

**KIW International Limited**

**Financial Statements  
30 September 2023**

# KIW International Limited

## Index

30 September 2023

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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 1 to 24 which comprise the statement of financial position as at 30 September 2023 the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2023 and of its financial performance and cash flows for the period 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

*Responsibilities of Management and the Board of Directors for the Financial Statements*

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

## **INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
KIW International Limited  
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### **Report on the audit of the Financial Statements (continued)**

#### *Responsibilities of Management and the Board of Directors for Financial Statements (continued)*

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

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

#### *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.
- 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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Members of  
KIW International Limited  
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**Report on the audit of the Financial Statements (continued)***Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

**Report on other legal and regulatory requirements**

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

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

**Chartered Accountants**

Kingston, Jamaica

13 December 2023

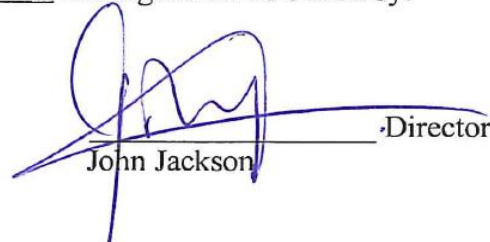
**KIW International Limited****Statement of Financial Position  
As at 30 September 2023**

	Note	2023	2022
		\$	\$
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investment securities	5	159,250,000	187,425,000
		<u>159,250,000</u>	<u>187,425,000</u>
<b>Current assets</b>			
Receivables	6	1,627,242	1,627,222
Due from parent company	7	-	525,151
Taxation recoverable		358,361	317,443
Cash and cash equivalents	8	2,684,595	3,745,995 *
		<u>4,670,198</u>	<u>6,215,811</u>
<b>TOTAL ASSETS</b>		<u>163,920,198</u>	<u>193,640,811</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	9	3,972,771	3,972,771
Capital reserves	10	86,372,532	86,372,532
Capital redemption reserve	11	3,500,000	3,500,000
Treasury shares	12	(11,060,453)	(11,060,453)
Retained earnings		75,160,510	103,589,977
		<u>157,945,360</u>	<u>186,374,827</u>
<b>Current liabilities</b>			
Payables	13	4,801,542	7,265,984
Due to parent company	7	1,173,296	-
		<u>5,974,838</u>	<u>7,265,984</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>163,920,198</u>	<u>193,640,811</u>

\* -Restated for comparative purposes

Approved for issue by the Board on 13 December 2023 and signed on its behalf by:


\_\_\_\_\_  
John Mahfood Director



\_\_\_\_\_  
John Jackson Director

**KIW International Limited****Statement of Comprehensive Income  
Year ended 30 September 2023**

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<u>\$</u>	<u>\$</u>
Interest income		139,500	149,972
Fair value loss on investment securities	5	(28,175,000)	(6,125,000)
Dividend income		-	8,575,000
Other operating income	14	1,401,204	-
Net operating (loss)/income		<u>(26,634,296)</u>	<u>2,599,972</u>
Operating and administrative expenses	15	(1,795,171)	(2,117,170)
(Loss)/profit before taxation		<u>(28,429,467)</u>	<u>482,802</u>
Taxation	16	-	-
<b>Net (loss)/income for the period, being total comprehensive (loss)/income</b>		<u><u>(28,429,467)</u></u>	<u><u>482,802</u></u>

**KIW International Limited****Statement of Changes in Equity  
Year ended 30 September 2023**

	<b>Share Capital</b>	<b>Capital Reserves</b>	<b>Capital Redemption Reserve</b>	<b>Treasury Shares</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 October 2021</b>	3,972,771	86,372,532	3,500,000	-	103,107,175	196,952,478
Transaction with owners, being purchase of own shares	-	-	-	(11,060,453)	-	(11,060,453)
Total comprehensive income	-	-	-	-	482,802	482,802
<b>Balance as at 30 September 2022</b>	3,972,771	86,372,532	3,500,000	(11,060,453)	103,589,977	186,374,827
Total comprehensive loss	-	-	-	-	(28,429,467)	(28,429,467)
<b>Balance as at 30 September 2023</b>	3,972,771	86,372,532	3,500,000	(11,060,453)	75,160,510	157,945,360



**KIW International Limited****Statement of Cash Flows  
Year ended 30 September 2023**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
(Loss)/profit before taxation	(28,429,467)	482,802
Adjustments for:		
Fair value loss on investment securities	28,175,000	6,125,000
Interest income	(139,500)	(149,972)
	<u>(393,967)</u>	<u>6,457,830</u>
Changes in operating assets and liabilities:		
Increase in receivables	(20)	-
Decrease in payables	(2,464,442)	(364,951)
Cash (used in)/provided by operating activities	<u>(2,858,429)</u>	<u>6,092,879</u>
Interest received	139,500	149,972
Income tax paid	(40,918)	(37,513)
Net (used in)/provided by operating activities	<u>(2,759,847)</u>	<u>6,205,338</u>
<b>Financing Activities</b>		
Due to related party, net	1,698,447	(6,527,062)
Purchase of own shares	-	(8,693,498)
Net cash provided by/(used in) financing activities	<u>1,698,447</u>	<u>(15,220,560)</u>
Net decrease in cash and cash equivalents	(1,061,400)	(9,015,222)
<b>Cash and cash equivalents at beginning of year</b>	<u>3,745,995</u>	<u>12,761,217</u>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<u>2,684,595</u>	<u>3,745,995</u>
<b>Represented by:</b>		
Cash and cash equivalents	<u>2,684,595</u>	<u>3,745,995</u>

# KIW International Limited

## Notes to the Financial Statements 30 September 2023

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### 1. Identification and principal activities

KIW International Limited was incorporated under the Companies Act of Jamaica and domiciled in Jamaica. The Company is a 53.91% subsidiary of Jamaica Teas Limited, the parent company.

The principal activity of the Company involves trading in investment securities.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

#### (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 4.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023**

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**2. Summary of significant accounting policies (continued)****(a) Basis of preparation (continued)****Standards and amendments to published standards effective in the current year that are relevant to the Company's operations**

The following standards have been adopted by the Company for the first time which have been issued and are effective for mandatory adoption for the financial year beginning on or after 1 January 2022:

**Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)**, (effective for annual periods beginning on or after 1 January 2022) specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

**Annual Improvements to IFRS Standards 2018–2020** are effective for annual reporting periods beginning on or after 1 January 2022. These amendments include minor changes to the following applicable standards:

- IFRS 9 'Financial Instruments' - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendments did not result in any material effect on the Company's financial statements.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023**

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**2. Summary of significant accounting policies (continued)****(a) Basis of preparation (continued)****Standards and amendments to published standards that are not yet effective and have not been early adopted by the Company.**

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the Company has not early adopted. The Company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

**Amendments to IAS 1 – Presentation of Financial Statements on Classification of Liabilities as Current or Non-current - Amendments to IAS 1** (effective for annual periods beginning on or after 1 January 2023) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Company.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023**

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**2. Summary of significant accounting policies (continued)****(b) Receivables**

Receivables are stated at their nominal value as reduced (where applicable) by appropriate allowances. The Company maintains an allowance for credit losses, which in management's opinion, is adequate to absorb all credit related losses in its portfolio. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

**(c) Financial assets****Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023**

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**2. Summary of significant accounting policies (continued)****(c) Financial assets (continued)****Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

***Debt instruments***

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023**

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**2. Summary of significant accounting policies (continued)****(c) Financial assets (continued)****Impairment**

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprises cash in hand and demand and call deposits with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitment rather than for investment or other purposes.

**(e) Interest bearing loans and borrowings**

Borrowings are stated initially at cost, being the fair value of the consideration received, net of issue costs associated with the borrowings. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings.

**(f) Payables**

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023**

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**2. Summary of significant accounting policies (continued)****(g) Related party transactions**

A party is related to the Company, if:

- (i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is the Company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any company that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.



**KIW International Limited****Notes to the Financial Statements**  
**30 September 2023**

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**2. Summary of significant accounting policies (continued)****(h) Impairment**

At each statement of financial position date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

**(i) Revenue recognition**

The main activities of the Company include trading in investments. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts and general consumption tax. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

**(i) Sales of services**

For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

**(ii) Interest income**

Interest income and expense are recognised in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

**KIW International Limited****Notes to the Financial Statements**  
**30 September 2023**

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**2. Summary of significant accounting policies (continued)****(j) Taxation**

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognized as income tax expense or benefit in the statement of comprehensive income except, where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

**(i) Current taxation**

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable and tax losses in respect of previous years.

**(ii) Deferred income taxes**

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when the legal right of offset exists.

**(k) Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the statement of financial position date; that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains or losses arising from fluctuations in the exchange rates are reflected in the statement of comprehensive income.

## **KIW International Limited**

### **Notes to the Financial Statements**

**30 September 2023**

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#### **3. Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The directors are ultimately responsible for the establishment and oversight of the Company's risk management framework. They provide written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

##### **(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at fair value through other comprehensive income (FVOCI) and deposits with banks and financial institutions, as well as outstanding receivables from credit sales.

##### **Risk management**

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

Management determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

**KIW International Limited****Notes to the Financial Statements**  
**30 September 2023**

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**3. Financial risk management (continued)****(a) Credit risk (continued)**

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

*Other financial assets at amortised cost*

Other financial assets at amortised cost include loans to related parties and key management personnel and other receivables.

While the other financial assets at amortised cost are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

While the debt investments at FVOCI are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

**Liquidity risk management process**

The Company's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis;
- (ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining a committed line of credit;
- (iv) Optimising cash returns on investment.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023****3. Financial risk management (continued)****(b) Liquidity risk (continued)****Undiscounted cash flows of financial liabilities**

The maturity profile of the Company's financial liabilities at year end on contractual undiscounted payments was as follows:

	<b>2023</b>			
	<b>Carrying Amount</b>	<b>Contractual Cash flows</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>
	\$	\$	\$	\$
Due to parent company	1,173,296	1,173,296	-	1,173,296
Payables	4,801,542	4,801,542	-	4,801,542
	<u>5,974,838</u>	<u>5,974,838</u>	<u>-</u>	<u>5,974,838</u>
	<b>2022</b>			
	<b>Carrying Amount</b>	<b>Contractual Cash flows</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>
	\$	\$	\$	\$
Payables	7,265,984	7,265,984	-	7,265,984
	<u>7,265,984</u>	<u>7,265,984</u>	<u>-</u>	<u>7,265,984</u>

Assets available to meet all of the liabilities and to cover financial liabilities include cash at bank and in hand.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023****3. Financial risk management (continued)****(c) Interest rate risk**

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

The Company minimises interest rate risk by investing mainly in fixed rate instruments and contracting liabilities at fixed rate, where possible.

The following table summarises the Company's exposure to interest rate risk. It includes the Company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

	2023					Total \$
	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	Over 1 year \$	Non-interest bearing \$	
<b>Assets</b>						
Receivables	-	-	-	-	1,627,242	1,627,242
Cash and cash equivalents	2,684,595	-	-	-	-	2,684,595
Total financial assets	2,684,595	-	-	-	1,627,242	4,311,837
<b>Liabilities</b>						
Payables	-	-	-	-	4,801,542	4,801,542
Due to parent company	-	-	-	-	1,173,296	1,173,296
Total financial liabilities	-	-	-	-	5,974,838	5,974,838
Total interest re-pricing gap	2,684,595	-	-	-	(4,347,596)	(1,663,001)

**KIW International Limited****Notes to the Financial Statements  
30 September 2023****3. Financial risk management (continued)****(c) Interest rate risk (continued)**

	2022					Total
	Within 1 month	1 to 3 months	3 to 12 months	Over 1 year	Non-interest bearing	
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Receivables	-	-	-	-	1,627,222	1,627,222
Due from parent company	525,151	-	-	-	-	525,151
Cash and cash equivalents	3,745,995	-	-	-	-	3,745,995
Total financial assets	4,271,146	-	-	-	1,627,222	5,898,368
<b>Liabilities</b>						
Payables	-	-	-	-	7,265,984	7,265,984
Total financial liabilities	-	-	-	-	7,265,984	7,265,984
Total interest re- pricing gap	4,271,146	-	-	-	(5,638,762)	(1,367,616)

**(d) Fair value estimates**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and cash equivalents, receivables related party balances and payables reflect their approximate fair values because of the short term maturity of these instruments.

**KIW International Limited****Notes to the Financial Statements****30 September 2023**

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**4. Critical accounting estimates and judgements in applying accounting policies**

The Company makes estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

**(i) Impairment losses on financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note 3(a).

**(ii) Income taxes**

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain during the ordinary course of business. In cases of such uncertainty, the Company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

**(iii) Fair value of financial assets**

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (Note 3).

**(iv) Investment properties**

Investment properties are carried in the statement of financial position at market value. The Company uses independent qualified property appraisers to value its investment properties, generally using the sales comparison approach. This approach takes into consideration various assumptions and factors including; the comparison to other properties with similar characteristics sold recently. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.



**KIW International Limited****Notes to the Financial Statements  
30 September 2023****5. Investment securities**

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>Investment securities at FVTPL</b>		
Balance at the beginning of the year	187,425,000	193,550,000
Fair value loss on investment securities	<u>(28,175,000)</u>	<u>(6,125,000)</u>
Balance at the end of the year	<u>159,250,000</u>	<u>187,425,000</u>

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

**6. Receivables**

	<u>2023</u>	<u>2022</u>
	\$	\$
Deposit on buy back of own shares (Note 12)	<u>1,627,242</u>	<u>1,627,222</u>
	<u>1,627,242</u>	<u>1,627,222</u>

**7. Due from/(to) parent company**

	<u>2023</u>	<u>2022</u>
	\$	\$
Due from:		
Jamaican Teas Limited	<u>-</u>	<u>525,151</u>
Due to:		
Jamaican Teas Limited	<u>(1,173,296)</u>	<u>-</u>
	<u>(1,173,296)</u>	<u>525,151</u>

The amount due from/(to) related party is unsecured, interest free and has no fixed repayment terms.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023****8. Cash and cash equivalents**

		<u>2023</u>	<u>2022</u>
		\$	\$
<b>Cash at bank:</b>			
Bank of Nova Scotia Jamaica Limited	(a)	26,835	709
National Commercial Bank Jamaica Limited	(a)	<u>12,755</u>	<u>44,491</u>
<b>Short-term investments:</b>		39,590	45,200
Barita Investments Limited	(b)	2,645,005	-
NCB Capital Markets Limited	(b)	<u>-</u>	<u>3,700,795</u>
		<u>2,684,595</u>	<u>3,745,995</u>

\* -Restated for comparative purposes

(a) Cash at bank represents an operating account at a licensed commercial bank in Jamaica.

There is no interest earned on the entity's account. This is a smart business-corporate account which is denominated in Jamaican dollars.

(b) Short-term investments, which all have remaining maturities of less than one year, substantially comprise Reverse Repurchase Agreements or Certificates of Participation, consisting of an interest in, or is collateralised by Government of Jamaica or Bank of Jamaica Securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed primarily by reviews of the financial status of the counterparty.

The rate of interest is 6.5% (2022: 3%) per annum.

**9. Share capital**

	<u>2023</u>	<u>2022</u>
	No. of shares	No. of shares
Authorised:		
17,000,000 (2022: 17,000,000) ordinary shares at no par value	<u>17,000,000</u>	<u>17,000,000</u>
	<u>2023</u>	<u>2022</u>
	\$	\$
Issued and fully paid:		
15,965,607 (2022: 15,965,607) ordinary shares at no par value	<u>3,972,771</u>	<u>3,972,771</u>

**KIW International Limited****Notes to the Financial Statements  
30 September 2023****10. Capital reserves**

	<u>2023</u>	<u>2022</u>
	\$	\$
Realised surplus on revaluation and sale of property	87,412,086	87,412,086
Realised loss on buy back of own shares	<u>(1,039,554)</u>	<u>(1,039,554)</u>
	<u>86,372,532</u>	<u>86,372,532</u>

**11. 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 Jamaica Teas Limited valuing \$0.25 each.

**12. Treasury shares**

Treasury stock represents cost incurred in buying back the Company's own stock units, which have not been cancelled, but are being held as treasury stock. As at September 30, 2023, the Company held 1,095,375 (2022: 1,095,375) of its own stock units. In addition, the Company is in the process of acquiring further stock units, for which a deposit of \$1,627,222 has already been paid (see Note 6).

**13. Payables**

	<u>2023</u>	<u>2022</u>
	\$	\$
Capital distribution payable	3,904,910	3,904,910
Other payables and accruals	<u>896,632</u>	<u>3,361,074</u>
	<u>4,801,542</u>	<u>7,265,984</u>

**14. Other operating income**

This represents the reversal of overaccrual of expenses in previous years, which were credited to the statement of comprehensive income.

**KIW International Limited****Notes to the Financial Statements  
30 September 2023****15. Expense by nature**

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>Operating and administrative expenses</b>		
Audit fee	1,011,037	800,000
Directors' fee	-	850,000
Donation	-	50,000
General expenses	360,446	417,170
Professional fees	417,100	-
Penalties	6,588	-
	<u>1,795,171</u>	<u>2,117,170</u>

**16. Taxation**

- (a) There was no taxation charge for the year due to the tax losses incurred. Subject to the agreement with the Commissioner General, Tax Administration Jamaica, the Company has taxation losses of approximately \$23,207,580 (2022: \$22,959,701) available for set-off against future taxable profits.

Deferred tax assets amounting to approximately \$5,801,895 (2022: \$5,739,925) 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.

- (b) The taxation charge in the statement of comprehensive income account differs from the theoretical amount that would arise using the income tax rate of 25% as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
(Loss)/profit before taxation	<u>(28,429,467)</u>	<u>482,802</u>
Tax calculated at a tax rate of 25%:	(7,107,367)	120,701
Adjusted for the effects of:		
Expense not allowed for tax purposes	7,045,397	50,000
Other allowances and charges	<u>61,970</u>	<u>(170,701)</u>
	<u>-</u>	<u>-</u>

**KIW International Limited****Notes to the Financial Statements****30 September 2023****17. Due to related party**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

- (a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or
- (b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the Company.

As at the statement of financial position date the following balances were outstanding:

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>Due from:</b>		
Jamaican Teas Limited	-	525,151
<b>Due to:</b>		
Jamaican Teas Limited	<u>(1,173,269)</u>	<u>-</u>
	<u>(1,173,269)</u>	<u>525,151</u>

The following was credited to the statement of comprehensive income:

	<u>2023</u>	<u>2022</u>
	\$	\$
Dividend income from related company	<u>-</u>	<u>(8,575,000)</u>