KIW INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of
KIW INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KIW International Limited ("the Company"), set out on pages 5 to 31, which comprise the statement of financial position as at September 30, 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at September 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KIW INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

To the Members of
KIW INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KIW INTERNATIONAL LIMITED

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

KPMG

Chartered Accountants
Kingston, Jamaica

December 24, 2021

KIW INTERNATIONAL LIMITED

Statement of Financial Position
September 30, 2021

KIW INTERNATIONAL LIMITED

Statement of Financial Position
September 30, 2021

	Notes	2021 $	2020 $
ASSETS:			
Investments	4(a)	193,550,000	193,550,000
Taxation recoverable		279,930	339,891
Resale agreements	4(b)	12,700,795	12,683,698
Other receivables	6	3,994,177	3,116,135
Cash and cash equivalents	5	60,422	41,359
Total assets		210,585,324	209,731,083
LIABILITIES AND EQUITY			
LIABILITIES:			
Accounts payable	10	7,630,935	6,670,110
Due to parent company	11(b)	6,001,911	3,263,321
Total liabilities		13,632,846	9,933,431
EQUITY:			
Share capital	7	3,972,771	3,972,771
Capital reserves	8	86,372,532	86,372,532
Capital redemption reserve	9	3,500,000	3,500,000
Accumulated surplus		103,107,175	105,952,349
Total equity		196,952,478	199,797,652
Total liabilities and equity		210,585,324	209,731,083

The financial statements on pages 5 to 31 were approved for issue by the Board of Directors on December 23, 2021 and signed on its behalf by:

______________ Director
John Mahfood

______________ Director
John Jackson

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

KIW INTERNATIONAL LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended September 30, 2021

	Notes	2021 $	2020 $
Gains/(losses) from investment activities	12	277,126	(163,929,605)
Administrative expenses	13	(3,122,300)	(2,578,437)
Net loss for the year, being total Comprehensive loss		(2,845,174)	(166,508,042)

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

KIW INTERNATIONAL LIMITED

Statement of Changes in Equity
Year ended September 30, 2021

	Share capital $ (note 7)	Capital reserves $ (note 8)	Capital redemption reserve $ (note 9)	Accumulated surplus $	Total $
Balance at September 30, 2019	3,991,402	87,412,086	3,500,000	272,460,391	367,363,879
Loss for the year, being total comprehensive loss	-	-	-	(166,508,042)	(166,508,042)
Transactions with owners of the company:					
Purchase of own shares	(18,631)	(1,039,554)	-	-	(1,058,185)
Balance at September 30, 2020	3,972,771	86,372,532	3,500,000	105,952,349	199,797,652
Loss for the year, being total comprehensive loss	-	-	-	(2,845,174)	(2,845,174)
Balance at September 30, 2021	3,972,771	86,372,532	3,500,000	103,107,175	196,952,478

KIW INTERNATIONAL LIMITED

Statement of Cash Flows
Year ended September 30, 2021

	Notes	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss for the year		(2,845,174)	(166,508,042)
Adjustments for:			
Interest income – resale agreement	12	(277,126)	(214,491)
Fair value loss/(gain) on investments	12	-	164,150,000
		(3,122,300)	(2,572,533)
Changes in working capital:			
Taxation recoverable		59,961	(135,232)
Accounts payable		960,825	181,000
Due from related company		-	17,663,536
Due to parent company		2,738,590	1,438,288
Cash provided by/(used in) operating activities		914,202	16,575,059
Taxation paid		-	(505,053)
Net cash provided by operating activities		914,202	16,070,006
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments		(17,097)	(12,683,698)
Interest received		277,126	214,491
Net cash provided by/(used in) investing activities		260,029	(12,469,207)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of own shares		-	(1,058,185)
Deposits for purchase of own shares	6	(878,042)	(3,116,135)
Net cash used in financing activities		(878,042)	(4,174,320)
Net increase/(decrease) in cash and cash equivalents		19,063	(573,521)
Cash and cash equivalents at beginning of year		41,359	614,880
Cash and cash equivalents at end of year	5	60,422	41,359

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

1. Identification and principal activities

KIW International Limited is a limited liability company incorporated under the Companies Act of Jamaica and is domiciled in Jamaica. The Company is a 49.89% (2019: 45.43%) subsidiary of Jamaican Teas Limited with its remaining shares widely disbursed.

The principal activity of the Company is the trading in investments.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

New and amended standards that came into effect during the current financial year:

Certain new and amended standards that were in issue came into effect during the current financial year. The adoption of these standards did not have an impact on the Company's financial statements.

Amendments to standards and interpretations not yet effective:

At the date of approval of the financial statements, there were certain new and amended standards and interpretations to existing standards, which were in issue, but were not yet effective and had not been early adopted by the Company. Those which management considered may be relevant to the Company are as follows:

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments*: *Disclosures*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases*, is effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revise discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

Amendments to standards and interpretations not yet effective (continued):

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the ‘costs of fulfilling a contract’ comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the ‘incremental cost’ approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS *9 Financial Instruments,* IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

  (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  (iii) The amendments to IAS 41 *Agriculture* removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement*.

- Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

Amendments to standards and interpretations not yet effective (continued):

- Amendments to IAS 1 Presentation of Financial Statements (continued)

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

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

The company is assessing the impact, if any, that the above amendments may have on its future financial statements when they become effective.

(b) Basis of preparation and functional currency:

The financial statements are presented in Jamaica dollars (J$), which is the functional currency of the company. The Jamaican dollar is the functional currency, as it is the primary economic environment in which the Company operates.

The financial statements have been prepared on the historical cost basis except for equity investments which are measured at fair value. The significant accounting policies stated in note 3 below conform in all material respects with IFRS. The methods used to measure fair value are set out in note 15(e).

2. Statement of compliance and basis of preparation (continued)

(c) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could 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.

(a) Judgements:

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year is discussed below:

(i) Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 3(g) and 3(h), which also set out key sensitivities of the ECL to changes in these elements.

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

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

(ii) Fair value of financial instruments:

The investments included in the Company’s financial statements require measurement at, and/or disclosure of, at fair value.

2. Statement of compliance and basis of preparation (continued)

(c) Use of estimates and judgements:

(a) Judgements (continued):

(ii) Fair value of financial instruments (continued):

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. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

(iii) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(b) Key assumptions concerning the future and other sources of estimation uncertainty:

(i) Allowance for impairment losses:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimate the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates.

3. Significant accounting policies

(a) Interest income:

Interest income is recognised at a point in time in the income statement for all interest-bearing instruments on an accrual basis unless collectability is doubtful.

(b) Dividend income:

Dividend income is recognised at a point in time when the right to receive payment is established based on the record date of the dividends and in the period when they are approved.

3. Significant accounting policies (continued)

(c) Realised gain on sale of investments:

Realised gain on the sale of investment is determined by comparing sale proceeds with the carrying amount of the investment. This amount is recognised in the statement of profit or loss.

(d) Net fair value gains/losses on investments at fair value through profit or loss:

Unrealised fair value gain on investments are recognised when there is a change in the fair value from one period to the next. They exclude interest and dividend income.

(e) Foreign currency translation:

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(f) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax charges. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is computed by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Significant accounting policies (continued)

(f) Taxation (continued):

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Impairment:

Financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on financial assets has increased significantly if it is more than 30 days past due.

The Company recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to action such as realising security if any is held; or
- the financial asset is more than 30 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3. Significant accounting policies (continued)

(g) Impairment (continued):

Financial assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Reversals of impairments

An impairment loss in respect of resale agreements is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

3. Significant accounting policies (continued)

(g) Impairment (continued):

Financial assets (continued)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

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

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

(h) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, investments, resale agreements, other receivables and amounts due from related party. Similarly, financial liabilities include accounts payable and amounts due to parent company.

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(i) Recognition and initial measurement

The Company recognises a financial instrument when it becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the company measures a financial asset or financial liability at its fair value, *plus or minus*; in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(ii) Classification and subsequent measurement

Financial assets

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Resale agreements
- Due from related party
- Other receivables

Due to their short-term nature, the Company initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

Business model assessment

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss (FVTPL).

Factors considered by the Company in determining the business model for a group of assets include:

1. How the asset's performance is evaluated and reported to key management personnel;
2. How risks are assessed and managed; and
3. How managers are compensated.

The Company has determined that it has two business models.

- *Held-to-collect business model*: This comprises, cash and cash equivalents, other receivables and resale agreements. These financial assets are held to collect contractual cash flows.

- *Other business model:* This comprises equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value. The Company's financial liabilities include accounts payable and amounts due from parent company.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(i) Investments:

Investments are shown at fair value, determined as set out in note 15(e).

Changes arising from appreciation/depreciation in fair value are recognised in the statement of profit or loss.

Investments comprise quoted securities that are classified as FVTPL. Gains and losses on equity securities at FVTPL are included in the 'Losses or gains from investment activities' caption in the statement of profit or loss.

(j) Resale agreements:

Resale agreements are accounted for as short-term collateralised lending, and are classified as amortised cost. On initial recognition they are measured at fair value. Subsequent to initial recognition they are carried at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income over the life of the contract using the effective interest method.

(k) Other receivables:

Accounts receivable are measured at amortised cost less impairment losses.

(l) Cash and cash equivalents:

For the purpose of cash flow statements, cash and cash equivalents comprise cash and bank balances.

(m) Accounts payable:

Accounts payables are measured at amortised cost.

3. Significant accounting policies (continued)

(n) Share capital:

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

In the case of its preference share capital, it is classified as:

(1) equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity; and

(2) liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary; in such a case dividends thereon are recognised as interest in profit or loss.

(o) Capital distribution:

Capital distribution to the Company's shareholders are recognized as a liability in the Company's financial statements in the period in which the distribution is approved by the Company's shareholders.

(p) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity", that is, "the Company").

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

3. Significant accounting policies (continued)

(p) Related parties (continued):

(b) An entity is related to the Company if any of the following conditions applies (continued):

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan established for the benefit of employees of either the Company or an entity related to the Company.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity (or of a parent of the entity).

(viii) The entity or its parent is provided with key management personnel services by the management entity.

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

The Company's key related party relationships are with its shareholders and its directors.

4. Investments

	2021 $	2020 $
(a) Investment securities at FVTPL:		
Quoted equities	193,550,000	193,550,000

Quoted equities represent investments held in a related party that is listed on the Jamaica Stock Exchange.

(b) Resale agreements	12,700,795	12,683,698

This represents resale agreements held with NCB Capital Markets Limited and backed by Government of Jamaica Securities. At the reporting date, the fair value of these underlying securities was $13,321,000 (2020: $12,683,698).

KIW INTERNATIONAL LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2021

5. Cash and cash equivalents

	2021 $	2020 $
Cash at bank and in hand	60,422	41,359

6. Other receivables

	2021 $	2020 $
Deposits to repurchase own shares	3,994,177	3,116,135

7. Share capital

	2021 $	2020 $
(a) Authorised – ordinary shares 17,000,000 ordinary shares at no par		
Issued and fully paid 15,891,082 (2020: 15,891,082) ordinary shares at no par	3,972,771	3,972,771

(b) Authorized – redeemable preference shares
2,000,000 12½% cumulative redeemable participating preference shares 1995 of $1 each

8. Capital reserves

This represents realised surplus on revaluation of investment properties and gains on sale of those properties, as well as any surpluses or deficits from buyback of own shares.

	2021 $	2020 $
Realised surplus on revaluation and sale of property	86,372,532	87,412,086
Realised loss on buyback of own shares	-	(1,039,554)
	86,372,532	86,372,532

9. Capital redemption reserve

This reserve represents cumulative preference shares that were redeemed in 2018 out of accumulative surplus and transferred to capital redemption reserve. A total of 14 million 8% cumulative redeemable preference shares were held by Jamaican Teas Limited valuing $0.25 each.

10. Accounts payable

	2021 $	2020 $
Capital distribution payable	3,905,291	3,904,428
Other payables and accruals	3,725,644	2,765,682
	7,630,935	6,670,110

Included on other payables and accruals is Directors fees of $1,550,000 (2020: $850,000)

11. Related party balances and transactions

(a) The following transactions were carried out with related parties during the year:

	2021 $	2020 $
Directors' remuneration:		
Directors' fees	1,550,000	850,000

(b) Year end balances:

	2021 $	2020 $
Due to parent company - Jamaican Teas Limited	6,001,911	3,263,321

12. Gains/losses) from investment activities

	2021 $	2020 $
(a) Realised income:		
Interest income-resale agreements	277,126	214,491
Other income	-	5,904
	277,126	220,395
(b) Unrealised loss:		
Fair value losses on investments at fair value through profit or loss	-	(164,150,000)
	277,126	(163,929,605)

13. Administrative expenses

Loss before taxation is stated after charging:

	2021	2020
	$	$
Directors' fees	1,550,000	850,000
Audit fees	1,295,760	606,000
Professional fees	7,900	274,463
General expenses	208,843	704,358
Penalties	59,797	143,616
	3,122,300	2,578,437

14. Taxation expense

As at September 30, 2021, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits was $21,042,503 (2020: $18,252,445). Effective January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilized in any one year is restricted to 50% of the current year's taxable profits.

Deferred tax assets amounting to approximately J$5,254,409 (2020: $4,556,894) have not been recognised in respect of tax losses. At this time, the directors and management do not consider that it is probable that future taxable profits will be available against which to utilise these losses.

15. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Exposure to credit risk, liquidity risk and market risk arises in the ordinary course of the company's business.

The Board of Directors, directed by shareholders, has overall responsibility for the establishment and oversight of the company's risk management framework. Key management has responsibility for monitoring the company's risk management policies.

(a) Credit risk:

The Company has exposure to credit risk, which is the risk that its counterparties will fail to discharge their contractual obligations causing the Company to suffer a financial loss. Management carefully manages its exposure to credit risk.

15. Financial risk management (continued)

(a) Credit risk (continued):

Investment in resale agreements

The Company seeks to minimise the risk of its investments in resale agreements in the following ways:

- Investments are only placed with financial institutions stipulated by the Government of Jamaica and the guidelines of the Board of Directors.
- Management conducts constant monitoring of the investments to ensure that the agreed terms are adhered to and that the particular institutions fulfil their financial obligation to the company as they fall due.
- Management limits the amount of investments placed with any institution in accordance with the Board of Directors' guidelines.

Due to the short-term nature these investments, management believe the risk of default is minimal.

Cash and cash equivalents:

Cash and cash equivalents are held with financial institutions that are appropriately licensed and regulated, therefore, management believes the risk of default is minimal.

Other receivables

Due to the nature of its operations, the Company has limited exposure to credit risk from its main operations. The other receivables is made up of deposits on shares.

As at September 30, 2021, no impairment allowance was recognised as the amounts were considered immaterial.

Maximum exposure to credit risk

The Company's maximum exposure to credit risk at period end is represented by its respective carrying amount.

Impairment on cash and cash equivalents, other receivables and resale agreements have been measured at 12-month expected loss basis and reflects the short maturities of the exposures. The Company considered that cash and cash equivalents other receivables and resale agreements have low credit risk.

No impairment allowances were recognised under IFRS 9.

15. Financial risk management (continued)

(b) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that they will always have sufficient cash resources to meet financial obligations when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage of the company's reputation.

An analysis of the contractual maturities of the company's financial liabilities is presented below. The analysis is provided by estimating the timing of payment of the amounts recognised in the statement of financial position.

	2021			
	Carrying amount	Contractual cash flows	1 year or less	Over 1 year
Accounts payable	7,630,935	7,630,935	7,630,935	-
Due to parent company	6,001,911	6,001,911	-	6,001,911
	13,632,846	13,632,846	7,630,935	6,001,911

	2020			
	Carrying amount	Contractual cash flows	1 year or less	Over 1 year
Accounts payable	6,670,110	6,670,110	6,670,110	-
Due to parent company	3,263,321	3,263,321	-	3,263,321
	9,933,431	9,933,431	6,670,110	3,263,321

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates, will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk.

- Interest rate risk:

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

15. Financial risk management (continued)

(c) Market risk (continued):

- Interest rate risk (continued):

  At the reporting date, the Company had no financial asset or liability that was subject to interest rate risk as it had no variable interest-bearing financial instruments. The carrying amount of the Company's fixed interest rate financial assets was $12,700,795 (2020: $12,683,968).

- Foreign currency risk:

  Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

  At the reporting date, the Company was not exposed to foreign currency risk as there was no balance that was denominated in a currency other than the Jamaica dollar.

- Equity price risk:

  Equity price risk arises from available-for-sale equity securities held by the company as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

(d) Capital management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the Company is subject.

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

(e) Fair values:

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. Market price is used to determine fair value where an active market exists as is the best evidence of the fair value of a financial instrument. The Company's investments in equities are the only financial instrument that is carried at fair value, also where fair value of financial instruments approximates carrying value, no fair value computation is done.

15. Financial risk management (continued)

(e) Fair values (continued):

The carrying values reflected in the financial statements for cash and cash equivalent, other receivables, trade and other payables and related company balances are assumed to approximate fair value due to their relatively short-term nature.

Quoted equities fair values are based on the closing prices published by the Jamaica Stock Exchange.

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The Company considers relevant and observable market prices in its valuations where possible.

Equity investments are classified as Level 1.

16. Impact of COVID-19 pandemic

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. This could have significant negative financial effects on the Company, depending on factors such as (i) the duration and spread of the outbreak, (ii) the restrictions and advisories from Government, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be estimated reliably.

16. Impact of COVID-19 pandemic (continued)

The Company has performed various assessments of its business plans under multiple scenarios, as part of its business continuity and contingency planning. Management has determined that the pandemic did not have an adverse impact on the financial position, as operations largely complied with government minimum requirements.

At the date of approval of these financial statements, management does not believe that the pandemic has affected the Company’s ability to continue as a going concern.