- others	14 (b)	856,385,155	484,587,012	856,385,155	484,587,012
Investment in associate	14 (c)	9,442,250	9,442,250	179,477,487	121,937,822
		<u>1,878,793,193</u>	<u>1,543,693,122</u>	<u>2,000,766,332</u>	<u>1,599,452,865</u>
<b>Current assets</b>					
Inventories	6 (ii)	-	-	525,795,145	556,138,678
Tax recoverable		5,805,465	-	16,642,589	10,837,124
Trade and other receivables	15	164,797,429	9,894,429	360,332,896	185,808,512
Due by related companies	16	753,349,300	349,584,288	756,919,739	349,926,170
Cash on hand and at bank		22,000,248	357,481,326	96,290,725	380,688,317
		<u>945,952,442</u>	<u>716,960,043</u>	<u>1,755,981,094</u>	<u>1,483,398,801</u>
<b>TOTAL ASSETS</b>		<u>2,824,745,635</u>	<u>2,260,653,165</u>	<u>3,756,747,426</u>	<u>3,082,851,666</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	17	19,004,400	19,004,400	19,004,400	19,004,400
Other reserve	18 (b)	825,957,408	454,159,265	961,775,175	535,042,164
General reserve	18 (c)	1,620,376	1,620,376	1,620,376	1,620,376
Accumulated earnings		1,427,195,813	1,350,622,519	1,956,152,155	1,802,875,202
Capital reserve	18 (a)	212,032,483	212,032,483	212,032,483	212,032,483
		<u>2,485,810,480</u>	<u>2,037,439,043</u>	<u>3,150,584,589</u>	<u>2,570,574,625</u>
<b>Non-current liabilities</b>					
Lease liability	24	3,893,369	47,350,864	3,893,369	47,350,864
Deferred tax	10	35,475,944	37,256,775	26,366,875	25,917,840
		<u>39,369,313</u>	<u>84,607,639</u>	<u>30,260,244</u>	<u>73,268,704</u>
<b>Current liabilities</b>					
Trade and other payables	19	72,547,373	62,413,593	328,904,602	184,421,005
Due to related companies	20	213,786,131	64,280,348	16,250,928	33,540,159
Taxes payable		11,585,845	11,120,262	21,097,723	26,443,206
Lease liability	24	1,646,493	792,280	1,646,493	792,280
Bank overdraft	21	-	-	208,002,847	193,811,687
		<u>299,565,842</u>	<u>138,606,483</u>	<u>575,902,593</u>	<u>439,008,337</u>
<b>TOTAL LIABILITIES</b>		<u>338,935,155</u>	<u>223,214,122</u>	<u>606,162,837</u>	<u>512,277,041</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,824,745,635</u>	<u>2,260,653,165</u>	<u>3,756,747,426</u>	<u>3,082,851,666</u>

These financial statements were approved by the Board of Directors on April 28, 2022

On Behalf of the Board:

*Ratuck de Graaf* Director  
*IN* Director

"The accompanying notes form an integral part of these financial statements".

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES  
(SUBSIDIARY OF JOHN FERNANDES LIMITED)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31 2021

	Company		Group	
	2021 G\$	2020 G\$	2021 G\$	2020 G\$
<b>Operating activities</b>				
Profit before taxation	251,359,731	246,815,123	462,692,784	459,102,053
Adjustments for:				
Depreciation/amortisation	21,379,186	22,824,316	39,479,002	38,219,064
Share of associate profits	-	-	(3,382,443)	(4,022,221)
Adjustments for gain/loss of disposal of property, plant & equipment	-	-	21,652	(103,722)
Adjustment to associate company	-	-	463,800	463,800
Interest received	27,766,572	45,835,410	28,983,024	48,117,925
Interest paid	(2,610,575)	(8,497,384)	(19,804,471)	(28,369,814)
Dividends received	(144,989,352)	(121,277,643)	(24,525,552)	(10,813,843)
<b>Operating profit before working capital changes</b>	<b>152,905,562</b>	<b>185,699,822</b>	<b>483,927,796</b>	<b>502,593,242</b>
(Increase)/decrease in inventories	-	-	30,343,533	(20,015,587)
Increase/(decrease) in trade and other receivables	(154,903,000)	(1,881,000)	(174,524,384)	3,747,851
(Increase)/ decrease in due by related companies	(403,765,012)	113,008,471	(406,993,569)	192,998,242
Increase/(decrease) in due to related companies	10,133,780	(27,416,121)	(17,289,231)	862,927
Increase/(decrease) in trade and other payables	149,505,783	7,555,520	144,483,597	55,919,310
Cash generated from/(used in) operations	(246,122,887)	276,966,692	59,947,742	736,105,985
Taxes paid	(48,876,349)	(62,041,068)	(186,773,097)	(174,391,300)
<b>Net cash provided by/(used in) operating activities</b>	<b>(294,999,236)</b>	<b>214,925,624</b>	<b>(126,825,355)</b>	<b>561,714,685</b>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(24,469,940)	(1,395,000)	(51,957,135)	(5,631,349)
Acquisition of intangible assets	-	-	-	(4,970,993)
Disposal of property, plant and equipment	39,788,826	-	40,480,822	300,000
Purchase of investments	-	(8,062,740)	-	(8,062,740)
Interest received	(27,766,572)	(45,835,410)	(28,983,024)	(48,117,925)
Dividends received	144,989,352	121,277,643	24,525,552	10,813,843
<b>Net cash provided by/(used in) investing activities</b>	<b>132,541,666</b>	<b>65,984,493</b>	<b>(15,933,785)</b>	<b>(55,669,164)</b>
<b>Financing activities</b>				
Interest paid	2,610,575	8,497,384	19,804,471	28,369,814
Lease payment	(42,603,283)	(733,593)	(42,603,283)	(733,593)
Dividends paid	(133,030,800)	(114,026,400)	(133,030,800)	(114,026,400)
<b>Net cash used in financing activities</b>	<b>(173,023,508)</b>	<b>(106,262,609)</b>	<b>(155,829,612)</b>	<b>(86,390,179)</b>
Net increase/(decrease) in cash and cash equivalents	(335,481,078)	174,647,508	(298,588,752)	419,655,342
Cash and cash equivalents at beginning of period	357,481,326	182,833,818	186,876,630	(232,778,712)
Cash and cash equivalents at end of period	<u>22,000,248</u>	<u>357,481,326</u>	<u>(111,712,122)</u>	<u>186,876,630</u>
<b>Comprising:</b>				
Cash on hand and at bank	22,000,248	357,481,326	96,290,725	380,688,317
Bank overdraft	-	-	(208,002,847)	(193,811,687)
	<u>22,000,248</u>	<u>357,481,326</u>	<u>(111,712,122)</u>	<u>186,876,630</u>

"The accompanying notes form an integral part of these financial statements".

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

1 Incorporation and activities

The Company was incorporated in Guyana on 6 April 1910 as a limited liability Company and under the Companies Act Chapter 89:01 and continued under the Companies Act 1991. The Company is involved in the rental of property.

The Company owns 100% of Value 4 U Incorporated, formerly Bryden and Fernandes Inc. which was incorporated in Guyana in July 2000 and which is engaged in the distribution of detergents and household products.

The Company owns 100% of JPS Trading Inc. which was incorporated in Guyana in December 2006 and is involved in the retail of goods.

The Company also owns 42.36% of Guyana Biscuit (Holdings) Limited which was incorporated in Guyana on April 1917 and is involved in the investment of funds in long and short term securities.

John Fernandes Limited owns 91.24% (2020 – 91.24%) of the issued share capital of J.P. Santos & Company Limited.

2 New and amended standards and interpretations

**Amendments effective for the current year end**

**Effective for annual periods beginning on or after**

**New and Amended Standards**

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January, 2021
Amendments to IFRS 16 Leases: Covid-19-Related rent concessions beyond 30 June 2021	1 April, 2021

None of the above new and amended standards and interpretations had an impact on the financial statements.

**Pronouncements effective in future periods available for early adoption**

Annual Improvements 2018-2020	1 January, 2022
Narrow scope amendments to IFRS 3, IAS 16 and IAS 37	1 January, 2022
IFRS 17 Insurance contracts	1 January, 2023
Amendments to IAS 1: Presentation of financial statements on classification of liabilities	Immediately available
Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice statement	1 January, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January, 2023

None of the above new or amended standards or interpretations is expected to have a material effect on the Group's financial statements.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

3 Summary of significant accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments, property and equipment and conforms with International Financial Reporting Standards.

(b) Revenue and expenses recognition

The Group follows a 5-step process to determine whether to recognize revenue:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business to third parties, net of discounts, and sales related taxes. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Sales of goods are recognised when goods are delivered and control of the asset has been transferred. The Group considers whether there are other promises in contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). Expenses are recognized on an accrual basis.

Income from rental of the Company and Group's various premises is recognised on an accrual basis.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

3 Summary of significant accounting policies cont'd

(c) i) Property, plant and equipment and depreciation

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost or revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation determined from market-based evidence by appraisal undertaken by professional valuers.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the capital reserve. Depreciation on revalued assets is charged to the consolidated statement of profit or loss and other comprehensive income.

Equipment, fixtures and vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of property plant and equipment, other than land and construction work in progress, over their estimated useful lives using the straight line method as follows:

	<u>2021 and 2020</u>
Buildings	- 2.00%
Motor vehicles, furniture, fittings and equipment	- Varying rates up to 50%

Depreciation of property, plant and equipment is charged in the year of acquisition.

No depreciation is provided on freehold land and construction work-in-progress. Steel structured buildings are not depreciated as the depreciation would be minimal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognized in the consolidated statement of profit or loss and other comprehensive income.

ii) Leases

The Company and Group assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the Company and Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES  
(SUBSIDIARY OF JOHN FERNANDES LIMITED)  
NOTES TO THE ACCOUNTS

3 Summary of significant accounting policies cont'd

(c) ii) Leases cont'd

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The amount expected to be payable by the lessee under residual value guarantees;

The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company and Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented under Property, Plant and Equipment in the statement of financial position.

The Company and Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.



NOTES TO THE ACCOUNTS

3 Summary of significant accounting policies cont'd

(d) Inventories

Stocks are valued at the lower of cost and net realizable value using the weighted average cost method. Finished goods cost comprise cost of production and attributable overheads appropriate to the location and condition.

Net realizable value is the selling price in the normal course of business less costs of completion and selling expenses.

(e) Investment properties

After initial recognition, the Company and Group has chosen the cost model to measure all of its investment properties in accordance with IAS 16 requirements for that model. None of the investment properties were held for sale.

Depreciation is charged so as to write off the cost of investment properties, other than land and construction work in progress, over their estimated useful lives using the straight line method as follows:

	<u>2021 and 2020</u>
Buildings	- 2%
Furniture, fittings and equipment	- Varying rates up to 50%

(f) Provisions

Provisions are recognised when the Company and Group have a present obligation (legal or constructive) as a result of a past event, it is probable that the Company and Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

De-recognition of provisions

Provisions are de-recognized when it is no longer probable that an outflow of economic resources will be required to settle the obligation.

(g) Foreign currency transactions

Items included in the financial statements are measured using the primary economic environment in which the Company and Group operate. The financial statements are presented in Guyana Dollars, which is the Company and Group's functional currency.

Transactions in currencies other than Guyana dollars are recorded at the official or Republic Bank (Guyana) Limited Cambio rates of exchange prevailing on the dates of the transactions.

At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the official or Republic Bank (Guyana) Limited rates prevailing on that date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in the statement of profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

NOTES TO THE ACCOUNTS

3 Summary of significant accounting policies cont'd

(h) Taxation

Income tax expenses represent the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company and Group's liability for current tax is calculated using tax rates that have been enacted in Guyana or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on the differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax rates (and tax laws) that have been enacted or substantively been enacted at the end of the reporting period.

Deferred tax is charged or credited to the consolidated statement of profit or loss and other comprehensive income except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Company & Group intend to settle its current tax assets and liabilities on a net basis.

(i) Capital reserves

This comprises of revaluation surplus which arose from the revaluation of land and buildings.

This reserve is not distributable.

(j) Other reserve

Fair value adjustment of "FVTOCI" investments is credited to this account.

This reserve is not distributable.

NOTES TO THE ACCOUNTS

3 Summary of significant accounting policies cont'd

(k) Financial instruments

Financial assets and liabilities are recognized in the Company and Group's consolidated statement of financial position when the Company and Group become a party to the contractual provisions of the instruments.

Trade and other receivables

Trade and other receivables are measured at amortised cost.

Trade and other payables

Trade and other payables are measured at amortised cost.

Investments

Investments consist of equity.

Management has made an irrevocable election on initial application of IFRS 9 to classify equity instruments as FVTOCI with all subsequent changes in fair value being recognized in other comprehensive income. This election is made on the basis that the instruments are not held for trading. Dividend income from these investments is recognized in profit or loss.

Investments in subsidiaries and associate companies are carried at cost in the Company's financial statements.

Investment in associate companies in the Group is stated using the equity method.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investment or other purposes.

These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

Derecognition

Financial assets are derecognized when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognized when they are extinguished, i.e. when obligation is discharged, cancelled or expired.

(l) Management fees

This represents the value of technical expertise and services provided to Value 4 U Inc. by John Fernandes Limited.

(m) Impairment of tangible assets

At the end of each reporting period, the Company and Group review the carrying amounts of its tangible 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 and Group estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

3 Summary of significant accounting policies cont'd

(n) Consolidation

The consolidated financial statements incorporate the financial statements at 31 December 2021 of the following:

Subsidiaries:

<u>Name of Company</u>	<u>Country of registration</u>	<u>Parent shareholding</u>	<u>Main business</u>
Value 4 U Inc.	Guyana	100	Distribution
JPS Trading Inc.	Guyana	100	Retail

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved through the ownership of shares.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, income and expenses are eliminated in full on consolidation.

Non-controlling interest in the net assets (excluding goodwill) of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group, except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

(o) Associate Company

<u>Name of Associate</u>	<u>Country of registration</u>	<u>Parent shareholding</u>	<u>Main business</u>
Guyana Biscuit Holdings Ltd.	Guyana	42.36%	Investment of funds in long and short term securities

An associate is an entity over which the Company and Group have significant influence and that is neither a subsidiary nor an interest in a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or in joint venture over those policies.

The results, assets and liabilities of the associate are incorporated in the financial statements using the equity method of accounting. Under the equity method, investment in the associate is carried in the statement of financial position at cost and adjusted for post-acquisition changes in the Group's net assets of the associate, less any impairment in the value of individual investments.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

3 Summary of significant accounting policies cont'd

(p) Segment reporting

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is a group of assets and operations engaged in providing similar products and services that are subject to risks and returns that are different from those of other business segments.

The Company and Group analyses its operations by business into one segment for the Company and the Group's two segments as disclosed in the financial statements. The format is reflecting services and trading.

(q) Dividends

Dividends that are proposed and declared are recorded as an appropriation of accumulated earnings in the consolidated statement of changes in equity in the period in which they have been approved. Dividends that are proposed and declared after the reporting date are disclosed as a note to the financial statements.

(r) Operating lease and leasehold improvements

Operating lease costs are recognised as an expense in the period which they are incurred.

Leasehold improvements are capitalized and amortised over the shorter of the useful life of the improvements or the lease term.

(s) Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs for the period were expensed since they were not directly attributable to the acquisition or construction of a qualifying asset.

(t) Pension fund

The Group participates in a defined contribution pension plan. Employees are required to contribute 5% of their gross salary, while the employers contribute 10% of the employee's salary. The Group currently has ninety eight employees (2020 – ninety-five) contributing to the scheme.

An employee must be employed by the Group for two years before they can be part of this scheme.

(u) Earnings per share

Earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares in issue during the year.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company and Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

4 Critical accounting judgements and key sources of estimation uncertainty cont'd

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

i) Trade and other receivables

On a regular basis, management reviews trade and other receivables to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairment.

ii) Other financial assets

In determining the fair value of investments and other financial assets in the absence of a market, the directors estimate the likelihood of impairment by using discounted cash flows.

iii) Useful lives of property, plant and equipment

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives of property, plant and equipment should remain the same.

iv) Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

	Company		Group	
	<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
5 Turnover	-	-	6,191,093,128	5,893,870,593

This represents the value of goods and services sold locally to third parties.

6(i) Cost of sales	Company		Group	
	<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
Opening inventories	-	-	443,744,700	514,810,700
Add: Purchases	-	-	5,090,361,834	4,811,433,188
	-	-	5,534,106,534	5,326,243,888
Less: Closing inventories	-	-	427,889,840	443,744,700
	-	-	5,106,216,694	4,882,499,188

(ii) Inventory	Company		Group	
	<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
Inventory for resale	-	-	427,889,840	443,744,700
Goods in transit	-	-	97,905,305	112,393,978
	-	-	525,795,145	556,138,678

Inventory of \$ 427,889,840 is expected to be realized within the next year.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

7 Administrative expenses

	Company		Group	
	2021 G\$	2020 G\$	2021 G\$	2020 G\$
Salaries and wages	-	-	405,372,633	376,264,192
Bonus	-	-	11,402,377	10,450,079
National Insurance Scheme	-	-	30,294,443	26,962,268
Advertising	328,500	289,800	4,022,670	4,970,671
Travelling and subsistence	-	-	6,919,151	5,910,279
VAT write off	-	-	720,417	948,412
Bond expenses	-	-	532,313	287,927
Security	-	-	9,774,969	9,930,879
Repairs and maintenance - equipment	-	-	1,817,091	2,861,598
Repairs and maintenance - motor vehicle	-	-	11,447,544	10,081,377
Repairs and maintenance - building	-	-	1,136,658	69,959
Insurance	4,393,699	4,393,699	5,699,041	5,753,324
Loss on disposal	-	-	144,256	-
Severance pay	-	-	-	205,579
Bad debt	-	-	18,428,479	7,961,737
Donations	-	-	931,105	266,955
Electricity	-	-	23,807,760	25,722,949
Telephone	33,540	34,130	2,214,767	1,529,925
Leasehold amortization	13,020,104	12,946,683	15,298,476	12,946,683
Depreciation	8,359,082	9,877,633	24,180,526	25,272,381
Cleaning and sanitation	-	-	1,513,367	1,778,227
Office expense	-	-	1,077,768	1,436,206
Rates and taxes	6,483,744	6,511,917	6,483,744	6,511,917
AGM expenses	29,538	35,175	29,538	35,175
Directors' fees (a)	528,000	528,000	528,000	528,000
Entertainment	-	-	132,791	225,372
General expenses	146,000	158,120	146,000	158,120
Stationery & postage	87,946	92,827	2,954,164	2,589,384
Legal fees	64,000	315,000	64,000	315,000
Pensions	3,130,116	3,735,315	3,130,116	3,735,315
Pension scheme	-	-	13,756,042	12,805,550
Medical	131,765	153,833	239,385	198,833
Audit fees	260,000	260,000	2,492,000	2,524,000
Professional fees	-	-	892,000	3,502,175
Other expenses	-	-	-	244,413
Directors' travel	120,000	120,000	120,000	120,000
	<u>37,116,034</u>	<u>39,452,132</u>	<u>607,703,591</u>	<u>565,104,861</u>
(a) Directors' fees				
- Chairman	144,000	144,000	144,000	144,000
- Four (2020 - Four) directors equally (i)	<u>384,000</u>	<u>384,000</u>	<u>384,000</u>	<u>384,000</u>
	<u>528,000</u>	<u>528,000</u>	<u>528,000</u>	<u>528,000</u>

(i) The four (4) directors were paid \$96,000 each.



J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

8 Selling costs

	Company		Group	
	<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
Telephone	-	-	2,722,785	2,969,482
Insurance - stocks	-	-	3,097,665	2,485,208
Electricity	-	-	60,720,018	61,052,958
Security	-	-	5,927,061	6,147,459
Sanitation	-	-	12,536,447	10,499,233
Repairs to building	-	-	1,091,398	1,176,288
Rent	-	-	30,966,000	14,775,660
Rates and taxes	-	-	620,047	504,114
Packing materials	-	-	25,565,218	19,805,830
Uniforms	-	-	3,562,123	3,345,199
Office expenses/stationery	-	-	7,205,106	6,667,928
Medical expenses/staff welfare	-	-	6,677,648	8,929,996
Advertising	-	-	241,718	944,816
Travel and entertainment	-	-	4,537,258	2,638,740
Vehicle expenses	-	-	2,041,591	1,815,581
Licence	-	-	1,725,870	1,682,315
Repairs and maintenance	-	-	6,772,154	7,634,821
	<u>-</u>	<u>-</u>	<u>176,010,107</u>	<u>153,075,628</u>

9 (a) Other income

Rental of wharf and buildings	118,330,416	127,651,586	100,740,000	110,263,400
Dividend received	144,989,352	121,277,643	24,525,552	10,813,843
Miscellaneous	-	-	23,580,896	20,959,840
Gain on disposal of assets	-	-	122,604	103,722
	<u>263,319,768</u>	<u>248,929,229</u>	<u>148,969,052</u>	<u>142,140,805</u>

9 (b) Finance income/(cost)

Interest receivable	27,766,572	45,835,410	28,983,024	48,117,925
Interest payable	(2,560,715)	(8,313,277)	(4,563,466)	(13,251,550)
Loan interest payable	-	-	-	(88,650)
Bank charges	(49,860)	(184,107)	(15,241,005)	(15,029,614)
	<u>25,155,997</u>	<u>37,338,026</u>	<u>9,178,553</u>	<u>19,748,111</u>

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

## NOTES TO THE ACCOUNTS

## 10 Taxation

	Company		Group	
	2021 G\$	2020 G\$	2021 G\$	2020 G\$
Corporation tax	31,950,623	37,756,089	160,022,168	159,790,596
Deferred tax	(1,780,831)	(1,094,641)	449,035	13,908,375
	<u>30,169,792</u>	<u>36,661,448</u>	<u>160,471,203</u>	<u>173,698,971</u>
Property tax	11,585,845	11,026,325	15,599,983	14,517,993
Share of associate company tax	-	-	313,845	568,775
Prior year adjustment	-	-	-	(18,726,696)
	<u>41,755,637</u>	<u>47,687,773</u>	<u>176,385,031</u>	<u>170,059,043</u>

	Company	
	2021 G\$	2020 G\$
Reconciliation of tax expenses		
Accounting profit	<u>251,359,731</u>	<u>246,815,123</u>
Corporation tax at 25%	62,839,933	61,703,781
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation/Amortisation for accounting purposes	5,344,797	5,706,079
	<u>68,184,729</u>	<u>67,409,860</u>
Deduct:		
Tax effect of depreciation and other allowances for tax purposes including lease	13,232	665,640
Non taxable income	(36,247,338)	(30,319,411)
	<u>31,950,623</u>	<u>37,756,089</u>
Property tax	11,585,845	11,026,325
Deferred tax	(1,780,831)	(1,094,641)
	<u>41,755,637</u>	<u>47,687,773</u>
	Group	
	2021 G\$	2020 G\$
Reconciliation of tax expenses		
Accounting profit	<u>462,692,784</u>	<u>459,102,053</u>
Corporation tax at 25%	115,673,196	114,775,513
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation/Amortization for accounting purposes	9,869,751	9,554,766
Non deductible expense	1,418,483	2,994,095
	<u>126,961,430</u>	<u>127,324,374</u>
Deduct:		
Tax effect of depreciation and other allowances for tax purposes	(6,574,726)	(6,701,275)
Non taxable income	(6,131,388)	(2,703,461)
	<u>114,255,316</u>	<u>117,919,638</u>
Effect of varying rates	<u>45,766,852</u>	<u>41,870,958</u>
Corporation tax	160,022,168	159,790,596
Property tax	15,599,983	14,517,993
Prior year tax	-	(18,726,696)
Deferred tax	449,035	13,908,375
Share of associate company tax	313,845	568,775
	<u>176,385,031</u>	<u>170,059,043</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

10 Taxation Cont'd

Components of deferred tax liability

	Company		Group	
	<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
Revaluation of property, plant and equipment - Statement of changes in equity	45,628,644	45,628,644	45,628,644	45,628,644
Property, plant and equipment	(10,152,700)	(8,371,869)	(10,038,265)	(8,217,996)
Excess of minimum tax over corporation tax	-	-	(9,223,504)	(11,492,808)
	<u>35,475,944</u>	<u>37,256,775</u>	<u>26,366,875</u>	<u>25,917,840</u>
Movement in temporary differences				
At 1 January	37,256,775	38,351,416	25,917,840	12,009,465
Movement	<u>(1,780,831)</u>	<u>(1,094,641)</u>	<u>449,035</u>	<u>13,908,375</u>
At 31 December	<u>35,475,944</u>	<u>37,256,775</u>	<u>26,366,875</u>	<u>25,917,840</u>

11 Dividends

	Company and Group	
	<u>2021</u> G\$	<u>2020</u> G\$
Amounts recognised as distributed to shareholders in the year:		
Interim dividend for year \$4 per share (2020 - \$4)	76,017,600	76,017,600
Final dividend of \$3 per share (2020 - \$2)	<u>57,013,200</u>	<u>38,008,800</u>
	<u>133,030,800</u>	<u>114,026,400</u>

12 Basic earnings per share in dollars

	Company		Group	
	<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
Net profit for the year after taxation and Non controlling interest	<u>209,604,094</u>	<u>199,127,350</u>	<u>286,307,753</u>	<u>289,043,010</u>
Number of ordinary shares issued and fully paid	<u>19,004,400</u>	<u>19,004,400</u>	<u>19,004,400</u>	<u>19,004,400</u>
Basic earnings per share in dollars	<u>11.03</u>	<u>10.48</u>	<u>15.07</u>	<u>15.21</u>

J.P. SANTOS & COMPANY

(SUBSIDIARY OF JOI

NOTES TO

13 (a) Investment properties

Company and Group	Leasehold land G\$	Freel land build G
Cost		
At 1 January 2020	20,757	700,9
Additions	-	-
At 31 December 2020	20,757	700,9
Additions	-	-
At 31 December 2021	20,757	700,9
Accumulated depreciation/amortisation		
At 1 January 2020	-	44,0
Charge for the year	-	7,5
At 31 December 2020	-	51,6
Charge for the year	-	7,5
At 31 December 2021	-	59,1
Net book values:		
At 31 December 2020	<u>20,757</u>	<u>649,3</u>
At 31 December 2021	<u>20,757</u>	<u>641,8</u>

At 31 December 2020	4,719,618	279,369,814	45,386,652	329,476,084
Charge for the year	841,258	12,399,409	3,422,035	16,662,702
Disposals	-	(435,024)	(4,555,608)	(4,990,632)
At 31 December 2021	<u>5,560,876</u>	<u>291,334,199</u>	<u>44,253,079</u>	<u>341,148,154</u>
Net book values:				
At 31 December 2020	<u>44,836,372</u>	<u>25,901,355</u>	<u>16,066,823</u>	<u>86,804,550</u>
At 31 December 2021	<u>4,206,288</u>	<u>30,406,899</u>	<u>22,513,382</u>	<u>57,126,569</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

13 (a) Investment properties

<b>Company and Group</b>	<u>Leasehold land</u> G\$	<u>Freehold land and buildings</u> G\$	<u>Furniture, fittings and equipment</u> G\$	<u>Lease</u> G\$	<u>Construction Work-in-progress</u> G\$	<u>Total</u> G\$
<b>Cost</b>						
At 1 January 2020	20,757	700,941,222	29,604,202	323,092,899	-	1,053,659,080
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,395,000</u>	<u>-</u>	<u>1,395,000</u>
At 31 December 2020	20,757	700,941,222	29,604,202	324,487,899	-	1,055,054,080
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,469,940</u>	<u>24,469,940</u>
At 31 December 2021	<u>20,757</u>	<u>700,941,222</u>	<u>29,604,202</u>	<u>324,487,899</u>	<u>24,469,940</u>	<u>1,079,524,020</u>
<b>Accumulated depreciation/amortisation</b>						
At 1 January 2020	-	44,090,441	25,187,405	64,159,239	-	133,437,085
Charge for the year	<u>-</u>	<u>7,517,824</u>	<u>-</u>	<u>12,946,683</u>	<u>-</u>	<u>20,464,507</u>
At 31 December 2020	-	51,608,265	25,187,405	77,105,922	-	153,901,592
Charge for the year	<u>-</u>	<u>7,517,824</u>	<u>-</u>	<u>13,020,104</u>	<u>-</u>	<u>20,537,928</u>
At 31 December 2021	<u>-</u>	<u>59,126,089</u>	<u>25,187,405</u>	<u>90,126,026</u>	<u>-</u>	<u>174,439,520</u>
<b>Net book values:</b>						
At 31 December 2020	<u>20,757</u>	<u>649,332,957</u>	<u>4,416,797</u>	<u>247,381,977</u>	<u>-</u>	<u>901,152,488</u>
At 31 December 2021	<u>20,757</u>	<u>641,815,133</u>	<u>4,416,797</u>	<u>234,361,873</u>	<u>24,469,940</u>	<u>905,084,500</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

13 (b) Property, plant and equipment

Company	Right of use			
	<u>asset</u> G\$	<u>Total</u> G\$		
Cost				
At 1 January 2020	49,555,990	49,555,990		
Additions	-	-		
At 31 December 2020	49,555,990	49,555,990		
Disposals	(39,788,826)	(39,788,826)		
At 31 December 2021	<u>9,767,164</u>	<u>9,767,164</u>		
Accumulated depreciation				
At 1 January 2020	2,359,809	2,359,809		
Charge for the year	2,359,809	2,359,809		
At 31 December 2020	4,719,618	4,719,618		
Charge for the year	841,258	841,258		
At 31 December 2021	<u>5,560,876</u>	<u>5,560,876</u>		
Net book values:				
At 31 December 2020	<u>44,836,372</u>	<u>44,836,372</u>		
At 31 December 2021	<u>4,206,288</u>	<u>4,206,288</u>		
Group	Right of use <u>asset</u> G\$	Furniture, fittings and <u>equipment</u> G\$	Motor <u>vehicles</u> G\$	<u>Total</u> G\$
Cost				
At 1 January 2020	49,555,990	301,034,820	63,463,975	414,054,785
Additions	-	4,236,349	-	4,236,349
Disposals	-	-	(2,010,500)	(2,010,500)
At 31 December 2020	49,555,990	305,271,169	61,453,475	416,280,634
Additions	-	17,049,209	10,437,986	27,487,195
Disposals	(39,788,826)	(579,280)	(5,125,000)	(45,493,106)
At 31 December 2021	<u>9,767,164</u>	<u>321,741,098</u>	<u>66,766,461</u>	<u>398,274,723</u>
Comprising:				
Cost	9,767,164	110,727,665	66,766,461	187,261,290
Valuation	-	211,013,433	-	211,013,433
	<u>9,767,164</u>	<u>321,741,098</u>	<u>66,766,461</u>	<u>398,274,723</u>
Accumulated depreciation				
At 1 January 2020	2,359,809	265,981,135	45,194,805	313,535,749
Charge for the year	2,359,809	13,388,679	2,006,069	17,754,557
Charges written back	-	-	(1,814,222)	(1,814,222)
At 31 December 2020	4,719,618	279,369,814	45,386,652	329,476,084
Charge for the year	841,258	12,399,409	3,422,035	16,662,702
Disposals	-	(435,024)	(4,555,608)	(4,990,632)
At 31 December 2021	<u>5,560,876</u>	<u>291,334,199</u>	<u>44,253,079</u>	<u>341,148,154</u>
Net book values:				
At 31 December 2020	<u>44,836,372</u>	<u>25,901,355</u>	<u>16,066,823</u>	<u>86,804,550</u>
At 31 December 2021	<u>4,206,288</u>	<u>30,406,899</u>	<u>22,513,382</u>	<u>57,126,569</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

14 Investments

	<u>Company</u>	
	Cost	Cost
	<u>2021</u>	<u>2020</u>
	G\$	G\$
<b>(a) Investment in subsidiary</b>		
Value 4 U Inc.	102,675,000	102,675,000
JPS Trading Inc.	<u>1,000,000</u>	<u>1,000,000</u>
	<u>103,675,000</u>	<u>103,675,000</u>

**(b) Investment - FVTOCI (i)**

	<u>Company and Group</u>		
	Cost	Fair value	Fair value
	<u>2021</u>	<u>2021</u>	<u>2020</u>
	G\$	G\$	G\$
Banks DIH Limited	134,443,952	454,572,580	259,755,760
Demerara Tobacco Company Limited	150,919,200	335,376,000	167,688,000
Republic Bank (Guyana Ltd)	8,100,000	30,690,000	24,000,000
Guyana Unit Trust	12,144,476	18,483,723	18,377,926
Caribbean Container Inc.	275,400	382,500	382,500
Demerara Distillers Limited	3,170,043	16,136,322	13,733,040
Sterling Products Ltd	<u>401,540</u>	<u>744,030</u>	<u>649,786</u>
	<u>309,454,611</u>	<u>856,385,155</u>	<u>484,587,012</u>

**(i) Category of investment**

	<u>Company and Group</u>	
	<u>2021</u>	<u>2020</u>
	G\$	G\$
Quoted investments	837,901,432	466,209,086
Un-quoted investments	<u>18,483,723</u>	<u>18,377,926</u>
	<u>856,385,155</u>	<u>484,587,012</u>

**Income from the categories of investment**

	<u>Company</u>		<u>Group</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	G\$	G\$	G\$	G\$
Quoted investments	23,941,875	10,621,844	23,941,875	10,621,844
Un-quoted investments	<u>121,047,477</u>	<u>110,655,799</u>	<u>583,677</u>	<u>191,999</u>
	<u>144,989,352</u>	<u>121,277,643</u>	<u>24,525,552</u>	<u>10,813,843</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

14 Investments - cont'd	Company		Group	
	2021 G\$	2020 G\$	2021 G\$	2020 G\$
(c) Associate company				
At January 1	9,442,250	9,442,250	121,937,822	116,645,845
Share of reserves of associate company(i)	-	-	57,539,665	5,291,977
At December 31	<u>9,442,250</u>	<u>9,442,250</u>	<u>179,477,487</u>	<u>121,937,822</u>

(i) Share of reserves of associate company	Group	
	2021 G\$	2020 G\$
Group share of associate company's profit	3,382,443	4,022,221
Group share of associate company taxes and other adjustments	54,157,222	1,269,756
	<u>57,539,665</u>	<u>5,291,977</u>

The summary financial statements of Guyana Biscuit Holdings Ltd is presented below:

Statement of comprehensive income	Guyana Biscuit Holdings Ltd.	
	2021 G\$	2020 G\$
Income	<u>8,454,185</u>	<u>9,885,437</u>
Profit after taxation	<u>7,244,750</u>	<u>8,153,349</u>
Statement of financial position		
Total assets	<u>447,373,648</u>	<u>310,230,127</u>
Shareholders' funds	437,902,981	302,055,777
Liabilities	<u>10,090,500</u>	<u>8,174,350</u>
Total equity and liabilities	<u>447,993,481</u>	<u>310,230,127</u>

15 Trade and other receivables	Company		Group	
	2021 G\$	2020 G\$	2021 G\$	2020 G\$
Trade receivables	1,573,200	2,770,200	157,317,161	147,531,628
Other receivables	7,124,229	7,124,229	41,126,192	31,655,805
Value added tax	-	-	-	2,984,779
Prepayments	<u>156,100,000</u>	<u>-</u>	<u>161,889,543</u>	<u>3,636,300</u>
	<u>164,797,429</u>	<u>9,894,429</u>	<u>360,332,896</u>	<u>185,808,512</u>
16 Due by related companies				
Bounty Farm Limited	751,712,640	303,195,582	755,283,079	303,537,464
John Fernandes Ltd	<u>1,636,660</u>	<u>46,388,706</u>	<u>1,636,660</u>	<u>46,388,706</u>
	<u>753,349,300</u>	<u>349,584,288</u>	<u>756,919,739</u>	<u>349,926,170</u>

The above inter-company balances are unsecured and are considered recoverable in full. Interest of 10% is paid on balances owing.



J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

17 Share capital

	Company and Group	
	2021	2020
Authorised		
Number of Ordinary shares	<u>40,000,000</u>	<u>40,000,000</u>
	G\$	G\$
Issued and fully paid		
19,004,400 Ordinary shares	<u>19,004,400</u>	<u>19,004,400</u>

All fully paid ordinary shares with no par value and carrying equal voting rights

18 (a) Capital reserve

	Company and Group	
	2021	2020
	G\$	G\$
Share premium	404,511	404,511
Revaluation	211,013,433	211,013,433
Others	614,539	614,539
	<u>212,032,483</u>	<u>212,032,483</u>

	Company		Group	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
(b) Other reserve	<u>825,957,408</u>	<u>454,159,265</u>	<u>961,775,175</u>	<u>535,042,164</u>

This represents the cumulative fair value adjustment of investments held.

Both (a) and (b) above are not distributable.

There is no tax effect on gains or losses.

	Company and Group	
	2021	2020
	G\$	G\$
(c) General reserve	<u>1,620,376</u>	<u>1,620,376</u>

This amount has been set aside for the growth and development of the business.

There is no effect on gains or losses.

19 Trade and other payables

	Company		Group	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Trade payables	10,758,768	7,487,466	97,378,901	85,692,915
Other payables	4,266,020	4,266,020	143,283,659	26,979,419
Value added tax	1,562,531	1,870,097	31,051,672	21,758,661
Accruals	<u>55,960,054</u>	<u>48,790,010</u>	<u>57,190,370</u>	<u>49,990,010</u>
	<u>72,547,373</u>	<u>62,413,593</u>	<u>328,904,602</u>	<u>184,421,005</u>

20 Due to related companies

	Company		Group	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
(a) John Fernandes Limited	-	-	3,297,669	5,194,843
(b) Bounty Farm Ltd	-	-	12,953,259	28,345,316
(c) JPS Trading Inc.	<u>213,786,131</u>	<u>64,280,348</u>	-	-
	<u>213,786,131</u>	<u>64,280,348</u>	<u>16,250,928</u>	<u>33,540,159</u>

(a) Represents operating expenses paid on behalf of the Group.

(b) Represents amounts owing for purchases made.

(c) Represents operating expenses given as a loan that is paid on behalf of the Group.

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NOTES TO THE ACCOUNTS

	Company		Group	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
21 Bank Overdraft	-	-	208,002,847	193,811,687

This facility is secured by a guarantee and mortgage for the sum of G\$75,000,000 granted by J.P. Santos and Company Limited and G\$5,000,000 secured against the registered office building of the company.

The effective interest rate on the overdraft facilities was 8.5% (2020-9%).

22 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 or operating decisions.

Listed below are transactions with related parties:

	Company		Group	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Parent company - John Fernandes Limited				
(i) Guarantee	150,000,000	150,000,000	150,000,000	150,000,000
(ii) Payable	-	-	3,297,669	5,194,843
(iii) Rental received	109,620,000	109,533,000	109,620,000	109,533,000
(iv) Interest on loan	-	20,039,344	-	21,493,443
(v) Receivable	1,636,660	46,388,706	1,636,660	46,388,706
Fellow subsidiary - Bounty Farm Limited				
(i) Purchases from	-	-	507,090,797	496,742,801
(ii) Interest received on loan	27,766,572	25,796,066	27,766,572	25,796,066
(iii) Receivable	751,712,640	303,195,582	755,283,079	303,537,464
(iv) Payable	-	-	12,953,259	28,345,316
Subsidiary - Value 4U Inc.				
Guarantee by J.P. Santos & Co. Ltd.	105,552,283	105,552,283	105,552,283	105,552,283
Subsidiary - JPS Trading Inc.				
Payable	213,786,131	64,280,348	-	-
Interest paid	2,560,715	8,313,277	2,560,715	8,313,277

No provision made for any related party receivables.

Interest of 10% is charged on all loans to related parties and is fully eliminated upon consolidation for all subsidiaries.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

22 Related party transactions - cont'd

	<u>Company and Group</u>	
	<u>2021</u>	<u>2020</u>
	G\$	G\$
<b>Key management personnel</b>		
(i) Directors' fees	<u>528,000</u>	<u>528,000</u>

Key management personnel for both Company and Group are paid by the parent company.

23 Contingent liabilities

	<u>Company and Group</u>	
	<u>2021</u>	<u>2020</u>
	G\$	G\$
Guarantees in favour of Value 4 U Inc.	<u>105,552,283</u>	<u>105,552,283</u>

24 Lease liability

	<u>Company and Group</u>	
	<u>2021</u>	<u>2020</u>
	G\$	G\$
Repayment due within one year	1,646,493	792,280
Repayment due within two to five years	3,893,369	4,609,484
Repayment due over 5 years	-	42,741,380
	<u>3,893,369</u>	<u>47,350,864</u>
	<u>5,539,862</u>	<u>48,143,144</u>

The lease agreement is for an immovable property at Lot 129 Regent Road, Bourda, Georgetown, Guyana, consisting a term of 25 years and discounted to present value at a rate of 8%. During 2021, it was decided to purchase the property and subsequently the lease term was reduced to 6 years.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

25 Analysis of financial assets and liabilities by measurement basis

	<u>Company</u>		
	<u>FVTOCI</u> G\$	<u>Financial assets and liabilities at amortized cost</u> G\$	<u>Total</u> G\$
2021			
<b>Assets</b>			
Investments - subsidiary	-	103,675,000	103,675,000
Investment in associate	-	9,442,250	9,442,250
Investments - others	856,385,155	-	856,385,155
Trade and other receivables	-	164,797,429	164,797,429
Due by related companies	-	753,349,300	753,349,300
Cash on hand and at bank	-	22,000,248	22,000,248
	<u>856,385,155</u>	<u>1,053,264,227</u>	<u>1,909,649,382</u>
<b>Liabilities</b>			
Trade and other payables	-	72,547,373	72,547,373
Due to related companies	-	213,786,131	213,786,131
	<u>-</u>	<u>286,333,504</u>	<u>286,333,504</u>
2020			
<b>Assets</b>			
Investments - others	484,587,012	-	484,587,012
Trade and other receivables	-	9,894,429	9,894,429
Due by related companies	-	349,584,288	349,584,288
Cash on hand and at bank	-	357,481,326	357,481,326
	<u>484,587,012</u>	<u>716,960,043</u>	<u>1,201,547,055</u>
<b>Liabilities</b>			
Trade and other payables	-	62,413,593	62,413,593
Due to related companies	-	64,280,348	64,280,348
	<u>-</u>	<u>126,693,941</u>	<u>126,693,941</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

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NOTES TO THE ACCOUNTS

25 Analysis of financial assets and liabilities by measurement basis - cont'd

	<u>Group</u>		
		Financial assets and liabilities at	
	<u>FVTOCI</u>	<u>amortized cost</u>	<u>Total</u>
	G\$	G\$	G\$
2021			
<b>Assets</b>			
Investments - others	856,385,155	-	856,385,155
Tax recoverable	-	16,642,589	16,642,589
Trade and other receivables	-	360,332,896	360,332,896
Due by related companies	-	756,919,739	756,919,739
Cash on hand and at bank	-	96,290,725	96,290,725
	<u>856,385,155</u>	<u>1,230,185,949</u>	<u>2,086,571,104</u>
<b>Liabilities</b>			
Trade and other payables	-	328,904,602	328,904,602
Due to related companies	-	16,250,928	16,250,928
Bank overdraft (secured)	-	208,002,847	208,002,847
Taxes payable	-	21,097,723	21,097,723
	<u>-</u>	<u>574,256,100</u>	<u>574,256,100</u>
2020			
<b>Assets</b>			
Investments - others	484,587,012	-	484,587,012
Tax recoverable	-	10,837,124	10,837,124
Trade and other receivables	-	185,808,512	185,808,512
Due by related companies	-	349,926,170	349,926,170
Cash on hand and at bank	-	380,688,317	380,688,317
	<u>484,587,012</u>	<u>927,260,123</u>	<u>1,411,847,135</u>
<b>Liabilities</b>			
Trade and other payables	-	184,421,005	184,421,005
Due to related companies	-	33,540,159	33,540,159
Taxes payable	-	26,443,206	26,443,206
Bank overdraft (secured)	-	193,811,687	193,811,687
	<u>-</u>	<u>438,216,057</u>	<u>438,216,057</u>

## NOTES TO THE ACCOUNTS

## 26 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13 requires fair value of assets and liabilities to be determined based on the following hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

**Fair value measurements recognised in the statement of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the value is observable.

Company and Group						
2021			2020			
IFRS 13 Level	Carrying Value	Fair Value	IFRS 13 Level	Carrying Value	Fair Value	
	G\$	G\$		G\$	G\$	
FVTOCI	2	<u>856,385,155</u>	<u>856,385,155</u>	2	<u>484,587,012</u>	<u>484,587,012</u>
Group						
2021			2020			
IFRS 13 Level	Carrying Value	Fair Value	IFRS 13 Level	Carrying Value	Fair Value	
	G\$	G\$		G\$	G\$	
Property, plant and equipment	3	<u>57,126,569</u>	<u>57,126,569</u>	3	<u>86,804,550</u>	<u>86,804,550</u>

**Valuation techniques and assumptions applied for the purposes of measuring fair value**

- (a) Fair values of investments were determined based on quoted prices on the local stock exchange.
- (b) Property, plant and equipment is carried at revalued amount less accumulated depreciation and any recognised impairment loss. P.P.E was revalued on August 3, 1991 by directors at current market value and March 29, 2014 at current market value by senior valuation officer Peter Green. Significant management judgement is involved in the selection of depreciation rates and impairment assessment.

**Fair value measurements stated for disclosure purposes**

The following table details the carrying cost of assets and liabilities and their fair values for disclosure purposes.

Company						
2021			2020			
IFRS 13 Level	Carrying Value	Fair Value	IFRS 13 Level	Carrying Value	Fair Value	
	G\$	G\$		G\$	G\$	
<b>Assets</b>						
Investment properties	3	905,084,500	905,084,500	3	901,152,488	901,152,488
Trade and other receivables	2	164,797,429	164,797,429	2	9,894,429	9,894,429
Due by related companies	2	753,349,300	753,349,300	2	349,584,288	349,584,288
Cash on hand and at bank	1	<u>22,000,248</u>	<u>22,000,248</u>	1	<u>357,481,326</u>	<u>357,481,326</u>
		<u>1,851,036,942</u>	<u>1,851,036,942</u>		<u>1,618,112,531</u>	<u>1,618,112,531</u>
<b>Liabilities</b>						
Trade and other payables	2	72,547,373	72,547,373	2	62,413,593	62,413,593
Due to related companies	2	<u>213,786,131</u>	<u>213,786,131</u>	2	<u>64,280,348</u>	<u>64,280,348</u>
		<u>286,333,504</u>	<u>286,333,504</u>		<u>126,693,941</u>	<u>126,693,941</u>

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

## NOTES TO THE ACCOUNTS

## 26 Fair value estimation - cont'd

Fair value measurements stated for disclosure purposes - cont'd

	Group					
	2021			2020		
	IFRS 13 Level	Carrying Value G\$	Fair Value G\$	IFRS 13 Level	Carrying Value G\$	Fair Value G\$
<b>Assets</b>						
Investment properties	3	905,084,500	905,084,500	3	901,152,488	901,152,488
Investment in associate	3	179,477,487	179,477,487	3	121,937,822	121,937,822
Trade and other receivables	2	360,332,896	360,332,896	2	185,808,512	185,808,512
Due by related companies	2	756,919,739	756,919,739	2	349,926,170	349,926,170
Cash on hand and at bank	1	96,290,725	96,290,725	1	380,688,317	380,688,317
		<u>2,298,105,347</u>	<u>2,298,105,347</u>		<u>1,939,513,309</u>	<u>1,939,513,309</u>
<b>Liabilities</b>						
Trade and other payables	2	328,904,602	328,904,602	2	184,421,005	184,421,005
Due to related companies	2	16,250,928	16,250,928	2	33,540,159	33,540,159
Bank overdraft (secured)	1	208,002,847	208,002,847	1	193,811,687	193,811,687
		<u>553,158,377</u>	<u>553,158,377</u>		<u>411,772,851</u>	<u>411,772,851</u>

**Valuation techniques and assumptions applied for the purposes of measuring fair value for disclosure purposes**

- (a) Investment properties are carried at cost less accumulated depreciation and any recognised impairment loss. Significant management judgment is involved in the selection of depreciation rates and impairment assessment.
- (b) Investments in subsidiaries are carried at cost.
- (c) Investment in associate is carried at cost and stated using the equity method in the Company's and Group's financial statements respectively.
- (d) The fair value of trade and other receivables is based on expected realisation of outstanding balances taking into account the Company and Group's history with respect to delinquencies.
- (e) Assets and liabilities where the carrying amounts are equal to fair value:- due to their short-term maturity, the carrying value of certain assets and liabilities approximates their fair values. These include taxes recoverable/payable, amounts due by/to related companies, trade and other payables cash on hand and at bank and bank overdraft.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

27 Financial risk management

Objectives

The Company's and Group's management monitors and manages the financial risks relating to the operations of the Company and Group through internal risk reports which analyze exposures by degree and magnitude of risks.

The Company and Group seeks to minimize the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk.

The Company's and Group's management reports monthly to the Board of Directors on matters relating to risk and management of risk.

(a) Market risk

The Company's and Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Company and Group uses interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the Company's and Group's exposure to market risks or the manner in which it manages these risks.

(i) Foreign currency risk

The financial statements as at 31 December include the following assets and liabilities denominated in foreign currencies stated in Guyana Dollar equivalent:

	<u>Group</u>	
	<u>2021</u> G\$	<u>2020</u> G\$
Liabilities		
US Dollar	<u>85,342,476</u>	<u>77,099,348</u>
Net liabilities	<u>85,342,476</u>	<u>77,099,348</u>

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 1% increase and decrease in the Guyana dollar against balances denominated in foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. A positive number indicates an increase in profit where foreign currencies strengthen 1% against the G\$. For a 1% weakening of the foreign currencies against G\$ there would be an equal and opposite impact on the profit, and the balances below would be negative.

	<u>Company</u>		<u>Group</u>	
	<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
Loss	<u>-</u>	<u>-</u>	<u>853,425</u>	<u>770,993</u>



J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

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NOTES TO THE ACCOUNTS

27 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period.

The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rates internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

A positive number indicates an increase in profits where the interest rate appreciated by 50 basis points.

For a decrease of 50 basis points in the interest rate, this would have an equal and opposite impact on profit and the balances below would be negative. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the Company's and Group's profit would have been:

	Increase / Decrease in Basis Point	Impact on profit for the year			
		Company		Group	
		<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
Overdrafts	+/-50	<u>-</u>	<u>-</u>	<u>(1,040,014)</u>	<u>(969,058)</u>

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on profit or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of assets and liabilities.

(iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Management continually identifies, underwrites and diversifies risk in order to minimize the total cost of carrying such risk.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

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NOTES TO THE ACCOUNTS

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

The Company and Group are exposed to various risks that are associated with the effects of variations in interest rates. This impacts directly on its cash flows.

The Company's and Group's management continually monitors and manages these risks through the use of appropriate tools and implements relevant strategies to hedge against any adverse effects.

	Interest rate range	Company				Total G\$
		Within 1 year G\$	Within 2-5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
<b>Assets</b>						
Investments - others	-	-	-	-	856,385,155	856,385,155
Trade and other receivables	-	-	-	-	164,797,429	164,797,429
Due by related companies	10%	753,349,300	-	-	-	753,349,300
Cash on hand and at bank	-	-	-	-	22,000,248	22,000,248
		<u>753,349,300</u>	<u>-</u>	<u>-</u>	<u>1,043,182,832</u>	<u>1,796,532,132</u>
<b>Liabilities</b>						
Trade and other payables	-	-	-	-	72,547,373	72,547,373
Lease liability	8%	1,646,493	3,893,369	-	-	5,539,862
Taxes payable	-	-	-	-	11,585,845	11,585,845
Due to related companies	10%	213,786,131	-	-	-	213,786,131
		<u>215,432,624</u>	<u>3,893,369</u>	<u>-</u>	<u>84,133,218</u>	<u>303,459,211</u>
Interest sensitivity gap		<u>537,916,676</u>	<u>(3,893,369)</u>	<u>-</u>	<u>-</u>	<u>534,023,307</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Interest rate risk - cont'd

	Interest rate range	Company				Total G\$
		Maturing 2020				
		Within <u>1 year</u> G\$	Within <u>2 to 5 years</u> G\$	Over <u>5 years</u> G\$	Non-interest <u>bearing</u> G\$	
<b>Assets</b>						
Investments - others	-	-	-	-	484,587,012	484,587,012
Trade and other receivables	-	-	-	-	9,894,429	9,894,429
Due by related companies	10%	349,584,288	-	-	-	349,584,288
Cash on hand and at bank	-	-	-	-	357,481,326	357,481,326
		<u>349,584,288</u>	<u>-</u>	<u>-</u>	<u>851,962,767</u>	<u>1,201,547,055</u>
<b>Liabilities</b>						
Trade and other payables	-	-	-	-	62,413,593	62,413,593
Lease liability	8%	792,280	4,609,484	42,741,380	-	48,143,144
Due to related companies	10%	64,280,348	-	-	-	64,280,348
Taxes payable	-	-	-	-	11,120,262	11,120,262
		<u>65,072,628</u>	<u>4,609,484</u>	<u>42,741,380</u>	<u>73,533,855</u>	<u>185,957,347</u>
Interest sensitivity gap		<u>284,511,660</u>	<u>(4,609,484)</u>	<u>(42,741,380)</u>	<u>-</u>	<u>237,160,796</u>

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## NOTES TO THE ACCOUNTS

## 27 Financial risk management - cont'd

## (a) Market risk - cont'd

## (iv) Interest rate risk - cont'd

	Interest rate range	Group				Total G\$
		Maturing 2021				
		Within 1 year G\$	Within 2-5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
<b>Assets</b>						
Investments - others	-	-	-	-	856,385,155	856,385,155
Tax recoverable	-	-	-	-	16,642,589	16,642,589
Trade and other receivables	-	-	-	-	360,332,896	360,332,896
Due by related companies	10%	756,919,739	-	-	-	756,919,739
Cash on hand and at bank	-	-	-	-	96,290,725	96,290,725
		<u>756,919,739</u>	<u>-</u>	<u>-</u>	<u>1,329,651,365</u>	<u>2,086,571,104</u>
<b>Liabilities</b>						
Trade and other payables	-	-	-	-	328,904,602	328,904,602
Due to related companies	10%	16,250,928	-	-	-	16,250,928
Lease liability	8%	1,646,493	3,893,369	-	-	5,539,862
Taxes payable	-	-	-	-	21,097,723	21,097,723
Bank overdraft (secured)	8.5%	208,002,847	-	-	-	208,002,847
		<u>225,900,268</u>	<u>3,893,369</u>	<u>-</u>	<u>350,002,325.00</u>	<u>579,795,962</u>
Interest sensitivity gap		<u>531,019,471</u>	<u>(3,893,369)</u>	<u>-</u>	<u>-</u>	<u>527,126,102</u>

	Interest rate range	Group				Total G\$
		Maturing 2020				
		Within 1 year G\$	Within 2-5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
<b>Assets</b>						
Investments - others	-	-	-	-	484,587,012	484,587,012
Tax recoverable	-	-	-	-	10,837,124	10,837,124
Trade and other receivables	-	-	-	-	185,808,512	185,808,512
Due by related companies	10%	349,926,170	-	-	-	349,926,170
Cash on hand and at bank	9%	-	-	-	380,688,317	380,688,317
		<u>349,926,170</u>	<u>-</u>	<u>-</u>	<u>1,061,920,965</u>	<u>1,411,847,135</u>
<b>Liabilities</b>						
Trade and other payables	-	-	-	-	184,421,005	184,421,005
Due to related companies	10%	33,540,159	-	-	-	33,540,159
Lease liability	8%	792,280	4,609,484	42,741,380	-	48,143,144
Taxes payable	-	-	-	-	26,443,206	26,443,206
Bank overdraft (secured)	9%	193,811,687	-	-	-	193,811,687
		<u>228,144,126</u>	<u>4,609,484</u>	<u>42,741,380</u>	<u>210,864,211</u>	<u>486,359,201</u>
Interest sensitivity gap		<u>121,782,044</u>	<u>(4,609,484)</u>	<u>(42,741,380)</u>	<u>-</u>	<u>74,431,180</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE ACCOUNTS

27 Financial risk management - cont'd

(b) Liquidity risk

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

The Group manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table shows the distribution of liabilities by maturity:

Company

	Maturing 2021			Total G\$
	Within 1 year G\$	Within 2 to 5 years G\$	Over 5 years G\$	
Liabilities				
Trade and other payables	72,547,373	-	-	72,547,373
Lease liability	1,646,493	3,893,369	-	5,539,862
Taxes payable	11,585,845	-	-	11,585,845
Due to related companies	213,786,131	-	-	213,786,131
	<u>299,565,842</u>	<u>3,893,369</u>	<u>-</u>	<u>303,459,211</u>

	Maturing 2020			Total G\$
	Within 1 year G\$	Within 2 to 5 years G\$	Over 5 years G\$	
Liabilities				
Trade and other payables	62,413,593	-	-	62,413,593
Lease liability	792,280	4,609,484	42,741,380	48,143,144
Due to related companies	64,280,348	-	-	64,280,348
Taxes payable	11,120,262	-	-	11,120,262
	<u>138,606,483</u>	<u>4,609,484</u>	<u>42,741,380</u>	<u>185,957,347</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

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NOTES TO THE ACCOUNTS

27 Financial risk management - cont'd

(b) Liquidity risk - cont'd

Group

	Maturing			<u>Total</u> G\$
	2021			
	<u>Within</u> <u>1 year</u>	<u>Within</u> <u>2 to 5 years</u>	<u>Over</u> <u>5 years</u>	
	G\$	G\$	G\$	
<b>Liabilities</b>				
Trade and other payables	328,904,602	-	-	328,904,602
Due to related companies	16,250,928	-	-	16,250,928
Lease liability	1,646,493	3,893,369	-	5,539,862
Taxes payable	21,097,723	-	-	21,097,723
Bank overdraft (secured)	208,002,847	-	-	208,002,847
	<u>575,902,593</u>	<u>3,893,369</u>	-	<u>579,795,962</u>

	Maturing			<u>Total</u> G\$
	2020			
	<u>Within</u> <u>1 year</u>	<u>Within</u> <u>2 to 5 years</u>	<u>Over</u> <u>5 years</u>	
	G\$	G\$	G\$	
<b>Liabilities</b>				
Trade and other payables	184,421,005	-	-	184,421,005
Due to related companies	33,540,159	-	-	33,540,159
Lease liability	792,280	4,609,484	42,741,380	48,143,144
Taxes payable	26,443,206	-	-	26,443,206
Bank overdraft (secured)	193,811,687	-	-	193,811,687
	<u>439,008,337</u>	<u>4,609,484</u>	<u>42,741,380</u>	<u>486,359,201</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

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NOTES TO THE ACCOUNTS

27 Financial risk management - cont'd

(c) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company and Group.

The Company and Group faces credit risk in respect of its cash and cash equivalents, investments and receivables. However, this risk is controlled by close monitoring of these assets by the Company and Group. The maximum credit risk faced by the Company and Group is the balance reflected in the financial statements.

Cash and cash equivalents are held by commercial banks. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

Investments reflected in the Company and Group are assets for which the likelihood of default are considered minimal by the Directors.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable on a regular basis.

The table below shows the Company and Group's maximum exposure to credit risk

	Company		Group	
	Maximum Exposure		Maximum Exposure	
	2021 G\$	2020 G\$	2021 G\$	2020 G\$
Cash at bank	22,000,248	357,481,326	96,290,725	380,688,317
Investments				
- others	856,385,155	484,587,012	856,385,155	484,587,012
Due by related companies	753,349,300	349,584,288	756,919,739	349,926,170
Trade and other receivables excluding prepayments	8,697,429	9,894,429	198,443,353	182,172,212
Total credit risk exposure	<u>1,640,432,132</u>	<u>1,201,547,055</u>	<u>1,908,038,972</u>	<u>1,397,373,711</u>

	Company		Group	
	2021 G\$	2020 G\$	2021 G\$	2020 G\$
	Trade and other receivables excluding prepayments	8,697,429	9,894,429	198,443,353
Tax recoverable	5,805,465	-	16,642,589	10,837,124
Due by related companies	753,349,300	349,584,288	756,919,739	349,926,170
	<u>767,852,194</u>	<u>359,478,717</u>	<u>972,005,681</u>	<u>542,935,506</u>

The above balances are classified as follows:

Current	28,452,103	28,452,103	91,400,441	91,400,441
Past due but not impaired	739,400,091	331,026,614	880,605,240	451,535,065
	<u>767,852,194</u>	<u>359,478,717</u>	<u>972,005,681</u>	<u>542,935,506</u>

Ageing of trade and other receivables and related companies balances which were past due but not impaired:

120-180 days	37,000,000	37,000,000	85,996,747	85,996,747
180+ days	702,400,091	294,026,614	794,608,493	365,538,318
	<u>739,400,091</u>	<u>331,026,614</u>	<u>880,605,240</u>	<u>451,535,065</u>

While the foregoing is past due, they are still considered to be collectible in full.

## (SUBSIDIARY OF JOHN FERNANDES LIMITED)

## NOTES TO THE ACCOUNTS

## 28 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

Principal activities are as follows:

The Group is currently organized into two business segments - services and trading.

This is the basis on which the Group reports its primary segment information.

Principal activities are as follows:

**Services:**

This includes the rental of properties and investment in short and long term securities by the subsidiary company.

**Trading:**

The selling and distribution of branded products.

	2021			Total G\$
	Services G\$	Trading G\$	Eliminations G\$	
Statement of income				
Third party revenues	-	6,191,093,128	-	6,191,093,128
Cost of sales	-	5,106,216,694	-	5,106,216,694
	-	1,084,876,434	-	1,084,876,434
Administrative expenses	37,116,034	570,587,557	-	607,703,591
Selling costs	-	176,010,107	-	176,010,107
	37,116,034	746,597,664	-	783,713,698
Profit/(loss) on operating activities	(37,116,034)	338,278,770	-	301,162,736
Rent received	118,330,416	-	(17,590,416)	100,740,000
Other income	24,525,552	23,703,500	-	48,229,052
Share of associate profit	3,382,443	-	-	3,382,443
	146,238,411	23,703,500	(17,590,416)	152,351,495
Profit before interest and tax	109,122,377	361,982,270	(17,590,416)	453,514,231
Finance income/(cost)	25,155,997	(15,977,444)	-	9,178,553
Profit before tax	134,278,374	346,004,826	(17,590,416)	462,692,784
Taxation				(176,385,031)
Profit after tax				286,307,753



(SUBSIDIARY OF JOHN FERNANDES LIMITED)

## NOTES TO THE ACCOUNTS

## 28 Segment reporting - cont'd

	2021			Total G\$
	Services G\$	Trading G\$	Eliminations G\$	
<b>Segment Assets</b>				
<u>Non-current assets</u>				
Property, plant and equipment	-	57,126,569	-	57,126,569
Intangible asset	-	2,692,621	-	2,692,621
Investment properties	905,084,500	-	-	905,084,500
Investments - subsidiary	103,675,000	-	(103,675,000)	-
- others	856,385,155	-	-	856,385,155
Investment in associate	179,477,487	-	-	179,477,487
	<u>2,044,622,142</u>	<u>59,819,190</u>	<u>(103,675,000)</u>	<u>2,000,766,332</u>
<u>Current assets</u>				
Inventories	-	525,795,145	-	525,795,145
Tax recoverable	5,805,465	10,837,124	-	16,642,589
Trade and other receivables	164,797,429	195,535,467	-	360,332,896
Due by related companies	753,349,300	3,570,439	-	756,919,739
Cash on hand and at bank	22,000,248	74,290,477	-	96,290,725
	<u>945,952,442</u>	<u>810,028,652</u>	<u>-</u>	<u>1,755,981,094</u>
<b>Total assets</b>	<u>2,990,574,584</u>	<u>869,847,842</u>	<u>(103,675,000)</u>	<u>3,756,747,426</u>
<b>Segment Liabilities</b>				
<u>Non-current liabilities</u>				
Lease liability	-	3,893,369	-	3,893,369
Deferred tax	35,475,944	(9,109,069)	-	26,366,875
<b>Total non-current liabilities</b>	<u>35,475,944</u>	<u>(5,215,700)</u>	<u>-</u>	<u>30,260,244</u>
<u>Current liabilities</u>				
Trade and other payables	72,547,373	256,357,229	-	328,904,602
Due to related companies	213,786,131	(197,535,203)	-	16,250,928
Lease liability	-	1,646,493	-	1,646,493
Taxes payable	11,585,845	9,511,878	-	21,097,723
Bank overdraft (secured)	-	208,002,847	-	208,002,847
	<u>297,919,349</u>	<u>277,983,244</u>	<u>-</u>	<u>575,902,593</u>
<b>Total liabilities</b>	<u>333,395,293</u>	<u>272,767,544</u>	<u>-</u>	<u>606,162,837</u>

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

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NOTES ON THE ACCOUNTS

28 Segment reporting - cont'd

	2020			
	Services G\$	Trading G\$	Eliminations G\$	Total G\$
<b>Statement of income</b>				
Third party revenues	-	5,893,870,593	-	5,893,870,593
Cost of sales	-	4,882,499,188	-	4,882,499,188
	-	1,011,371,405	-	1,011,371,405
Administrative expenses	39,452,132	525,652,729	-	565,104,861
Selling costs	-	153,075,628	-	153,075,628
	39,452,132	678,728,357	-	718,180,489
Profit on operating activities	(39,452,132)	332,643,048	-	293,190,916
Rent received	127,651,586	-	(17,388,186)	110,263,400
Other Income	10,813,843	21,063,562	-	31,877,405
Share of associate profit	4,022,221	-	-	4,022,221
	142,487,650	21,063,562	(17,388,186)	146,163,026
Profit before interest and tax	103,035,518	353,706,610	(17,388,186)	439,353,942
Finance income/(cost)	37,338,026	(17,589,915)	-	19,748,111
Profit before tax	140,373,544	336,116,695	(17,388,186)	459,102,053
Taxation				(170,059,043)
Profit after tax				289,043,010
<b>Segment Assets 2020</b>				
<u>Non-current assets</u>				
Property, plant and equipment	-	86,804,550	-	86,804,550
Intangible assets	-	4,970,993	-	4,970,993
Investment properties	901,152,488	-	-	901,152,488
Investments - subsidiary	103,675,000	-	(103,675,000)	-
- others	484,587,012	-	-	484,587,012
Investment in associate	121,937,822	-	-	121,937,822
	1,611,352,322	91,775,543	(103,675,000)	1,599,452,865
<u>Current assets</u>				
Inventories	-	556,138,678	-	556,138,678
Tax recoverable	-	10,837,124	-	10,837,124
Trade and other receivables	9,894,429	175,914,083	-	185,808,512
Due by related companies	349,584,288	341,882	-	349,926,170
Cash on hand and at bank	357,481,326	23,206,991	-	380,688,317
	716,960,043	766,438,758	-	1,483,398,801
Total assets	2,328,312,365	858,214,301	(103,675,000)	3,082,851,666
<b>Segment Liabilities</b>				
<u>Non-current liabilities</u>				
Lease liability	-	47,350,864	-	47,350,864
Deferred tax	37,256,775	(11,338,935)	-	25,917,840
	37,256,775	36,011,929	-	73,268,704
<u>Current liabilities</u>				
Trade and other payables	62,413,593	122,007,412	-	184,421,005
Due to related companies	64,280,348	(30,740,189)	-	33,540,159
Lease liability	-	792,280	-	792,280
Taxation	11,120,262	15,322,944	-	26,443,206
Bank overdraft (secured)	-	193,811,687	-	193,811,687
	137,814,203	301,194,134	-	439,008,337
Total liabilities	175,070,978	337,206,063		512,277,041

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

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NOTES ON THE ACCOUNTS

28 Segment reporting - cont'd

The Group's revenue comprises of sales to various customers. During the reporting period no one customer provided revenue of 5% or more.

The Group's revenue and income from investments are derived locally.

29 Capital risk management

The Company and Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged from 2020.

The capital structure of the Company and Group consists of cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and accumulated earnings.

Gearing ratio

The Company's and Group's management reviews the capital structure on an on-going basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Company and Group have not set a target gearing ratio.

The gearing ratio at the year end was as follows:

	Company		Group	
	<u>2021</u> G\$	<u>2020</u> G\$	<u>2021</u> G\$	<u>2020</u> G\$
Debt (i)	219,325,993	112,423,492	229,793,637	275,494,990
Cash and cash equivalents	<u>(22,000,248)</u>	<u>(357,481,326)</u>	<u>(96,290,725)</u>	<u>(380,688,317)</u>
Net debt	<u>197,325,745</u>	<u>(245,057,834)</u>	<u>133,502,912</u>	<u>(105,193,327)</u>
Equity (ii)	<u>2,485,810,480</u>	<u>2,037,439,043</u>	<u>3,150,584,589</u>	<u>2,570,574,625</u>
Debt to equity ratio	<u>0.09:1</u>	<u>0.06:1</u>	<u>0.07:1</u>	<u>0.11:1</u>
Net debt to equity ratio	<u>0.08:1</u>	<u>-</u>	<u>0.04:1</u>	<u>-</u>

(i) Debt is defined as short-term borrowings as detailed in note 21, along with the loan from related companies as stated in note 20, and lease liability as disclosed in note 24.

(ii) Equity includes all capital and reserves of the Company and Group.

30 Capital commitments

The group has invested in a project for the construction of an office and warehouse for Value 4 U Inc and Bounty Farm Limited amounting to G\$700,000,000.

The group has purchased the land and building at Lot 129 Regent Road Bourda, Georgetown and has a balance of G\$156,100,000 to be paid in five equal installments each of G\$31,220,000.

31 Pending litigation

There is no pending litigation against the Company and the Group.

32 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on April 28, 2022.

