



J.P. SANTOS & COMPANY LIMITED

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

145TH ANNUAL REPORT

31ST DECEMBER, 2022

J.P.SANTOS & COMPANY LIMITED

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

C O N T E N T S

| | Pages |
|------------------------------------------------|--------------|
| NOTICE OF ANNUAL GENERAL MEETING | i-ii |
| STATUTORY INFORMATION | iii |
| REPORT OF THE DIRECTORS | iv-vii |
| ***** | |
| Auditor's Report | 1 |
| Consolidated Statement of Comprehensive Income | 2 |
| Statement of Changes in Equity | 3-4 |
| Consolidated Statement of Financial Position | 5 |
| Consolidated Statement of Cash Flows | 6 |
| Notes on the Accounts | 7- 44 |

J.P.SANTOS & COMPANY LIMITED
& SUBSIDIARIES

SUBSIDIARY OF JOHN FERNANDES LIMITED

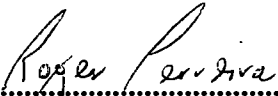
NOTICE OF ANNUAL GENERAL MEETING

The One Hundred and Forty-Fifth (145th) Annual General Meeting of the Company will be held in the Boardroom of John Fernandes Ltd 49 – 52 Access Road, Georgetown, on Friday, June 9, 2023, at 4:30 pm for the following purposes: -

- (a) To receive the Report of the Directors & the Audited Financial Statements for the year ended 31st December, 2022 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 31st December, 2022 and the Report of the Directors thereon be and are hereby adopted”.
- (c) To consider the declaration of a Final Dividend of \$4.00 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 \$4.00 per share as recommended by the Directors in respect of the year ended 31st December, 2022 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: 18 May, 2023

CLOSURE OF SHARES REGISTER

The shares register of the above-named Company will be closed for the period 25 May, 2023 to 9 June, 2023, both days inclusive.

J.P.SANTOS & COMPANY LIMITED

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

DIRECTORS:

C.J. Fernandes 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, Stabroek

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 31st December, 2022.

TURNOVER & PROFITABILITY

The group turnover increased by 15.24% from G\$6.191B in 2021 to G\$7.134B in 2022. There was a group profit after tax of G\$356.997 in 2022 as compared to G\$286.308M in 2021 an increase of G\$70.689M.

The company's first subsidiary JPS Trading Inc. recorded a Total Comprehensive Income Profit after tax of G\$177.408M in 2022 as against G\$151.170M in 2021 while its second subsidiary Value 4 U Inc. recorded a Total Comprehensive profit after tax of G\$74.722M in 2022 as compared to G\$44.902M in 2021.

Taxation charged to the group for the year increased by 18.35% from G\$176.385M in 2021 to G\$208.757M in 2022.

DIVIDENDS

We propose a final dividend of \$4.00 per share, which, taken with the interim dividend of \$4.00 per share already paid brings the total dividend per share for 2022 to \$8.00. If approved, the total dividend payout for 2022 will be G\$152.035M.

DIRECTORS

Directors Messrs L.P Baker and 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

| | G\$ |
|------------------------------|----------------|
| Messrs: C. J. Fernandes, 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 & Co. Ltd.</u> | <u>J.F. Ltd.</u> | <u>B.F. Ltd.</u> |
|------------------------------|----------------------------------|------------------|------------------|
| | ORDINARY SHARES AT NO. PAR VALUE | | |
| Messrs: C. J. Fernandes, 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 Value 4 U Inc., JPS Trading Inc., and Guyana Biscuit (Holdings) Ltd as at December 31, 2022.

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

| J.P. SANTOS & CO. LTD. | NUMBER OF SHARES | % SHAREHOLDING |
|-----------------------------------|-------------------------|-----------------------|
| 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:

| 1) <u>Principal Activities</u> | <u>Turnover</u> | <u>Contribution to Profit</u> |
|---------------------------------------|------------------------|--------------------------------------|
| | G\$000 | G\$000 |
| Trading | 7,134,337 | 368,480 |
| Rental of Property | 100,740 | 100,740 |
| Other | <u>63,808</u> | <u>96,534</u> |
| | 7,298,885 | 565,754 |

- 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, 2022

- 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, 2022

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

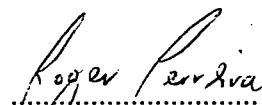
The Directors and Chief Executive Officer, have no right to subscribe for shares or debt securities of the Companies.

SHAREHOLDERS' INTERESTS

Analysis of Shareholders' Interests according to size of holding as at 31st December, 2022.

| <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 |
| | 200 | 100 | 19,004,400 |

BY ORDER OF THE BOARD



ROGER PERREIRA
COMPANY SECRETARY

J.P. SANTOS & COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER, 2022
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 2022

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 2022, 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 2022, 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.

Key Audit Matter

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 2022, the Group's Investments comprised of fair value through other comprehensive income of G\$1,218,804,396 and Investment in Associate of G\$232,675,031. 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 2022, 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.

Key Audit Matter

How our audit addressed the Key Audit Matter

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\$1,257,004,178.

Investment properties are considered a key audit matter as significant management judgment was used to select depreciation rates for this category of buildings. In addition, an annual impairment review of land and building and equipment was done which involved significant management judgment.

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.

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

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\$42,390,700. 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;

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 2022 Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Group's 2022 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 26, 2023

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 2022

| | Notes | Company | | Group | |
|---------------------------------------------------------------------------|------------|--------------------|--------------------|--------------------|--------------------|
| | | 2022 G\$ | 2021 G\$ | 2022 G\$ | 2021 G\$ |
| Revenue | 5 | - | - | 7,134,337,237 | 6,191,093,128 |
| Cost of sales | 6 (i) | - | - | (5,953,882,946) | (5,106,216,694) |
| Gross profit | | - | - | 1,180,454,291 | 1,084,876,434 |
| Other revenue | 9 (a) | 269,347,270 | 263,319,768 | 158,995,912 | 148,969,052 |
| Administrative expenses | 7 | (37,690,084) | (37,116,034) | (634,080,583) | (607,703,591) |
| Selling costs | 8 | - | - | (177,893,756) | (176,010,107) |
| Profit before interest and taxation | | 231,657,186 | 226,203,734 | 527,475,864 | 450,131,788 |
| Finance income | 9 (b) | 48,382,013 | 25,155,997 | 32,725,526 | 9,178,553 |
| Share of associate profits | 14 (c) (i) | - | - | 5,552,181 | 3,382,443 |
| Profit before taxation | | 280,039,199 | 251,359,731 | 565,753,571 | 462,692,784 |
| Taxation | 10 | (48,607,707) | (41,755,637) | (208,756,657) | (176,385,031) |
| Profit for the year | | 231,431,492 | 209,604,094 | 356,996,914 | 286,307,753 |
| Other comprehensive income: | | | | | |
| Items that will not be subsequently reclassified to profit or loss | | | | | |
| Fair value gain on investments | 18 (b) | 362,419,241 | 371,798,143 | 411,375,996 | 426,733,011 |
| Other comprehensive income for the year, net of tax | | 362,419,241 | 371,798,143 | 411,375,996 | 426,733,011 |
| Total comprehensive income for the year | | 593,850,733 | 581,402,237 | 768,372,910 | 713,040,764 |
| Profit attributable to: | | | | | |
| Equity holders of the parent | | 231,431,492 | 209,604,094 | 356,996,914 | 286,307,753 |
| | | <u>231,431,492</u> | <u>209,604,094</u> | <u>356,996,914</u> | <u>286,307,753</u> |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | | 593,850,733 | 581,402,237 | 768,372,910 | 713,040,764 |
| | | <u>593,850,733</u> | <u>581,402,237</u> | <u>768,372,910</u> | <u>713,040,764</u> |
| Basic earnings per share in dollars | 12 | 12.18 | 11.03 | 18.78 | 15.07 |

"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 2022

| | Company | | | | | | |
|-----------------------------------------|----------------------------------------------|------------------|------------------|-------------------------|--------------------|--------------------|---------------|
| | Attributable to equity holders of the parent | | | | | | |
| | Notes | Share capital | Other reserve | Accumulated earnings | Capital reserve | General reserve | Total |
| | G\$ | G\$ | G\$ | G\$ | G\$ | G\$ | |
| At 31 December 2020 | | 19,004,400 | 454,159,265 | 1,350,622,519 | 212,032,483 | 1,620,376 | 2,037,439,043 |
| Changes in equity 2021 | | | | | | | |
| 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 |
| Changes in equity 2022 | | | | | | | |
| Profit for the year | | - | - | 231,431,492 | - | - | 231,431,492 |
| Other comprehensive income for the year | 18 (b) | - | 362,419,241 | - | - | - | 362,419,241 |
| Total comprehensive income for the year | | - | 362,419,241 | 231,431,492 | - | - | 593,850,733 |
| Dividends | 11 | - | - | (133,030,800) | - | - | (133,030,800) |
| At 31 December 2022 | | 19,004,400 | 1,188,376,649 | 1,525,596,505 | 212,032,483 | 1,620,376 | 2,946,630,413 |

"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 2022

| | Group | | | | | | |
|-----------------------------------------|-------------------------------------|----------------------|----------------------|-----------------------------|------------------------|------------------------|----------------------|
| | Equity holders of the parent | | | | | | |
| | <u>Notes</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 2020 | | 19,004,400 | 535,042,164 | 1,802,875,202 | 212,032,483 | 1,620,376 | 2,570,574,625 |
| Changes in equity 2021 | | | | | | | |
| Profit for the year | | - | - | 286,307,753 | - | - | 286,307,753 |
| Other comprehensive income for the year | | - | 426,733,011 | - | - | - | 426,733,011 |
| Total comprehensive income for the year | 18 (b) | - | 426,733,011 | 286,307,753 | - | - | 713,040,764 |
| Dividends | 11 | - | - | (133,030,800) | - | - | (133,030,800) |
| Balance at 31 December 2021 | | 19,004,400 | 961,775,175 | 1,956,152,155 | 212,032,483 | 1,620,376 | 3,150,584,589 |
| Changes in equity 2022 | | | | | | | |
| Profit for the year | | - | - | 356,996,914 | - | - | 356,996,914 |
| Other comprehensive income for the year | 18 (b) | - | 411,375,996 | - | - | - | 411,375,996 |
| Total comprehensive income for the year | | - | 411,375,996 | 356,996,914 | - | - | 768,372,910 |
| Dividends | 11 | - | - | (133,030,800) | - | - | (133,030,800) |
| Balance at 31 December 2022 | | <u>19,004,400</u> | <u>1,373,151,171</u> | <u>2,180,118,269</u> | <u>212,032,483</u> | <u>1,620,376</u> | <u>3,785,926,699</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 2022

| | Notes | Company | | Group | |
|------------------------------------------------------------|--------|----------------------|----------------------|----------------------|----------------------|
| | | 2022 G\$ | 2021 G\$ | 2022 G\$ | 2021 G\$ |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 13 (b) | 3,365,030 | 4,206,288 | 42,390,700 | 57,126,569 |
| Intangible assets | | - | - | 414,252 | 2,692,621 |
| Investment properties | 13 (a) | 1,257,004,178 | 905,084,500 | 1,257,004,178 | 905,084,500 |
| Investments - subsidiary | 14 (a) | 103,675,000 | 103,675,000 | - | - |
| - others | 14 (b) | 1,218,804,396 | 856,385,155 | 1,218,804,396 | 856,385,155 |
| Investment in associate | 14 (c) | 9,442,250 | 9,442,250 | 232,675,031 | 179,477,487 |
| | | <u>2,592,290,854</u> | <u>1,878,793,193</u> | <u>2,751,288,557</u> | <u>2,000,766,532</u> |
| Current assets | | | | | |
| Inventories | 6 (ii) | - | - | 662,291,685 | 525,795,145 |
| Tax recoverable | | 5,805,465 | 5,805,465 | 16,642,589 | 16,642,589 |
| Trade and other receivables | 15 | 213,913,604 | 164,797,429 | 520,932,150 | 360,332,896 |
| Due by related companies | 16 | 950,301,626 | 753,349,300 | 904,347,044 | 756,919,739 |
| Cash on hand and at bank | | 18,480,063 | 22,000,248 | 35,778,374 | 96,290,725 |
| | | <u>1,188,500,758</u> | <u>945,952,442</u> | <u>2,139,991,842</u> | <u>1,755,981,094</u> |
| Total current assets | | <u>1,188,500,758</u> | <u>945,952,442</u> | <u>2,139,991,842</u> | <u>1,755,981,094</u> |
| TOTAL ASSETS | | <u>3,780,791,612</u> | <u>2,824,745,635</u> | <u>4,891,280,399</u> | <u>3,756,747,426</u> |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to equity holders of the parent | | | | | |
| Share capital | 17 | 19,004,400 | 19,004,400 | 19,004,400 | 19,004,400 |
| Other reserve | 18 (b) | 1,188,376,649 | 825,957,408 | 1,373,151,171 | 961,775,175 |
| General reserve | 18 (c) | 1,620,376 | 1,620,376 | 1,620,376 | 1,620,376 |
| Accumulated earnings | | 1,525,596,505 | 1,427,195,813 | 2,180,118,269 | 1,956,152,155 |
| Capital reserve | 18 (a) | 212,032,483 | 212,032,483 | 212,032,483 | 212,032,483 |
| | | <u>2,946,630,413</u> | <u>2,485,810,480</u> | <u>3,785,926,699</u> | <u>3,150,584,589</u> |
| Total equity | | <u>2,946,630,413</u> | <u>2,485,810,480</u> | <u>3,785,926,699</u> | <u>3,150,584,589</u> |
| Non-current liabilities | | | | | |
| Lease liability | 24 | 2,533,094 | 3,893,369 | 2,533,094 | 3,893,369 |
| Deferred tax | 10 | 33,653,707 | 35,475,944 | 31,283,484 | 26,366,875 |
| | | <u>36,186,801</u> | <u>39,369,313</u> | <u>33,816,578</u> | <u>30,260,244</u> |
| Total non-current liabilities | | <u>36,186,801</u> | <u>39,369,313</u> | <u>33,816,578</u> | <u>30,260,244</u> |
| Current liabilities | | | | | |
| Trade and other payables | 19 | 84,177,005 | 72,547,373 | 546,332,774 | 328,904,602 |
| Due to related companies | 20 | 693,957,797 | 213,786,131 | 140,223,401 | 16,250,928 |
| Taxes payable | | 18,479,321 | 11,585,845 | 42,970,286 | 21,097,723 |
| Lease liability | 24 | 1,360,275 | 1,646,493 | 1,360,275 | 1,646,493 |
| Bank overdraft | 21 | - | - | 340,650,386 | 208,002,847 |
| | | <u>797,974,398</u> | <u>299,565,842</u> | <u>1,071,537,122</u> | <u>575,902,593</u> |
| Total current liabilities | | <u>797,974,398</u> | <u>299,565,842</u> | <u>1,071,537,122</u> | <u>575,902,593</u> |
| TOTAL LIABILITIES | | <u>834,161,199</u> | <u>338,935,155</u> | <u>1,105,353,700</u> | <u>606,162,837</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>3,780,791,612</u> | <u>2,824,745,635</u> | <u>4,891,280,399</u> | <u>3,756,747,426</u> |

These financial statements were approved by the Board of Directors on April 26, 2023

On Behalf of the Board:

Patrice de Groot Director
L. P. Bahia 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 2022

| | Company | | Group | |
|-----------------------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2022 G\$ | 2021 G\$ | 2022 G\$ | 2021 G\$ |
| Operating activities | | | | |
| Profit before taxation | 280,039,199 | 251,359,731 | 565,753,571 | 462,692,784 |
| Adjustments for: | | | | |
| Depreciation/amortisation | 21,465,994 | 21,379,186 | 40,114,326 | 39,479,002 |
| Share of associate profits | - | - | (5,552,181) | (3,382,443) |
| Adjustments for loss of disposal of property, plant & equipment | - | - | 2,393,446 | 21,652 |
| Adjustment to associate company | - | - | 463,800 | 463,800 |
| Interest received | 61,695,068 | 27,766,572 | 69,454,774 | 28,983,024 |
| Interest paid | (13,313,055) | (2,610,575) | (36,729,248) | (19,804,471) |
| Dividends received | (151,016,854) | (144,989,352) | (20,553,054) | (24,525,552) |
| Operating profit before working capital changes | 198,870,352 | 152,905,562 | 615,345,434 | 483,927,796 |
| (Increase)/decrease in inventories | - | - | (136,496,540) | 30,343,533 |
| Increase in trade and other receivables | (49,116,175) | (154,903,000) | (160,599,254) | (174,524,384) |
| Increase in due by related companies | (196,952,326) | (403,765,012) | (147,427,305) | (406,993,569) |
| Increase/(decrease) in due to related companies | 11,629,632 | 10,133,780 | 123,972,473 | (17,289,231) |
| Increase in trade and other payables | 480,171,666 | 149,505,783 | 217,428,172 | 144,483,597 |
| Cash generated from/(used in) operations | 444,603,149 | (246,122,887) | 512,222,980 | 59,947,742 |
| Taxes paid | (43,536,467) | (48,876,349) | (181,119,891) | (186,773,097) |
| Net cash provided by/(used in) operating activities | 401,066,682 | (294,999,236) | 331,103,089 | (126,825,355) |
| Investing activities | | | | |
| Acquisition of property, plant and equipment | (372,544,414) | (24,469,940) | (377,413,213) | (51,957,135) |
| Disposal of property, plant and equipment | - | 39,788,826 | - | 40,480,822 |
| Interest received | (61,695,068) | (27,766,572) | (69,454,774) | (28,983,024) |
| Dividends received | 151,016,854 | 144,989,352 | 20,553,054 | 24,525,552 |
| Net cash provided by/(used in) investing activities | (283,222,628) | 132,541,666 | (426,314,933) | (15,933,785) |
| Financing activities | | | | |
| Interest paid | 13,313,055 | 2,610,575 | 36,729,248 | 19,804,471 |
| Lease payment | (1,646,494) | (42,603,283) | (1,646,494) | (42,603,283) |
| Dividends paid | (133,030,800) | (133,030,800) | (133,030,800) | (133,030,800) |
| Net cash used in financing activities | (121,364,239) | (173,023,508) | (97,948,046) | (155,829,612) |
| Net decrease in cash and cash equivalents | (3,520,185) | (335,481,078) | (193,159,890) | (298,588,752) |
| Cash and cash equivalents at beginning of period | 22,000,248 | 357,481,326 | (111,712,122) | 186,876,630 |
| Cash and cash equivalents at end of period | 18,480,063 | 22,000,248 | (304,872,012) | (111,712,122) |
| Comprising: | | | | |
| Cash on hand and at bank | 18,480,063 | 22,000,248 | 35,778,374 | 96,290,725 |
| Bank overdraft | - | - | (340,650,386) | (208,002,847) |
| | 18,480,063 | 22,000,248 | (304,872,012) | (111,712,122) |

"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 FINANCIAL STATEMENTS

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% (2021 – 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

| | |
|-------------------------------------------------------------------------|-----------------|
| Amendments to IFRS 3: Reference to the Conceptual Framework | 1 January, 2022 |
| Amendments to IAS 16: Proceeds before intended use | 1 January, 2022 |
| Amendments to IAS 37: Onerous Contracts – Cost of fulfilling a contract | 1 January, 2022 |
| Annual Improvements 2018-2020 | 1 January, 2022 |

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

Pronouncements effective in future periods available for early adoption

| | |
|---------------------------------------------------------------------------------------------------------------------|-----------------|
| IFRS 17 Insurance contracts | 1 January, 2023 |
| Amendments to IAS 1 and IFRS Practice statement 2: Disclosure of Accounting Policies | 1 January, 2023 |
| Amendments to IAS 8: Definition of Accounting Estimates | 1 January, 2023 |
| Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January, 2023 |
| Amendments to IAS 1: Presentation of financial statements on classification of liabilities | 1 January, 2024 |

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 FINANCIAL STATEMENTS

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 FINANCIAL STATEMENTS

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>2022 and 2021</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 FINANCIAL STATEMENTS

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.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

3 Summary of significant accounting policies cont'd

(d) Inventories

Inventories 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 40 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>2022</u> and <u>2021</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.

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

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.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

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 FV(TOCI) 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 FINANCIAL STATEMENTS

3 Summary of significant accounting policies cont'd

(n) Consolidation

The consolidated financial statements incorporate the financial statements at 31 December 2022 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.

(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.

(p) 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.

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

3 Summary of significant accounting policies cont'd

(q) 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 (Note 28). The format is reflecting services and trading.

(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 employees (2021 – ninety-eight) 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 FINANCIAL STATEMENTS

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 FINANCIAL STATEMENTS

| | Company | | Group | |
|-----------|--------------------|--------------------|--------------------|--------------------|
| | <u>2022</u> G\$ | <u>2021</u> G\$ | <u>2022</u> G\$ | <u>2021</u> G\$ |
| 5 Revenue | - | - | 7,134,337,237 | 6,191,093,128 |

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

| 6 (i) Cost of sales | Company | | Group | |
|---------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2022</u> G\$ | <u>2021</u> G\$ | <u>2022</u> G\$ | <u>2021</u> G\$ |
| Opening inventories | - | - | 427,889,840 | 443,744,700 |
| Add: | | | | |
| Purchases | - | - | 6,054,351,347 | 5,090,361,834 |
| | - | - | 6,482,241,187 | 5,534,106,534 |
| Less: | | | | |
| Closing inventories | - | - | 528,358,241 | 427,889,840 |
| | - | - | 5,953,882,946 | 5,106,216,694 |

| (ii) Inventory | Company | | Group | |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2022</u> G\$ | <u>2021</u> G\$ | <u>2022</u> G\$ | <u>2021</u> G\$ |
| Inventory for resale | - | - | 528,358,241 | 427,889,840 |
| Goods in transit | - | - | 133,933,444 | 97,905,305 |
| | - | - | 662,291,685 | 525,795,145 |

Inventory of G\$ 528,358,241 (2021- G\$ 427,889,840) is expected to be realized within the next year.
Damages written off during the year amounted to G\$ 26,807,436 (2021-G\$13,551,676).

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

7 Administrative expenses

| | Company | | Group | |
|--------------------------------------------|-------------------|-------------------|--------------------|--------------------|
| | 2022 G\$ | 2021 G\$ | 2022 G\$ | 2021 G\$ |
| Salaries and wages | - | - | 439,774,720 | 405,372,633 |
| Bonus | - | - | 12,171,113 | 11,402,377 |
| National Insurance Scheme | - | - | 32,288,445 | 30,294,443 |
| Advertising | 332,000 | 328,500 | 8,031,171 | 4,022,670 |
| Travelling and subsistence | - | - | 7,741,954 | 6,919,151 |
| VAT write off | - | - | - | 720,417 |
| Bond expenses | - | - | 455,846 | 532,313 |
| Security | - | - | 9,822,408 | 9,774,969 |
| Repairs and maintenance - equipment | - | - | 1,998,772 | 1,817,091 |
| Repairs and maintenance - motor vehicle | - | - | 11,748,424 | 11,447,544 |
| Repairs and maintenance - building | - | - | 74,788 | 1,136,658 |
| Insurance | 4,393,699 | 4,393,699 | 5,717,013 | 5,699,041 |
| Tax penalty | - | - | 20,378 | - |
| Loss on disposal | - | - | 2,393,446 | 144,256 |
| Severance pay | - | - | 119,255 | - |
| Bad debt | - | - | 108,332 | 18,428,479 |
| Donations | - | - | 1,046,342 | 931,105 |
| Electricity | - | - | 23,474,327 | 23,807,760 |
| Telephone | 31,674 | 33,540 | 2,134,189 | 2,214,767 |
| Leasehold amortization | 13,020,104 | 13,020,104 | 15,298,473 | 15,298,476 |
| Depreciation | 8,445,890 | 8,359,082 | 24,815,853 | 24,180,526 |
| Cleaning and sanitation | - | - | 1,186,054 | 1,513,367 |
| Office expense | - | - | 311,898 | 1,077,768 |
| Rates and taxes | 6,707,344 | 6,483,744 | 6,707,344 | 6,483,744 |
| AGM expenses | 129,880 | 29,538 | 129,880 | 29,538 |
| Directors' fees (a) | 528,000 | 528,000 | 528,000 | 528,000 |
| Entertainment | - | - | 656,963 | 132,791 |
| General expenses | 146,000 | 146,000 | 146,000 | 146,000 |
| Stationery & postage | 84,512 | 87,946 | 4,011,974 | 2,954,164 |
| Water rates | 108,300 | - | 108,300 | - |
| Legal fees | 60,000 | 64,000 | 60,000 | 64,000 |
| Pensions | 3,191,981 | 3,130,116 | 3,191,981 | 3,130,116 |
| Pension scheme | - | - | 14,902,840 | 13,756,042 |
| Medical | 117,700 | 131,765 | 117,700 | 239,385 |
| Audit fees | 273,000 | 260,000 | 2,645,000 | 2,492,000 |
| Professional fees | - | - | 21,400 | 892,000 |
| Directors' travel | 120,000 | 120,000 | 120,000 | 120,000 |
| | <u>37,690,084</u> | <u>37,116,034</u> | <u>634,080,583</u> | <u>607,703,591</u> |
| (a) Directors' fees | | | | |
| - Chairman | 144,000 | 144,000 | 144,000 | 144,000 |
| - Four (2021 - Four) directors equally (i) | 384,000 | 384,000 | 384,000 | 384,000 |
| | <u>528,000</u> | <u>528,000</u> | <u>528,000</u> | <u>528,000</u> |

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

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

8 Selling costs

| | Company | | Group | |
|--------------------------------|-------------|-------------|--------------------|--------------------|
| | 2022 G\$ | 2021 G\$ | 2022 G\$ | 2021 G\$ |
| Telephone | - | - | 2,778,891 | 2,722,785 |
| Insurance - stocks | - | - | 2,991,511 | 3,097,665 |
| Electricity | - | - | 53,774,971 | 60,720,018 |
| Security | - | - | 8,978,996 | 5,927,061 |
| Sanitation | - | - | 10,237,500 | 12,536,447 |
| Repairs to building | - | - | 4,289,597 | 1,091,398 |
| Rent | - | - | 34,440,000 | 30,966,000 |
| Rates and taxes | - | - | 530,268 | 620,047 |
| Packing materials | - | - | 17,415,874 | 25,565,218 |
| Uniforms | - | - | 4,056,738 | 3,562,123 |
| Staff training | - | - | 78,000 | - |
| Office expenses/stationery | - | - | 8,434,732 | 7,205,106 |
| Medical expenses/staff welfare | - | - | 7,404,217 | 6,677,648 |
| Advertising | - | - | 848,680 | 241,718 |
| Travel and entertainment | - | - | 5,422,947 | 4,537,258 |
| Vehicle expenses | - | - | 1,881,693 | 2,041,591 |
| Licence | - | - | 2,403,021 | 1,725,870 |
| Repairs and maintenance | - | - | 11,926,120 | 6,772,154 |
| | <u>-</u> | <u>-</u> | <u>177,893,756</u> | <u>176,010,107</u> |

9 (a) Other revenue

| | | | | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| Rental of wharf and buildings | 118,330,416 | 118,330,416 | 100,740,000 | 100,740,000 |
| Dividend received | 151,016,854 | 144,989,352 | 20,553,054 | 24,525,552 |
| Miscellaneous | - | - | 27,426,829 | 23,580,896 |
| Gain on disposal of assets | - | - | - | 122,604 |
| Discount received | - | - | 10,276,029 | - |
| | <u>269,347,270</u> | <u>263,319,768</u> | <u>158,995,912</u> | <u>148,969,052</u> |

9 (b) Finance income/(cost)

| | | | | |
|---------------------|-------------------|-------------------|-------------------|------------------|
| Interest receivable | 61,695,068 | 27,766,572 | 69,454,774 | 28,983,024 |
| Interest payable | (13,173,019) | (2,560,715) | (18,724,171) | (4,563,466) |
| Bank charges | (140,036) | (49,860) | (18,005,077) | (15,241,005) |
| | <u>48,382,013</u> | <u>25,155,997</u> | <u>32,725,526</u> | <u>9,178,553</u> |

NOTES TO THE FINANCIAL STATEMENTS

10 Taxation

| | Company | | Group | |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| | 2022 G\$ | 2021 G\$ | 2022 G\$ | 2021 G\$ |
| Corporation tax | 37,958,961 | 31,950,623 | 185,411,562 | 160,022,168 |
| Deferred tax | (1,822,237) | (1,780,831) | 4,916,609 | 449,035 |
| | <u>36,136,724</u> | <u>30,169,792</u> | <u>190,328,171</u> | <u>160,471,203</u> |
| Property tax | 12,470,983 | 11,585,845 | 17,580,894 | 15,599,983 |
| Share of associate company tax | - | - | 847,592 | 313,845 |
| | <u>48,607,707</u> | <u>41,755,637</u> | <u>208,756,657</u> | <u>176,385,031</u> |

| | Company | |
|----------------------------------------------------------------------------------|--------------------|--------------------|
| | 2022 G\$ | 2021 G\$ |
| Reconciliation of tax expenses | | |
| Accounting profit | <u>280,039,199</u> | <u>251,359,731</u> |
| Corporation tax at 25% | 70,009,800 | 62,839,933 |
| Add: | | |
| Tax effect of expenses not deductible in determining taxable profits | | |
| Depreciation/Amortisation for accounting purposes | 5,366,499 | 5,344,797 |
| | <u>75,376,298</u> | <u>68,184,729</u> |
| Deduct: | | |
| Tax effect of depreciation and other allowances for tax purposes including lease | 336,876 | 13,232 |
| Non taxable income | (37,754,214) | (36,247,338) |
| | <u>37,958,961</u> | <u>31,950,623</u> |
| Property tax | 12,470,983 | 11,585,845 |
| Deferred tax | (1,822,237) | (1,780,831) |
| | <u>48,607,707</u> | <u>41,755,637</u> |

| | Group | |
|----------------------------------------------------------------------|--------------------|--------------------|
| | 2022 G\$ | 2021 G\$ |
| Reconciliation of tax expenses | | |
| Accounting profit | <u>565,753,571</u> | <u>462,692,784</u> |
| Corporation tax at 25% | 141,438,393 | 115,673,196 |
| Add: | | |
| Tax effect of expenses not deductible in determining taxable profits | | |
| Depreciation/Amortization for accounting purposes | 10,028,582 | 9,869,751 |
| Non deductible expense | 1,914,056 | 1,418,483 |
| | <u>153,381,030</u> | <u>126,961,430</u> |
| Deduct: | | |
| Tax effect of depreciation and other allowances for tax purposes | (5,062,600) | (6,574,726) |
| Non taxable income | (5,138,264) | (6,131,388) |
| | <u>143,180,166</u> | <u>114,255,316</u> |
| Effect of varying rates | 42,231,396 | 45,766,852 |
| Corporation tax | 185,411,562 | 160,022,168 |
| Property tax | 17,580,894 | 15,599,983 |
| Deferred tax | 4,916,609 | 449,035 |
| Share of associate company tax | 847,592 | 313,845 |
| | <u>208,756,657</u> | <u>176,385,031</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

10 Taxation Cont'd

Components of deferred tax liability

| | Company | | Group | |
|----------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2022</u> G\$ | <u>2021</u> G\$ | <u>2022</u> G\$ | <u>2021</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 | (11,974,937) | (10,152,700) | (11,890,062) | (10,038,265) |
| Excess of minimum tax over corporation tax | - | - | (2,455,098) | (9,223,504) |
| | <u>33,653,707</u> | <u>35,475,944</u> | <u>31,283,484</u> | <u>26,366,875</u> |
| Movement in temporary differences | | | | |
| At 1 January | 35,475,944 | 37,256,775 | 26,366,875 | 25,917,840 |
| Movement | (1,822,237) | (1,780,831) | 4,916,609 | 449,035 |
| At 31 December | <u>33,653,707</u> | <u>35,475,944</u> | <u>31,283,484</u> | <u>26,366,875</u> |

11 Dividends

| | Company and Group | |
|-------------------------------------------------------------------|--------------------|--------------------|
| | <u>2022</u> G\$ | <u>2021</u> G\$ |
| Amounts recognised as distributed to shareholders in the year: | | |
| Interim dividend for year \$4 per share (2021 - \$4) | 76,017,600 | 76,017,600 |
| Final dividend of \$3 per share (2021 - \$3) | <u>57,013,200</u> | <u>57,013,200</u> |
| | <u>133,030,800</u> | <u>133,030,800</u> |

12 Basic earnings per share in dollars

| | Company | | Group | |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2022</u> G\$ | <u>2021</u> G\$ | <u>2022</u> G\$ | <u>2021</u> G\$ |
| Net profit for the year after taxation | <u>231,431,492</u> | <u>209,604,094</u> | <u>356,996,914</u> | <u>286,307,753</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>12.18</u> | <u>11.03</u> | <u>18.78</u> | <u>15.07</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

13 (a) Investment properties

| Company and Group | <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\$ |
|----------------------------------------------|----------------------------------|---------------------------------------------------|---------------------------------------------------------|---------------------|-------------------------------------------------|----------------------|
| Cost | | | | | | |
| At 1 January 2021 | 20,757 | 700,941,222 | 29,604,202 | 324,487,899 | - | 1,055,054,080 |
| Additions | - | - | - | - | 24,469,940 | 24,469,940 |
| At 31 December 2021 | 20,757 | 700,941,222 | 29,604,202 | 324,487,899 | 24,469,940 | 1,079,524,020 |
| Additions | - | 33,318,853 | 473,500 | - | 338,752,061 | 372,544,414 |
| At 31 December 2022 | 20,757 | 734,260,075 | 30,077,702 | 324,487,899 | 363,222,001 | 1,452,068,434 |
| Accumulated depreciation/amortisation | | | | | | |
| At 1 January 2021 | - | 51,608,265 | 25,187,405 | 77,105,922 | - | 153,901,592 |
| Charge for the year | - | 7,517,824 | - | 13,020,104 | - | 20,537,928 |
| At 31 December 2021 | - | 59,126,089 | 25,187,405 | 90,126,026 | - | 174,439,520 |
| Charge for the year | - | 7,517,824 | 86,808 | 13,020,104 | - | 20,624,736 |
| At 31 December 2022 | - | 66,643,913 | 25,274,213 | 103,146,130 | - | 195,064,256 |
| Net book values: | | | | | | |
| 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> |
| At 31 December 2022 | <u>20,757</u> | <u>667,616,162</u> | <u>4,803,489</u> | <u>221,341,769</u> | <u>363,222,001</u> | <u>1,257,004,178</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

13 (b) Property, plant and equipment

| Company | Right of use asset G\$ | Total G\$ |
|----------------------------|------------------------------|---------------------|
| Cost | | |
| At 1 January 2021 | 49,555,990 | 49,555,990 |
| Disposals | <u>(39,788,826)</u> | <u>(39,788,826)</u> |
| At 31 December 2021 & 2022 | <u>9,767,164</u> | <u>9,767,164</u> |
| Accumulated depreciation | | |
| At 1 January 2021 | 4,719,618 | 4,719,618 |
| Charge for the year | <u>841,258</u> | <u>841,258</u> |
| At 31 December 2021 | 5,560,876 | 5,560,876 |
| Charge for the year | <u>841,258</u> | <u>841,258</u> |
| At 31 December 2022 | <u>6,402,134</u> | <u>6,402,134</u> |
| Net book values: | | |
| At 31 December 2021 | <u>4,206,288</u> | <u>4,206,288</u> |
| At 31 December 2022 | <u>3,365,030</u> | <u>3,365,030</u> |

| Group | Right of use asset G\$ | Furniture, fittings and equipment G\$ | Motor vehicles G\$ | Total G\$ |
|--------------------------|------------------------------|------------------------------------------------|--------------------------|---------------------|
| Cost | | | | |
| At 1 January 2021 | 49,555,990 | 305,271,169 | 61,453,475 | 416,280,634 |
| Additions | - | 17,049,209 | 10,437,986 | 27,487,195 |
| Disposals | <u>(39,788,826)</u> | <u>(579,280)</u> | <u>(5,125,000)</u> | <u>(45,493,106)</u> |
| At 31 December 2021 | 9,767,164 | 321,741,098 | 66,766,461 | 398,274,723 |
| Additions | - | 4,868,799 | - | 4,868,799 |
| Disposals | <u>-</u> | <u>(2,534,236)</u> | <u>(19,813,285)</u> | <u>(22,347,521)</u> |
| At 31 December 2022 | <u>9,767,164</u> | <u>324,075,661</u> | <u>46,953,176</u> | <u>380,796,001</u> |
| Comprising: | | | | |
| Cost | 9,767,164 | 113,062,228 | 46,953,176 | 169,782,568 |
| Valuation | <u>-</u> | <u>211,013,433</u> | <u>-</u> | <u>211,013,433</u> |
| | <u>9,767,164</u> | <u>324,075,661</u> | <u>46,953,176</u> | <u>380,796,001</u> |
| Accumulated depreciation | | | | |
| At 1 January 2021 | 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 |
| Charges written back | <u>-</u> | <u>(435,024)</u> | <u>(4,555,608)</u> | <u>(4,990,632)</u> |
| At 31 December 2021 | 5,560,876 | 291,334,199 | 44,253,079 | 341,148,154 |
| Charge for the year | 841,258 | 12,051,587 | 4,318,376 | 17,211,221 |
| Charges written back | <u>-</u> | <u>(2,234,023)</u> | <u>(17,720,051)</u> | <u>(19,954,074)</u> |
| At 31 December 2022 | <u>6,402,134</u> | <u>301,151,763</u> | <u>30,851,404</u> | <u>338,405,301</u> |
| Net book values: | | | | |
| At 31 December 2021 | <u>4,206,288</u> | <u>30,406,899</u> | <u>22,513,382</u> | <u>57,126,569</u> |
| At 31 December 2022 | <u>3,365,030</u> | <u>22,923,898</u> | <u>16,101,772</u> | <u>42,390,700</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

14 Investments

| | Company | |
|------------------------------|---------------------------|---------------------------|
| | Cost <u>2022</u> | Cost <u>2021</u> |
| | G\$ | G\$ |
| (a) Investment in subsidiary | | |
| Value 4 U Inc. | 102,675,000 | 102,675,000 |
| JPS Trading Inc. | <u>1,000,000</u> | <u>1,000,000</u> |
| | <u><u>103,675,000</u></u> | <u><u>103,675,000</u></u> |

(b) Investment - FVTOCI (i)

| | Company and Group | | | |
|----------------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|
| | Cost <u>2022</u> | Fair value <u>2022</u> | Cost <u>2021</u> | Fair value <u>2021</u> |
| | | G\$ | | G\$ |
| Banks DIH Limited | 134,443,952 | 616,919,930 | 134,443,952 | 454,572,580 |
| Demerara Tobacco Company Limited | 150,919,200 | 503,064,000 | 150,919,200 | 335,376,000 |
| Republic Bank (Guyana Ltd) | 8,100,000 | 31,494,000 | 8,100,000 | 30,690,000 |
| Guyana Unit Trust | 12,144,476 | 26,375,146 | 12,144,476 | 18,483,723 |
| Caribbean Container Inc. | 275,400 | 642,600 | 275,400 | 382,500 |
| Demerara Distillers Limited | 3,170,043 | 39,127,720 | 3,170,043 | 16,136,322 |
| Sterling Products Ltd | <u>401,540</u> | <u>1,181,000</u> | <u>401,540</u> | <u>744,030</u> |
| | <u><u>309,454,611</u></u> | <u><u>1,218,804,396</u></u> | <u><u>309,454,611</u></u> | <u><u>856,385,155</u></u> |

(i) Category of investment

| | Company and Group | |
|-----------------------|-----------------------------|---------------------------|
| | <u>2022</u> | <u>2021</u> |
| | G\$ | G\$ |
| Quoted investments | 1,192,429,250 | 837,901,432 |
| Un-quoted investments | <u>26,375,146</u> | <u>18,483,723</u> |
| | <u><u>1,218,804,396</u></u> | <u><u>856,385,155</u></u> |

Income from the categories of investment

| | Company | | Group | |
|-----------------------|---------------------------|---------------------------|--------------------------|--------------------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| | G\$ | G\$ | G\$ | G\$ |
| Quoted investments | 20,146,016 | 23,941,875 | 20,146,016 | 23,941,875 |
| Un-quoted investments | <u>130,870,838</u> | <u>121,047,477</u> | <u>407,038</u> | <u>583,677</u> |
| | <u><u>151,016,854</u></u> | <u><u>144,989,352</u></u> | <u><u>20,553,054</u></u> | <u><u>24,525,552</u></u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

| 14 Investments - cont'd | Company | | Group | |
|--------------------------------------------|------------------|------------------|--------------------|--------------------|
| | 2022 G\$ | 2021 G\$ | 2022 G\$ | 2021 G\$ |
| (c) Associate company | | | | |
| At January 1 | 9,442,250 | 9,442,250 | 179,477,487 | 121,937,822 |
| Share of reserves of associate company (i) | - | - | 53,197,544 | 57,539,665 |
| At December 31 | <u>9,442,250</u> | <u>9,442,250</u> | <u>232,675,031</u> | <u>179,477,487</u> |

| (i) Share of reserves of associate company | Group | |
|--------------------------------------------------------------|-------------------|-------------------|
| | 2022 G\$ | 2021 G\$ |
| Group share of associate company's profit | 5,552,181 | 3,382,443 |
| Group share of associate company taxes and other adjustments | 47,645,363 | 54,157,222 |
| | <u>53,197,544</u> | <u>57,539,665</u> |

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

| Statement of comprehensive income | Guyana Biscuit Holdings Ltd. | |
|-----------------------------------|------------------------------|--------------------|
| | 2022 G\$ | 2021 G\$ |
| Income | <u>13,563,344</u> | <u>8,454,185</u> |
| Profit after taxation | <u>11,107,212</u> | <u>7,244,750</u> |
| Statement of financial position | | |
| Total assets | <u>573,926,826</u> | <u>447,993,481</u> |
| Shareholders' funds | 563,498,732 | 437,902,981 |
| Liabilities | <u>10,428,094</u> | <u>10,090,500</u> |
| Total equity and liabilities | <u>573,926,826</u> | <u>447,993,481</u> |

| 15 Trade and other receivables | Company | | Group | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2022 G\$ | 2021 G\$ | 2022 G\$ | 2021 G\$ |
| Trade receivables | 1,094,400 | 1,573,200 | 194,503,118 | 157,317,161 |
| Other receivables | 7,124,229 | 7,124,229 | 44,135,394 | 41,126,192 |
| Value added tax | 18,374,975 | - | 27,748,466 | - |
| Assets in transit | - | - | 56,106,503 | - |
| Prepayments | <u>187,320,000</u> | <u>156,100,000</u> | <u>198,438,669</u> | <u>161,889,543</u> |
| | <u>213,913,604</u> | <u>164,797,429</u> | <u>520,932,150</u> | <u>360,332,896</u> |
| 16 Due by related companies | | | | |
| Bounty Farm Limited | 903,434,221 | 751,712,640 | 903,646,931 | 755,283,079 |
| Value 4 U Inc. | 46,867,405 | - | - | - |
| Fairfield Investment | - | - | 700,113 | - |
| John Fernandes Ltd | - | 1,636,660 | - | 1,636,660 |
| | <u>950,301,626</u> | <u>753,349,300</u> | <u>904,347,044</u> | <u>756,919,739</u> |

The above inter-company balances are unsecured and are considered recoverable in full. Interest of 7% is paid on balances owing.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

17 Share capital

| | Company and Group | |
|-----------------------------------------------------|-------------------|------------|
| | 2022 | 2021 |
| Authorised Number of Ordinary shares | 40,000,000 | 40,000,000 |
| | GS | GS |
| Issued and fully paid 19,004,400 Ordinary shares | 19,004,400 | 19,004,400 |

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

18 (a) Capital reserve

| | Company and Group | |
|---------------|-------------------|-------------|
| | 2022 | 2021 |
| Share premium | GS | GS |
| Revaluation | 404,511 | 404,511 |
| Others | 211,013,433 | 211,013,433 |
| | 614,539 | 614,539 |
| | 212,032,483 | 212,032,483 |

| | Company | | | Group | | |
|-------------------|---------------|-------------|-------------|---------------|-------------|-------------|
| | 2022 | Movement | 2021 | 2022 | Movement | 2021 |
| | GS | GS | GS | GS | GS | GS |
| (b) Other reserve | 1,188,376,649 | 362,419,241 | 825,957,408 | 1,373,151,171 | 411,375,996 | 961,775,175 |

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.

(c) General reserve

| Company and Group | |
|-------------------|-----------|
| 2022 | 2021 |
| GS | GS |
| 1,620,376 | 1,620,376 |

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 | |
|-----------------|------------|------------|-------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | GS | GS | GS | GS |
| Trade payables | 1,549,007 | 809,736 | 99,697,695 | 97,378,901 |
| Other payables | 19,958,308 | 15,024,788 | 361,719,690 | 143,283,659 |
| Value added tax | - | 1,562,531 | 19,818,489 | 31,051,672 |
| Accruals | 62,669,690 | 55,150,318 | 65,096,900 | 57,190,370 |
| | 84,177,005 | 72,547,373 | 546,332,774 | 328,904,602 |

20 Due to related companies

| | Company | | Group | |
|----------------------------|-------------|-------------|-------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| | GS | GS | GS | GS |
| (a) John Fernandes Limited | 122,340,518 | - | 132,839,915 | 3,297,669 |
| (b) Bounty Farm Ltd | - | - | 7,318,041 | 12,953,259 |
| (c) JPS Trading Inc. | 461,617,279 | 213,786,131 | - | - |
| (d) Value 4 U Inc. | 110,000,000 | - | - | - |
| (e) Fairfield Investment | - | - | 65,445 | - |
| | 693,957,797 | 213,786,131 | 140,223,401 | 16,250,928 |

(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.

(d) Represents loan given to JP Santos by Value 4 U Inc.

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

| | Company | | Group | |
|-------------------|---------|------|-------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | G\$ | G\$ | G\$ | G\$ |
| 21 Bank Overdraft | - | - | 340,650,386 | 208,002,847 |

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% (2021-8.5%).

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 | |
|------------------------------------------------|-------------|-------------|-------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | G\$ | G\$ | G\$ | G\$ |
| <u>Parent company - John Fernandes Limited</u> | | | | |
| (i) Guarantee | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| (ii) Payable | 122,340,518 | - | 132,839,915 | 3,297,669 |
| (iii) Rental received | 109,620,000 | 109,620,000 | 109,620,000 | 109,620,000 |
| (iv) Interest on loan | - | - | 7,707,232 | 1,205,693 |
| (v) Receivable | - | 1,636,660 | - | 1,636,660 |
| <u>Fellow subsidiary - Bounty Farm Limited</u> | | | | |
| (i) Purchases from | - | - | 570,420,626 | 507,090,797 |
| (ii) Interest received on loan | 61,695,068 | 27,766,572 | 61,695,068 | 27,766,572 |
| (iii) Receivable | 903,434,221 | 751,712,640 | 903,646,931 | 755,283,079 |
| (iv) Payable | - | - | 7,318,041 | 12,953,259 |
| <u>Subsidiary - Value 4U Inc.</u> | | | | |
| Guarantee by J.P. Santos & Co. Ltd. | 105,552,283 | 105,552,283 | 105,552,283 | 105,552,283 |
| Payable- JP Santos & Co Ltd. | 110,000,000 | - | - | - |
| Payable- Fairfield Investment Ltd | - | - | 65,445 | - |
| Receivable- JP Santos & Co Ltd. | 46,867,405 | - | - | - |
| Receivable- Fairfield Investment Ltd | - | - | 700,113 | - |
| <u>Subsidiary - JPS Trading Inc.</u> | | | | |
| Payable - JP Santos & Co Ltd | 461,617,279 | 213,786,131 | - | - |
| Interest paid | 13,173,019 | 2,560,715 | 13,173,019 | 2,560,715 |

No provision made for any related party receivables.

Interest of 7% 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 FINANCIAL STATEMENTS

22 Related party transactions - cont'd

| | Company and Group | |
|---------------------------------|-------------------|----------------|
| | <u>2022</u> | <u>2021</u> |
| | G\$ | G\$ |
| Key management personnel | | |
| (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

| | Company and Group | |
|----------------------------------------|--------------------|--------------------|
| | <u>2022</u> | <u>2021</u> |
| | G\$ | G\$ |
| Guarantees in favour of Value 4 U Inc. | <u>105,552,283</u> | <u>105,552,283</u> |

24 Lease liability

| | Company and Group | |
|----------------------------------------|-------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| | G\$ | G\$ |
| Repayment due within one year | 1,360,275 | 1,646,493 |
| Repayment due within two to five years | <u>2,533,094</u> | <u>3,893,369</u> |
| | <u>3,893,369</u> | <u>5,539,862</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 FINANCIAL STATEMENTS

25 Analysis of financial assets and liabilities by measurement basis

| | Company | | |
|-----------------------------|----------------------|-------------------------------------------|----------------------|
| | | Financial assets and liabilities at | |
| | <u>FVTOCI</u> G\$ | <u>amortized cost</u> G\$ | <u>Total</u> G\$ |
| 2022 | | | |
| Assets | | | |
| Investments - subsidiary | - | 103,675,000 | 103,675,000 |
| Investment in associate | - | 9,442,250 | 9,442,250 |
| Investments - others | 1,218,804,396 | - | 1,218,804,396 |
| Trade and other receivables | - | 213,913,604 | 213,913,604 |
| Tax recoverable | - | 5,805,465 | 5,805,465 |
| Due by related companies | - | 950,301,626 | 950,301,626 |
| Cash on hand and at bank | - | 18,480,063 | 18,480,063 |
| | <u>1,218,804,396</u> | <u>1,301,618,008</u> | <u>2,520,422,404</u> |
| Liabilities | | | |
| Trade and other payables | - | 84,177,005 | 84,177,005 |
| Due to related companies | - | 693,957,797 | 693,957,797 |
| Taxes payable | - | 18,479,321 | 18,479,321 |
| | <u>-</u> | <u>796,614,123</u> | <u>796,614,123</u> |
| 2021 | | | |
| Assets | | | |
| 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 |
| Tax recoverable | - | 5,805,465 | 5,805,465 |
| 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>1,059,069,692</u> | <u>1,915,454,847</u> |
| Liabilities | | | |
| Trade and other payables | - | 72,547,373 | 72,547,373 |
| Due to related companies | - | 213,786,131 | 213,786,131 |
| Taxes payable | - | 11,585,845 | 11,585,845 |
| | <u>-</u> | <u>297,919,349</u> | <u>297,919,349</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

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

| | <u>Group</u> | | |
|-----------------------------|----------------------|-----------------------------------------------------------|----------------------|
| | <u>FVTOCI</u> | <u>Financial assets and liabilities at amortized cost</u> | <u>Total</u> |
| | G\$ | G\$ | G\$ |
| 2022 | | | |
| Assets | | | |
| Investments - others | 1,218,804,396 | - | 1,218,804,396 |
| Trade and other receivables | - | 520,932,150 | 520,932,150 |
| Due by related companies | - | 904,347,044 | 904,347,044 |
| Tax recoverable | - | 16,642,589 | 16,642,589 |
| Cash on hand and at bank | - | 35,778,374 | 35,778,374 |
| | <u>1,218,804,396</u> | <u>1,477,700,157</u> | <u>2,696,504,553</u> |
| Liabilities | | | |
| Trade and other payables | - | 546,332,774 | 546,332,774 |
| Due to related companies | - | 140,223,401 | 140,223,401 |
| Bank overdraft (secured) | - | 340,650,386 | 340,650,386 |
| Taxes payable | - | 42,970,286 | 42,970,286 |
| | <u>-</u> | <u>1,070,176,847</u> | <u>1,070,176,847</u> |
| 2021 | | | |
| Assets | | | |
| Investments - others | 856,385,155 | - | 856,385,155 |
| Trade and other receivables | - | 360,332,896 | 360,332,896 |
| Tax recoverable | - | 16,642,589 | 16,642,589 |
| 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> |
| Liabilities | | | |
| Trade and other payables | - | 328,904,602 | 328,904,602 |
| Due to related companies | - | 16,250,928 | 16,250,928 |
| Taxes payable | - | 21,097,723 | 21,097,723 |
| Bank overdraft (secured) | - | 208,002,847 | 208,002,847 |
| | <u>-</u> | <u>574,256,100</u> | <u>574,256,100</u> |

NOTES TO THE FINANCIAL STATEMENTS

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 | | | | | |
|-------------------------------|-----------------------|----------------------|---------------|-----------------------|--------------------|
| 2022 | | | 2021 | | |
| IFRS 13 Level | Carrying Value G\$ | Fair Value G\$ | IFRS 13 Level | Carrying Value G\$ | Fair Value G\$ |
| FVTOCI | 2 | <u>1,218,804,396</u> | 2 | <u>856,385,155</u> | <u>856,385,155</u> |
| Group | | | | | |
| 2022 | | | 2021 | | |
| IFRS 13 Level | Carrying Value G\$ | Fair Value G\$ | IFRS 13 Level | Carrying Value G\$ | Fair Value G\$ |
| Property, plant and equipment | 3 | <u>42,390,700</u> | 3 | <u>57,126,569</u> | <u>57,126,569</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 | | | | | |
|-----------------------------|-----------------------|----------------------|---------------|-----------------------|----------------------|
| 2022 | | | 2021 | | |
| IFRS 13 Level | Carrying Value G\$ | Fair Value G\$ | IFRS 13 Level | Carrying Value G\$ | Fair Value G\$ |
| Assets | | | | | |
| Investment properties | 3 | 1,257,004,178 | 3 | 905,084,500 | 905,084,500 |
| Trade and other receivables | 2 | 213,913,604 | 2 | 164,797,429 | 164,797,429 |
| Due by related companies | 2 | 950,301,626 | 2 | 753,349,300 | 753,349,300 |
| Tax recoverable | 3 | 5,805,465 | 3 | 5,805,465 | 5,805,465 |
| Cash on hand and at bank | 1 | 18,480,063 | 1 | 22,000,248 | 22,000,248 |
| | | <u>2,445,504,936</u> | | <u>1,851,036,942</u> | <u>1,851,036,942</u> |
| Liabilities | | | | | |
| Trade and other payables | 2 | 84,177,005 | 2 | 72,547,373 | 72,547,373 |
| Due to related companies | 2 | 693,957,797 | 2 | 213,786,131 | 213,786,131 |
| | | <u>778,134,802</u> | | <u>286,333,504</u> | <u>286,333,504</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

26 Fair value estimation - cont'd

Fair value measurements stated for disclosure purposes - cont'd

| | Group | | | | | |
|-----------------------------|------------------|--------------------------|----------------------|------------------|--------------------------|----------------------|
| | 2022 | | | 2021 | | |
| | IFRS 13 Level | Carrying Value G\$ | Fair Value G\$ | IFRS 13 Level | Carrying Value G\$ | Fair Value G\$ |
| Assets | | | | | | |
| Investment properties | 3 | 1,257,004,178 | 1,257,004,178 | 3 | 905,084,500 | 905,084,500 |
| Investment in associate | 3 | 232,675,031 | 232,675,031 | 3 | 179,477,487 | 179,477,487 |
| Trade and other receivables | 2 | 520,932,150 | 520,932,150 | 2 | 360,332,896 | 360,332,896 |
| Due by related companies | 2 | 904,347,044 | 904,347,044 | 2 | 756,919,739 | 756,919,739 |
| Cash on hand and at bank | 1 | 35,778,374 | 35,778,374 | 1 | 96,290,725 | 96,290,725 |
| | | <u>2,950,736,777</u> | <u>2,950,736,777</u> | | <u>2,298,105,347</u> | <u>2,298,105,347</u> |
| Liabilities | | | | | | |
| Trade and other payables | 2 | 546,332,774 | 546,332,774 | 2 | 328,904,602 | 328,904,602 |
| Due to related companies | 2 | 140,223,401 | 140,223,401 | 2 | 16,250,928 | 16,250,928 |
| Bank overdraft (secured) | 1 | 340,650,386 | 340,650,386 | 1 | 208,002,847 | 208,002,847 |
| | | <u>1,027,206,561</u> | <u>1,027,206,561</u> | | <u>553,158,377</u> | <u>553,158,377</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 FINANCIAL STATEMENTS

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:

| | Company | | Group | |
|-----------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2022</u> G\$ | <u>2021</u> G\$ | <u>2022</u> G\$ | <u>2021</u> G\$ |
| Liabilities | | | | |
| US Dollar | - | - | 96,410,373 | 85,342,476 |
| Net liabilities | - | - | 96,410,373 | 85,342,476 |

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.

| | Company | | Group | |
|------|--------------------|--------------------|--------------------|--------------------|
| | <u>2022</u> G\$ | <u>2021</u> G\$ | <u>2022</u> G\$ | <u>2021</u> G\$ |
| Loss | - | - | 964,104 | 853,425 |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

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>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| | | G\$ | G\$ | G\$ | G\$ |
| Overdrafts | +/-50 | <u>-</u> | <u>-</u> | <u>(1,703,252)</u> | <u>(1,040,014)</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.

The Group's related party and lease balances are exposed to interest risk, however, this is minimal as the interest rate does not fluctuate.

(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

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

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\$ | Non-interest bearing G\$ | |
| Assets | | | | | |
| Investments - others | - | - | - | 1,218,804,396 | 1,218,804,396 |
| Trade and other receivables | - | - | - | 213,913,604 | 213,913,604 |
| Due by related companies | 7% | 950,301,626 | - | - | 950,301,626 |
| Cash on hand and at bank | - | - | - | 18,480,063 | 18,480,063 |
| | | <u>950,301,626</u> | <u>-</u> | <u>1,451,198,063</u> | <u>2,401,499,689</u> |
| Liabilities | | | | | |
| Trade and other payables | - | - | - | 84,177,005 | 84,177,005 |
| Lease liability | 8% | 1,360,275 | 2,533,094 | - | 3,893,369 |
| Taxes payable | - | - | - | 18,479,321 | 18,479,321 |
| Due to related companies | 7% | 693,957,797 | - | - | 693,957,797 |
| | | <u>695,318,072</u> | <u>2,533,094</u> | <u>102,656,326</u> | <u>800,507,492</u> |
| Interest sensitivity gap | | <u>254,983,554</u> | <u>(2,533,094)</u> | <u>-</u> | <u>252,450,460</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Interest rate risk - cont'd

| | Interest rate range | Company | | | Total G\$ |
|-----------------------------|---------------------|--------------------|-------------------------|--------------------------|----------------------|
| | | Within 1 year G\$ | Within 2 to 5 years G\$ | Non-interest bearing G\$ | |
| Assets | | | | | |
| Investments - others | - | - | - | 856,385,155 | 856,385,155 |
| Trade and other receivables | - | - | - | 164,797,429 | 164,797,429 |
| Due by related companies | 7% | 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>1,043,182,832</u> | <u>1,796,532,132</u> |
| Liabilities | | | | | |
| Trade and other payables | - | - | - | 72,547,373 | 72,547,373 |
| Lease liability | 8% | 1,646,493 | 3,893,369 | - | 5,539,862 |
| Due to related companies | 7% | 213,786,131 | - | - | 213,786,131 |
| Taxes payable | - | - | - | 11,585,845 | 11,585,845 |
| | | <u>215,432,624</u> | <u>3,893,369</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>534,023,307</u> |

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Interest rate risk - cont'd

| | Interest rate range | Group | | | Total G\$ |
|-----------------------------|---------------------|--------------------|----------------------|--------------------------|----------------------|
| | | Maturing 2022 | | | |
| | | Within 1 year G\$ | Within 2-5 years G\$ | Non-interest bearing G\$ | |
| Assets | | | | | |
| Investments - others | - | - | - | 1,218,804,396 | 1,218,804,396 |
| Tax recoverable | - | - | - | 16,642,589 | 16,642,589 |
| Trade and other receivables | - | - | - | 520,932,150 | 520,932,150 |
| Due by related companies | 7% | 904,347,044 | - | - | 904,347,044 |
| Cash on hand and at bank | - | - | - | 35,778,374 | 35,778,374 |
| | | <u>904,347,044</u> | <u>-</u> | <u>1,792,157,509</u> | <u>2,696,504,553</u> |
| Liabilities | | | | | |
| Trade and other payables | - | - | - | 546,332,774 | 546,332,774 |
| Due to related companies | 7% | 140,223,401 | - | - | 140,223,401 |
| Lease liability | 8% | 1,360,275 | 2,533,094 | - | 3,893,369 |
| Taxes payable | - | - | - | 42,970,286 | 42,970,286 |
| Bank overdraft (secured) | 8.5% | 340,650,386 | - | - | 340,650,386 |
| | | <u>482,234,062</u> | <u>2,533,094</u> | <u>589,303,060</u> | <u>1,074,070,216</u> |
| Interest sensitivity gap | | <u>422,112,982</u> | <u>(2,533,094)</u> | <u>-</u> | <u>419,579,888</u> |
| Group | | | | | |
| Maturing 2021 | | | | | |
| | | Within 1 year G\$ | Within 2-5 years G\$ | Non-interest bearing G\$ | Total G\$ |
| Assets | | | | | |
| 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 | 7% | 756,919,739 | - | - | 756,919,739 |
| Cash on hand and at bank | 9% | - | - | 96,290,725 | 96,290,725 |
| | | <u>756,919,739</u> | <u>-</u> | <u>1,329,651,365</u> | <u>2,086,571,104</u> |
| Liabilities | | | | | |
| Trade and other payables | - | - | - | 328,904,602 | 328,904,602 |
| Due to related companies | 7% | 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>350,002,325</u> | <u>579,795,962</u> |
| Interest sensitivity gap | | <u>531,019,471</u> | <u>(3,893,369)</u> | <u>-</u> | <u>527,126,102</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

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 2022 | | |
|--------------------------|--------------------|---------------------|--------------------|
| | Within | Within | Total |
| | <u>1 year</u> | <u>2 to 5 years</u> | |
| G\$ | G\$ | G\$ | |
| Liabilities | | | |
| Trade and other payables | 84,177,005 | - | 84,177,005 |
| Lease liability | 1,360,275 | 2,533,094 | 3,893,369 |
| Taxes payable | 18,479,321 | - | 18,479,321 |
| Due to related companies | 693,957,797 | - | 693,957,797 |
| | <u>797,974,398</u> | <u>2,533,094</u> | <u>800,507,492</u> |
| | | | |
| | Maturing 2021 | | |
| | Within | Within | Total |
| | <u>1 year</u> | <u>2 to 5 years</u> | |
| | G\$ | G\$ | G\$ |
| Liabilities | | | |
| Trade and other payables | 72,547,373 | - | 72,547,373 |
| Lease liability | 1,646,493 | 3,893,369 | 5,539,862 |
| Due to related companies | 213,786,131 | - | 213,786,131 |
| Taxes payable | 11,585,845 | - | 11,585,845 |
| | <u>299,565,842</u> | <u>3,893,369</u> | <u>303,459,211</u> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

27 Financial risk management - cont'd

(b) Liquidity risk - cont'd

Group

| | Maturing | | |
|--------------------------|-------------------------|-------------------------------|----------------------|
| | 2022 | | |
| | Within 1 year G\$ | Within 2 to 5 years G\$ | Total G\$ |
| Liabilities | | | |
| Trade and other payables | 546,332,774 | - | 546,332,774 |
| Due to related companies | 140,223,401 | - | 140,223,401 |
| Lease liability | 1,360,275 | 2,533,094 | 3,893,369 |
| Taxes payable | 42,970,286 | - | 42,970,286 |
| Bank overdraft (secured) | 340,650,386 | - | 340,650,386 |
| | <u>1,071,537,122</u> | <u>2,533,094</u> | <u>1,074,070,216</u> |

| | Maturing | | |
|--------------------------|-------------------------|-------------------------------|--------------------|
| | 2021 | | |
| | Within 1 year G\$ | Within 2 to 5 years G\$ | Total G\$ |
| Liabilities | | | |
| 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> |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

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 | |
| | 2022 | 2021 | 2022 | 2021 |
| | G\$ | G\$ | G\$ | G\$ |
| Cash at bank | 18,480,063 | 22,000,248 | 19,588,374 | 84,790,725 |
| Investments | | | | |
| - others | 1,218,804,396 | 856,385,155 | 1,218,804,396 | 856,385,155 |
| Due by related companies | 950,301,626 | 753,349,300 | 904,347,044 | 756,919,739 |
| Trade and other receivables excluding prepayments | 26,593,604 | 8,697,429 | 322,493,481 | 198,443,353 |
| Tax recoverable | 5,805,465 | 16,642,589 | 5,805,465 | 16,642,589 |
| Total credit risk exposure | 2,219,985,154 | 1,657,074,721 | 2,471,038,760 | 1,913,181,561 |

| | Company | | Group | |
|---------------------------------------------------|--------------------|--------------------|----------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | G\$ | G\$ | G\$ | G\$ |
| Trade and other receivables excluding prepayments | 26,593,604 | 8,697,429 | 322,493,481 | 198,443,353 |
| Tax recoverable | 5,805,465 | 5,805,465 | 16,642,589 | 16,642,589 |
| Due by related companies | 950,301,626 | 753,349,300 | 904,347,044 | 756,919,739 |
| | 982,700,695 | 767,852,194 | 1,243,483,114 | 972,005,681 |

The above balances are classified as follows:

| | | | | |
|---------------------------|--------------------|--------------------|----------------------|--------------------|
| Current | 969,771,001 | 760,727,965 | 1,204,061,617 | 938,046,399 |
| Past due but not impaired | 12,929,694 | 7,124,229 | 39,421,497 | 33,959,282 |
| | 982,700,695 | 767,852,194 | 1,243,483,114 | 972,005,681 |

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

| | | | | |
|--------------|-------------------|------------------|-------------------|-------------------|
| 120-180 days | | | | |
| 180+ days | 12,929,694 | 7,124,229 | 39,421,497 | 33,959,282 |
| | 12,929,694 | 7,124,229 | 39,421,497 | 33,959,282 |

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

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

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.

| | 2022 | | | Total G\$ |
|---------------------------------------|-----------------|----------------|---------------------|---------------|
| | Services G\$ | Trading G\$ | Eliminations G\$ | |
| Statement of income | | | | |
| Third party revenues | - | 7,134,337,237 | - | 7,134,337,237 |
| Cost of sales | - | 5,953,882,946 | - | 5,953,882,946 |
| | - | 1,180,454,291 | - | 1,180,454,291 |
| Administrative expenses | 37,690,084 | 596,390,499 | - | 634,080,583 |
| Selling costs | - | 177,893,756 | - | 177,893,756 |
| | 37,690,084 | 774,284,255 | - | 811,974,339 |
| Profit/(loss) on operating activities | (37,690,084) | 406,170,036 | - | 368,479,952 |
| Rent received | 118,330,416 | - | (17,590,416) | 100,740,000 |
| Other income | 30,829,083 | 27,426,829 | - | 58,255,912 |
| Share of associate profit | 5,552,181 | - | - | 5,552,181 |
| | 154,711,680 | 27,426,829 | (17,590,416) | 164,548,093 |
| Profit before interest and tax | 117,021,596 | 433,596,865 | (17,590,416) | 533,028,045 |
| Finance income/(cost) | 48,382,013 | (15,656,487) | - | 32,725,526 |
| Profit before tax | 165,403,609 | 417,940,378 | (17,590,416) | 565,753,571 |
| Taxation | | | | (208,756,657) |
| Profit after tax | | | | 356,996,914 |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

28 Segment reporting - cont'd

| | 2022 | | | Total G\$ |
|--------------------------------|-----------------|----------------|---------------------|---------------|
| | Services G\$ | Trading G\$ | Eliminations G\$ | |
| Segment Assets | | | | |
| <u>Non-current assets</u> | | | | |
| Property, plant and equipment | - | 42,390,700 | - | 42,390,700 |
| Intangible asset | - | 414,252 | - | 414,252 |
| Investment properties | 1,257,004,178 | - | - | 1,257,004,178 |
| Investments - subsidiary | 103,675,000 | - | - | - |
| - others | 1,218,804,396 | - | (103,675,000) | - |
| Investment in associate | 232,675,031 | - | - | 1,218,804,396 |
| | | | | 232,675,031 |
| | 2,812,158,605 | 42,804,952 | (103,675,000) | 2,751,288,557 |
| <u>Current assets</u> | | | | |
| Inventories | - | 662,291,685 | - | 662,291,685 |
| Tax recoverable | 5,805,465 | 10,837,124 | - | 16,642,589 |
| Trade and other receivables | 213,913,604 | 307,018,546 | - | 520,932,150 |
| Due by related companies | 950,301,626 | (45,954,582) | - | 904,347,044 |
| Cash on hand and at bank | 18,480,063 | 17,298,311 | - | 35,778,374 |
| | 1,188,500,758 | 951,491,084 | - | 2,139,991,842 |
| Total assets | 4,000,659,363 | 994,296,036 | (103,675,000) | 4,891,280,399 |
| Segment Liabilities | | | | |
| <u>Non-current liabilities</u> | | | | |
| Lease liability | - | 2,533,094 | - | 2,533,094 |
| Deferred tax | 33,653,707 | (2,370,223) | - | 31,283,484 |
| Total non-current liabilities | 33,653,707 | 162,871 | - | 33,816,578 |
| <u>Current liabilities</u> | | | | |
| Trade and other payables | 84,177,005 | 462,155,769 | - | 546,332,774 |
| Due to related companies | 693,957,797 | (553,734,396) | - | 140,223,401 |
| Lease liability | - | 1,360,275 | - | 1,360,275 |
| Taxes payable | 18,479,321 | 24,490,965 | - | 42,970,286 |
| Bank overdraft (secured) | - | 340,650,386 | - | 340,650,386 |
| | 796,614,123 | 274,922,999 | - | 1,071,537,122 |
| Total liabilities | 830,267,830 | 275,085,870 | - | 1,105,353,700 |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

28 Segment reporting - cont'd

| | 2021 | | | Total GS |
|--------------------------------|----------------|---------------|--------------------|---------------|
| | Services GS | Trading GS | Eliminations GS | |
| 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 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 |
| Segment Assets 2021 | | | | |
| <u>Non-current assets</u> | | | | |
| Property, plant and equipment | - | 57,126,569 | - | 57,126,569 |
| Intangible assets | - | 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 |
| | 2,044,622,142 | 59,819,190 | (103,675,000) | 2,000,766,332 |
| <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 |
| | 945,952,442 | 810,028,652 | - | 1,755,981,094 |
| Total assets | 2,990,574,584 | 869,847,842 | (103,675,000) | 3,756,747,426 |
| Segment Liabilities | | | | |
| <u>Non-current liabilities</u> | | | | |
| Lease liability | - | 3,893,369 | - | 3,893,369 |
| Deferred tax | 35,475,944 | (9,109,069) | - | 26,366,875 |
| | 35,475,944 | (5,215,700) | - | 30,260,244 |
| <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 |
| Taxation | 11,585,845 | 9,511,878 | - | 21,097,723 |
| Bank overdraft (secured) | - | 208,002,847 | - | 208,002,847 |
| | 297,919,349 | 277,983,244 | - | 575,902,593 |
| Total liabilities | 333,395,293 | 272,767,544 | - | 606,162,837 |

J.P. SANTOS & COMPANY LIMITED AND SUBSIDIARIES

(SUBSIDIARY OF JOHN FERNANDES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

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 2021.

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>2022</u> G\$ | <u>2021</u> G\$ | <u>2022</u> G\$ | <u>2021</u> G\$ |
| Debt (i) | 697,851,166 | 219,325,993 | 484,767,156 | 229,793,637 |
| Cash and cash equivalents | <u>(18,480,063)</u> | <u>(22,000,248)</u> | <u>(35,778,374)</u> | <u>(96,290,725)</u> |
| Net debt | <u>679,371,103</u> | <u>197,325,745</u> | <u>448,988,782</u> | <u>133,502,912</u> |
| Equity (ii) | <u>2,946,630,413</u> | <u>2,485,810,480</u> | <u>3,785,926,699</u> | <u>3,150,584,589</u> |
| Debt to equity ratio | <u>0.24:1</u> | <u>0.09:1</u> | <u>0.13:1</u> | <u>0.07:1</u> |
| Net debt to equity ratio | <u>0.23:1</u> | <u>0.08:1</u> | <u>0.12:1</u> | <u>0.04:1</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\$1,000,000,000.

The group has purchased the land and building at Lot 129 Regent Road Bourda, Georgetown and has a balance of G\$124,880,000 to be paid in four 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 26, 2023.