MFS Capital Partners Limited
(formerly SSL Venture Capital Limited)

Consolidated Financial Statements
30 June 2023

MFS Capital Partners Limited
(formerly SSL Venture Capital Limited)

Index
30 June 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of
MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Report on the Audit of the Consolidated and Stand-Alone Financial Statements

Qualified Opinion

We have audited the stand-alone financial statements of MFS Capital Partners Limited (formerly SSL Venture Capital Jamaica Limited) ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 1 – 55 which comprise the separate and consolidated statement of financial position as at 30 June 2023, and the separate and consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effects of matters described in the Basis for Qualified Opinion, the accompanying stand-alone and consolidated financial statements give a true and fair view of the financial position of the Company and the Group as at 30 June 2023 and its consolidated and stand-alone financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

Basis for Qualified Opinion

We draw attention to Note 2(c) in the financial statements which indicates that the Group and the Company as at 30 June 2023 has accumulated deficit of $138,699,712 (2022: $147,491,795) and $109,757,038 (2022: $118,230,325) respectively. Further, as at 30 June 2023, the Group's current liabilities exceeded its current assets by $41,737,678 (2022: $51,327,019). Continuation as a going concern, therefore, may be in doubt and is dependent on obtaining continued financial support. No adjustments have been made in the financial statements for any effects this might have on the carrying values of assets and liabilities as at the reporting date.

The Group and the Company remains dependent on their parent (MFS Acquisition Limited) for continued financial support.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Report on the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

Basis for Qualified Opinion (continued)

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 and the Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters are selected from the matters communicated with those charged with governance but are not intended to represent all matters that were discussed with them. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the *Basis for Qualified Opinion* section, we encountered no additional key audit matter for disclosure.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)
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Report on the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

Responsibilities of Management and the Board of Directors for the Consolidated and Stand-Alone 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 Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group's and the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Stand-Alone 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Report on the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated and Stand-Alone 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 Group's and 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 Group's and 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 Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)
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Report on the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated and Stand-Alone Financial Statements (continued)

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.

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

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

Report on other legal and other regulatory requirements

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 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.

The engagement partner on the audit resulting in this independent auditors' opinion is Emile Lafayette.

Baker Tilly

Chartered Accountants
Kingston, Jamaica
28 September 2023

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Consolidated Statement of Financial Position
As at 30 June 2023

	Note	2023	2022
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,825,687	2,672,088
Intangible assets	6	-	-
Goodwill	8	-	-
		1,825,687	2,672,088
Current assets			
Inventories	9	-	26,146
Receivables	10	31,305,241	2,290,315
Due from related party	11	26,443,900	-
Taxation recoverable		3,932,005	4,755,175
Cash and short-term deposits	12	2,135,291	4,481,282
		63,816,437	11,552,918
TOTAL ASSETS		65,642,124	14,225,006
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	111,880,297	111,880,297
Accumulated deficit		(138,699,712)	(147,491,795)
		(26,819,415)	(35,611,498)
Non-controlling interest	14	(13,092,576)	(13,043,433)
		(39,911,991)	(48,654,931)
Current liabilities			
Payables	15	56,095,124	55,746,571
Current portion of long-term loan	16	1,113,192	1,557,057
Due to related parties	11	47,072,380	5,000,000
Directors' account	17	697,110	-
Taxation payable		576,309	576,309
		105,554,115	62,879,937
TOTAL EQUITY AND LIABILITIES		65,642,124	14,225,006

Approved for issue by the Board of Directors on 28 September 2023 and signed on its behalf by:

Director
Clide Leopold Nesbeth

Director
Dino Hinds

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Consolidated Statement of Comprehensive Income
Year ended 30 June 2023

	Note	2023	2022
		$	$
Revenue	18	-	-
Other income	19	32,901,138	66,028,130
Operating and administrative expenses	20	(23,096,813)	(43,229,625)
Impairment losses on financial assets	3(a)	-	(3,498,232)
Operating profit	21	9,804,325	19,300,273
Finance costs, net	23	(238,215)	(1,131,160)
Profit before taxation		9,566,110	18,169,113
Taxation	24	(823,170)	-
Profit after taxation, being total comprehensive income		8,742,940	18,169,113
Net profit attributable to:			
Stockholders of the Company		8,792,083	12,838,525
Non-controlling interest		(49,143)	5,330,588
		8,742,940	18,169,113
Earnings per ordinary stock unit attributable to shareholders of the Company	25	0.02	0.03

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Consolidated Statement of Changes in Equity
Year ended 30 June 2023

		Equity Attributable to Stockholders of the Company					
	Number of Shares	**Share Capital**	**Capital Reserves**	**Accumulated Deficit**	**Total**	**Non-controlling Interest**	**Total Equity**
		$	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2021	400,000,000	111,880,297	294,881	(160,625,201)	(48,450,023)	(18,374,021)	(66,824,044)
Total comprehensive income	-	-	-	12,838,525	12,838,525	5,330,588	18,169,113
Transfer from capital reserves	-	-	(294,881)	294,881	-	-	-
Balance at 30 June 2022	400,000,000	111,880,297	-	(147,491,795)	(35,611,498)	(13,043,433)	(48,654,931)
Total comprehensive income	-	-	-	8,792,083	8,792,083	(49,143)	8,742,940
Balance at 30 June 2023	400,000,000	111,880,297	-	(138,699,712)	(26,819,415)	(13,092,576)	(39,911,991)

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Consolidated Statement of Cash Flows
Year ended 30 June 2023

	2023	2022
	$	$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	9,566,110	18,169,113
Adjustments for:		
Amortisation	-	28,856
Impairment losses on financial assets	-	3,498,232
Depreciation	753,034	1,823,088
Foreign exchange losses	2,675	-
Losses on disposal of property, plant and equipment	340,102	2,056,894
Interest expense	253,245	1,132,523
Interest income	(17,705)	(1,363)
	10,897,461	26,707,343
Changes in operating assets and liabilities:		
Increase in receivables	(29,014,926)	(1,139,970)
Increase/(decrease) in payables	348,553	(5,374,858)
Decrease in inventories	26,146	71,007
Related party balances, net	15,628,480	10,120,500
Directors' accounts, net	697,110	750,000
Cash (used in)/provided by operating activities	(1,417,176)	31,134,022
Taxes recovered	-	66,688
Interest paid	(253,245)	(1,132,523)
Interest received	17,705	1,363
Net cash (used in)/provided by operating activities	(1,652,716)	30,069,550
Investing Activities		
Proceeds from disposal of property, plant and equipment	20,000	-
Purchase of property, plant and equipment	(266,735)	(200,390)
Net cash used in investing activities	(246,735)	(200,390)
Financing Activities		
Long term loans, net	(443,865)	(784,482)
Short term loans, net	-	(21,397,393)
Net cash used in financing activities	(443,865)	(22,181,875)

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Consolidated Statement of Cash Flows
Year ended 30 June 2023

	2023	2022
	$	$
Net (decrease)/increase in cash and cash equivalents	(2,343,316)	7,687,285
Effect of exchange gains on cash and cash equivalents	(2,675)	-
Cash and cash equivalents at beginning of year	4,481,282	(3,206,003)
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,135,291	4,481,282
Represented by:		
Cash and short-term deposits	2,135,291	4,481,282

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Company Statement of Financial Position
As at 30 June 2023

	Note	2023	2022
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	5	628,718	864,472
Intangible assets	6	-	-
Investment in subsidiaries	7	-	-
		628,718	864,472
Current assets			
Receivables	10	31,305,241	2,290,314
Due from related party	11	26,443,900	-
Taxation recoverable		3,932,005	4,755,175
Cash and short-term deposits	12	2,135,291	4,481,282
		63,816,437	11,526,771
TOTAL ASSETS		64,445,155	12,391,243
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	111,880,297	111,880,297
Accumulated deficit		(109,757,038)	(118,230,325)
		2,123,259	(6,350,028)
Current liabilities			
Payables	15	15,249,516	13,741,271
Due to related parties	11	47,072,380	5,000,000
		62,321,896	18,741,271
TOTAL EQUITY AND LIABILITIES		64,445,155	12,391,243

Approved for issue by the Board of Directors on 28 September 2023 and signed on its behalf by:

Director
Clide Leopold Nesbeth

Director
Dino Hinds

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Company Statement of Comprehensive Income
Year ended 30 June 2023

	Note	2023	2022
		$	$
Revenue	18	-	-
Other income	19	30,265,796	40,990,218
Operating and administrative expenses	20	(20,984,369)	(32,265,539)
Impairment losses on financial assets	3(a)	-	(3,498,232)
Operating profit	21	9,281,427	5,226,447
Finance income, net	23	15,030	1,363
Profit before taxation		9,296,457	5,227,810
Taxation	24	(823,170)	-
Profit after taxation, being total comprehensive income		8,473,287	5,227,810

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Company Statement of Changes in Equity
Year ended 30 June 2023

	Share Capital	Accumulated Deficit	Total
	$	**$**	**$**
Balance at 1 July 2021	111,880,297	(123,458,135)	(11,577,838)
Total comprehensive income	-	5,227,810	5,227,810
Balance at 30 June 2022	111,880,297	(118,230,325)	(6,350,028)
Total comprehensive income	-	8,473,287	8,473,287
Balance at 30 June 2023	111,880,297	(109,757,038)	2,123,259

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Company Statement of Cash Flows
Year ended 30 June 2023

	2023	2022
	$	$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	9,296,457	5,227,810
Adjustments for:		
Amortisation and depreciation	142,387	154,922
Loss on disposal of property, plant and equipment	340,102	773,705
Foreign exchange losses	2,675	-
Impairment losses on financial assets	-	3,498,232
Interest income	(17,705)	(1,363)
	9,763,916	9,653,306
Changes in operating assets and liabilities:		
Increase in receivables	(29,014,927)	(3,513,930)
Increase in payables	1,508,245	7,130,308
Related parties, net	15,628,480	10,120,500
Cash (used in)/provided by operating activities	(2,114,286)	23,390,184
Interest received	17,705	1,363
Net cash (used in)/provided by operating activities	(2,096,581)	23,391,547
Investing Activities		
Proceeds from disposal of property, plant and equipment	20,000	-
Purchase of property, plant and equipment	(266,735)	(200,386)
Net cash used in investing activities	(246,735)	(200,386)
Financing Activity		
Short-term loans, net	-	(19,258,328)
Net cash used in financing activity	-	(19,258,328)
Net (decrease)/increase in cash and cash equivalents	(2,343,316)	3,932,833
Effect of exchange losses on cash and cash equivalents	(2,675)	-
Cash and cash equivalents at beginning of year	4,481,282	548,449
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,135,291	4,481,282
Represented by:		
Cash and cash equivalents	2,135,291	4,481,282

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Notes to the Financial Statements
30 June 2023

1. Identification and principal activities

MFS Capital Partners Limited ("the Company"), is a limited liability company that was incorporated under the Companies Act of Jamaica on 24 November 2011. The Company is a subsidiary of MFS Acquisition Limited, which is also incorporated and domiciled in Jamica, and which currently owns 53.52% of the issued shares of the Company. The registered office and principal place of business is located at Suite 2, 14 Canberra Crescent, Kingston 6. The Company has been listed on the Junior Market of the Jamaica Stock Exchange (JSE) since 29 May 2012.

In the prior year, the company was a subsidiary of Stock and Securities Limited, which held 79.08% of the Company's issued shares. On 25 May 2022, MFS Acquisition Limited acquired the 79.08% stake previously held by Stock and Securities Limited. On 13 June 2022 an Extraordinary General Meeting was held whereby shareholders approved a name change for the Company, from SSL Venture Capital Jamaica Limited, to MFS Capital Partners Limited. This became effective on 3 August 2022.

The business model of the Company has not changed significantly as they will continue specializing in investing in equity of small to medium sized companies that show great potential for growth and profits.

The Company's subsidiaries, together with the Company are referred to as "the Group"; the subsidiaries are as follows:

Date of Acquisition	Subsidiaries	Principal Activities	Proportion of issued share capital held by Company
July 2, 2018	Bar Central Limited	Distribution and provision of branding services	75% (2022:75%)
July 20, 2018	Muse 360 Integrated Limited	Marketing and commercial solutions	51% (2022:51%)

All of the Company's subsidiaries are incorporated and domiciled in Jamaica.

Bar Central Limited ceased operational activities as of December 31, 2019. Muse 360 Integrated Limited ceased operational activities as of August 31, 2019. Management has yet to decide on the future operation of Muse 360 Integrated Limited and Bar Central Limited.

The consolidated financial statements include the financial statements for the Company and its subsidiaries. These financial statements are presented in Jamaican dollars, which is the functional currency.

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, as modified by the valuation of certain items. 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 Group 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.

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Notes to the Financial Statements
30 June 2023

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 Group's operations

New standards impacting the company that have been adopted in the annual financial statements for the year ended 30 June 2023, and which have given rise to changes in the company's accounting policies are:

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022). In March 2018, the IASB issued the 2018 Conceptual Framework and most references to the Framework included in IFRS were updated to the 2018 Framework at that time. However, paragraph 11 of IFRS 3 Business Combinations, which continued to refer to the 1989 Framework, was not updated as this could have caused conflicts for entities applying IFRS 3. IASB identified three possible amendments to IFRS 3 that would update IFRS 3 without significantly changing its requirements. The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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 Group's operations (continued)

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (effective for annual periods beginning on or after 1 January 2022) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Annual Improvements to IFRS Standards 2018–2020 are effective for annual reporting periods beginning on or after 1 January 2022. The 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.

Adoption of these revised standards did not have any effect on the financial performance or position of the Group.

MFS Capital Partners Limited
(formerly SSL Venture Capital Jamaica Limited)

Notes to the Financial Statements
30 June 2023

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 Group

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 Group has not early adopted. The Group 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.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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 Group.

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. A subsidiary is an entity controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee, if and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policy in line with the Group's accounting policy. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. Summary of significant accounting policies (continued)

(c) Going concern

The preparation of the financial statements in accordance with IFRS assumes that the Group will continue in business for the foreseeable future. This means, in part, that the statement of financial position and the statement of comprehensive income assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis.

The Group and the Company as at 30 June 2023 has accumulated deficit of \$138,699,712 (2022: \$147,491,795) and \$109,757,038 (2022: \$118,230,325) respectively. Further, as at 30 June 2023, the Group's current liabilities exceeded its current assets by \$41,737,678 (2022: \$51,327,019). This indicates the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The parent Company - MFS Acquisition Limited has demonstrated its intent to continue to provide financial support to the Group and the Company for the foreseeable future.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2. Summary of significant accounting policies (continued)

(e) Property, plant and equipment

(i) Owned assets:
Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the business and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

(ii) Depreciation
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see below). Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their period of expected useful lives. The annual depreciation rates are as follows:

Computer equipment	25%
Furniture and fixtures	10%
Leasehold improvements	10%
Motor vehicles	20%
Office equipment	10%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

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2. Summary of significant accounting policies (continued)

(f) Financial Instruments

Classification
The Group and Company classify 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 OCI or in profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Group 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 Group and Company reclassify 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 Group and Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group and Company measure 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.

2. Summary of significant accounting policies (continued)

(f) Financial Instruments (continued)

Debt instruments
Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and Company classify 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 derecognised, 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.

Impairment
The Group and Company assess on a forward-looking basis the expected credit losses 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.

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2. Summary of significant accounting policies (continued)

(g) Intangible assets

Items of intangible assets represent purchased computer software not integral to computer hardware, with finite useful lives that are acquired separately and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life of three years.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which they are separately identifiable cash flows (cash-generating units).

(i) Inventories

Inventories are stated at the lower of cost and net realizable value, cost being determined on a first in first out basis. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

(j) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables impairment provisions, the Group and Company apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure expected credit losses on a collective basis, trade receivables are Grouped based on similar credit risk and ageing.

Under the simplified approach within IFRS 9, the impairment provision is assessed using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within operating profit in the consolidated and stand-alone statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. Summary of significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and bank overdraft.

(l) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) 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.

(n) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, 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.

2. Summary of significant accounting policies (continued)

(o) Fair value of 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. Financial assets carried on the statement of financial position include cash and cash equivalents, due from related parties, directors' accounts and receivables. Financial liabilities consist of payables, long term loans, directors' accounts, short term loans and due to related parties.

Generally financial instruments are recognized on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

The fair values of the financial instruments are discussed in Note 3(d).

(p) Related party transactions

Related parties:

A party is related to the Group, if:

(i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
(ii) the party is an associate of the Group;
(iii) the party is a joint venture in which the Group is a venturer;
(iv) the party is a member of the key management personnel of the Group 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 entity 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 Group, or of any Company that is a related party of the Group.

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

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2. Summary of significant accounting policies (continued)

(q) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable of goods and customer acceptance or performance of service. Revenue is shown net of General Consumption Tax, returns, rebates and discounts. Revenue is recognized as follows:

i) Sales of goods

Sales of goods are recognized upon the delivery of goods and acceptance or performance of services.

ii) Interest income

Interest income is recognized 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.

(r) 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.

2. Summary of significant accounting policies (continued)

(s) 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.

3. Financial risk management

The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

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

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, 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 Group'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.

3. Financial risk management (continued)

(a) Credit risk (continued)

Risk management (continued)
Management determines concentrations of credit risk by monitoring the credit-worthiness 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.

Security
The Group does not hold any collateral as security.

Impairment of financial assets
The Group has two types of financial assets that are subject to the expected credit loss model:
- trade receivables
- other receivables

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses on a collective basis, trade receivables are Grouped based on similar credit risk and ageing.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 or 30 June 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and Company have identified the GDP, inflation and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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3. Financial risk management (continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade receivables:

The Group:

30 June 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	100%	100%
Gross carrying amount – trade receivables	-	-	-	3,542,726	3,542,726
Loss allowance	-	-	-	3,542,726	3,542,726

30 June 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	100%	100%
Gross carrying amount – trade receivables	-	-	-	3,542,726	3,542,726
Loss allowance	-	-	-	3,542,726	3,542,726

The closing loss allowances for trade receivables as at 30 June 2023 and 30 June 2023 reconcile to the opening loss allowances as follows:

	Trade receivables 2023 $	Trade receivables 2022 $
Balance at beginning and end of year	3,542,726	3,542,726

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payments for a period of greater than 90 days past due.

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3. Financial risk management (continued)

(a) Credit risk (continued)

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

As at 30 June 2023 trade receivables had lifetime expected credit losses of $3,542,726 (2022: $3,542,726).

Other receivables

The loss allowances for other receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

The Group:

30 June 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	90%	41%
Gross carrying amount – other receivables	29,014,927	-	-	24,463,958	53,478,885
Loss allowance	-	-	-	22,173,644	22,173,644

30 June 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	90%	90%
Gross carrying amount – other receivables	-	-	-	24,468,958	24,468,958
Loss allowance	-	-	-	22,173,644	22,173,644

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3. Financial risk management (continued)

(a) Credit risk (continued)

The closing loss allowances for other receivables as at 30 June 2023 and 30 June 2022 reconcile to the opening loss allowances as follows:

	Other receivables 2023 $	Other receivables 2022 $
Opening loss allowance as at 1 July	22,173,644	18,675,412
Increase in loss allowance recognised in profit or loss during the year	-	3,498,232
Closing balance at end of year	22,173,644	22,173,644

As at 30 June 2023 other receivables had lifetime expected credit losses of $22,173,644 (2022: $22,173,644).

The Group:
The closing loss allowances for trade and other receivables as at 30 June 2023 and 30 June 2022 are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	$	$	$	$
Closing balance at end of year				
Trade receivables	3,542,726	3,542,726	-	-
Other receivables	22,173,644	22,173,644	22,173,644	22,173,644
Total loss allowances on financial assets	25,716,370	25,716,370	22,173,644	22,173,644

Net impairment losses on financial assets recognised in profit or loss
During the year, the following reversal/(losses) were recognised in profit or loss in relation to impaired financial assets:

	2023 $	2022 $
Impairment losses		
- movement in loss allowance for other receivables	-	(3,498,232)
Net impairment losses on financial assets	-	(3,498,232)

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3. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group 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 at, or close to, its fair value.

Liquidity risk management process

The Group'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.

Undiscounted cash flows of financial liabilities

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

The Group:

	1 to 3 months	3 to 12 months	1 to 5 Years	Contractual cashflows	Carrying amount
			2023		
	$	$	$	$	$
Long term loan	197,194	1,049,581	-	1,246,775	1,113,192
Payables	56,095,124	-	-	56,095,124	56,095,124
Directors' account	697,110	-	-	697,110	697,110
Due to related parties	-	47,072,380	-	47,072,380	47,072,380
	56,989,428	48,121,961		105,111,389	104,977,806
			2022		
Long term loan	197,194	1,574,515	-	1,771,709	1,557,057
Payables	55,746,571	-	-	55,746,571	55,746,571
Due to related parties	-	5,000,000	-	5,000,000	5,000,000
	55,943,765	6,574,515	-	62,518,280	62,303,628

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand and guarantee from the parent Company.

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3. Financial risk management (continued)p

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities (continued)
The maturity profile of the Company's financial liabilities at year end on contractual undiscounted payments was as follows:

The Company:

	1 to 3 months	3 to 12 months	1 to 5 Years	Contractual cashflows	Carrying amount
			2023		
	$	$	$	$	$
Payables	15,249,516	-	-	15,249,516	15,249,516
Due to related parties	-	47,072,380	-	47,072,380	47,072,380
	15,826,658	47,072,380	-	62,321,896	62,321,896
			2022		
	$	$	$	$	$
Payables	13,741,271	-	-	13,741,271	13,741,271
Due to related parties	-	5,000,000	-	5,000,000	5,000,000
	13,741,271	5,000,000	-	18,741,271	18,741,271

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand and guarantee from the parent Company.

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in interest rates (see 3(c)(ii)) and foreign currency exchange rates (see 3(c)(i)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which the Group manages and measures the risk.

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3. Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from currency exposure primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group is primarily exposed to such risks arising from foreign currency translation in relation to cash at bank and in hand, payables and short-term loans.

The statement of financial position at 30 June 2023 includes net foreign assets of approximately $410,668 (2022: $691,055) for the Group and net foreign assets of $410,668 (2022: liabilities - $634,822) for the Company, in respect of transactions arising in the ordinary course of business.

The following tables indicate the currency to which the Group and the Company had significant exposure on its monetary assets and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in the foreign exchange rate. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates as indicated in the table below. The sensitivity of the surplus was as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable; variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	2023	**2023**	**2022**	**2022**
	$	**$**	**$**	**$**
	Effect on Profit and loss and equity			
	Revaluation 1%	Devaluation 4%	Revaluation 1%	Devaluation 4%
The Group				
Currency:				
JMD	(4,107)	16,427	(6,911)	27,642
The Company				
Currency:				
JMD	(4,107)	16,427	6,348	(25,393)

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

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

The Group's interest rate risk mainly arises from cash and cash equivalents and long-term loans. This risk is managed by analysing the economic environment and obtaining fixed rate loans when interest rates are expected to rise and floating rate loans when interest rates are expected to fall. It also manages the maturities of interest-bearing financial assets and interest-bearing financial liabilities. At 30 June 2023, the Group had no significant exposure to variable rate interest rate risk.

(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 short-tern deposits, receivables and payables reflect their approximate fair values because of the short-term maturity of these instruments.

The fair value of long-term loans approximates amortised costs.

The fair values of directors' account and due from/(to) related companies could not be reasonably assessed as there are no set repayment terms.

4. Critical accounting estimates and judgments in applying accounting policies

The Group and Company make 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 of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and 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.

(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 in the ordinary course of business. In cases of such uncertainty, the Group and Company recognise liabilities for possible additional taxes based on its judgement. Where, on the basis of a 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) Depreciable assets
Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group and Company apply a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) Recognition and measurement of intangible assets
The recognition and measurement of intangible assets, other than goodwill, in a business combination, involve the utilization of valuation techniques. These intangibles may be market related, consumer related, contract based or technology based. For significant amounts of intangibles arising from a business combination, the Group and Company have utilized independent professional advisors to assist management in determining the recognition and measurement of these assets.

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(v) Valuation of financial instruments
Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group and Company determine fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm’s length transaction.

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5. Property, plant and equipment

The Group:

	Leasehold Improvements	Computer Equipment	Furniture & Fixtures	Office Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
Cost -						
1 July 2021	266,960	4,470,145	2,520,085	1,475,866	2,023,852	10,756,908
Additions	-	168,893	-	31,497	-	200,390
Disposals	-	(1,870,164)	(1,073,505)	(693,268)	(1,000,000)	(4,636,937)
30 June 2022	266,960	2,768,874	1,446,580	814,095	1,023,852	6,320,361
Additions	-	171,735	-	95,000	-	266,735
Disposals	(188,960)	-	-	(270,309)	-	(459,269)
30 June 2023	78,000	2,940,609	1,446,580	638,786	1,023,852	6,127,827
Depreciation -						
1 July 2021	52,648	2,291,205	554,889	341,444	1,165,042	4,405,228
Charge for the year	26,696	842,016	160,733	77,980	715,663	1,823,088
Relieved on disposals	-	(1,058,011)	(413,115)	(252,064)	(856,853)	(2,580,043)
30 June 2022	79,344	2,075,210	302,507	167,360	1,023,852	3,648,273
Charge for the year	12,524	510,662	160,731	69,117	-	753,034
Relieved on disposals	(60,667)	-	-	(38,500)	-	(99,167)
30 June 2023	31,201	2,585,872	463,238	197,977	1,023,852	4,302,140
Net book value -						
30 June 2023	46,799	354,737	983,342	440,809	-	1,825,687
30 June 2022	187,616	693,664	1,144,073	646,735	-	2,672,088

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5. Property, plant and equipment (continued)

The Company:

	Computer Equipment	Office Equipment	Leasehold Improvements	Total
	$	$	$	$
Cost -				
1 July 2021	865,581	1,057,733	266,960	2,190,274
Additions	168,889	31,497	-	200,386
Disposals	(948,911)	(275,136)	-	(1,224,047)
30 June 2022	85,559	814,094	266,960	1,166,613
Additions	171,735	95,000	-	266,735
Disposals	-	(270,309)	(188,960)	(459,269)
30 June 2023	257,294	638,785	78,000	974,079
Depreciation -				
1 July 2021	289,644	284,125	52,648	626,417
Charge for the year	21,390	77,980	26,696	126,066
Relieved on disposals	(255,597)	(194,745)	-	(450,342)
30 June 2022	55,437	167,360	79,344	302,141
Charge for the year	60,746	69,117	12,524	142,387
Relieved on disposals	-	(38,500)	(60,667)	(99,167)
30 June 2023	116,183	197,977	31,201	345,361
Net book value -				
30 June 2023	141,111	440,808	46,799	628,718
30 June 2022	30,122	646,734	187,616	864,472

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6. Intangible assets

The Group:

	Computer Software	Total
	$	$
Cost -		
1 July 2021	2,219,403	2,219,403
Additions	-	-
30 June 2022 and 2023	2,219,403	2,219,403
Amortisation -		
1 July 2021	2,190,547	2,190,547
Charge for year	28,856	28,856
30 June 2022 and 2023	2,219,403	2,219,403
Net book value		
30 June 2023	-	-
30 June 2022	-	-

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6. Intangible assets (continued)

The Company:

	Computer Software	Total
	$	**$**
Cost -		
1 July 2021	2,404,184	2,404,184
Additions	-	-
30 June 2022 and 2023	2,404,184	2,404,184
Amortisation -		
1 July 2021	2,375,328	2,375,328
Charge for the year	28,856	28,856
30 June 2022 and 2023	2,404,184	2,404,184
Net book value -		
30 June 2023	-	-
30 June 2022	-	-

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7. Investments in subsidiaries

The Company

		2023	2022
		$	$
Investments at cost:			
Muse 360 Integrated Limited	(a)	26,368,577	26,368,577
Bar Central Limited	(b)	5,997,000	5,997,000
		32,365,577	32,365,577
Less: Impairment of investment in subsidiaries		(32,365,577)	(32,365,577)
		-	-

(a) Effective 20 July 2018, the Company acquired 51% of the issued share capital of Muse 360 Integrated Limited (MUSE). The principal activities of MUSE are marketing and commercial solutions.

(b) Effective 2 July 2018, the Company acquired 75% of the issued share capital of Bar Central Limited. The principal activities of Bar Central Limited are distribution and provision of branding services.

During the year 2021, investments in subsidiaries were tested for impairment. It was assessed by management that the investments were impaired and as a result a provision has been made. As indicated in Note 1, both subsidiaries have ceased operational activities since 2019 and management has yet to decide on their future operations.

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8. Goodwill

The Group

	Muse 360 Integrated Limited	Bar Central Limited	Total
	$	$	$
Goodwill:			
Balance as at 1 July 2021, 30 June 2022 and 2023	24,106,398	29,706,259	53,812,657
Less: Impairment provision as at 1 July 2021, 30 June 2022 and 2023	(24,106,398)	(29,706,259)	(53,812,657)
Closing balance as at 30 June 2022 and 2023	-	-	-

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9. Inventories

	The Group	
	2023	**2022**
	$	**$**
Liquor	-	-
Beverages	-	26,146
	-	26,146

For the years ended 30 June 2023 and 2022 there were no provisions for obsolescence.

10. Receivables

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Trade	3,542,726	3,542,726	-	-
Other	53,478,885	24,463,959	53,478,885	24,463,958
	57,021,611	28,006,685	53,478,885	24,463,958
Less: Impairment losses on financial assets (Note 3(a))	(25,716,370)	(25,716,370)	(22,173,644)	(22,173,644)
	31,305,241	2,290,315	31,305,241	2,290,314

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11. Due from/(to) related parties

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Due from:-				
Micro-Finance Solution Limited	24,240,000	-	2,240,000	-
MFS Acquisition Limited	2,203,900	-	2,203,900	-
	26,443,900	-	26,443,900	-
Due to:-				
MFS Group Limited	47,072,380	5,000,000	47,072,380	5,000,000
	(20,628,480)	(5,000,000)	(20,628,480)	(5,000,000)

These companies are related by common shareholders and directors. The balances are unsecured and have no fixed payment/repayment terms.

12. Cash and short-term deposit

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Cash at bank	2,135,291	4,461,282	2,135,291	4,461,282
Cash in hand	-	20,000	-	20,000
	2,135,291	4,481,282	2,135,291	4,481,282

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the Group's and Company's savings accounts range from 0.05% - 0.07% for accounts that are denominated in United States Dollars, and 0.35% for those denominated in Jamaican Dollars.

13. Share capital

	2023	2022
	No. of shares	No. of shares
Authorised-		
Ordinary shares of no-par value	1,000,000,000	1,000,000,000

	2023	2022
	$	$
Issued and fully paid:		
400,000,000 Ordinary shares of no par value	111,880,297	111,880,297

14. Non-controlling interest

	The Group	
	2023	2022
	$	$
Balance at beginning of year	(13,043,433)	(18,374,021)
Share of (loss)/profit for the year	(49,143)	5,330,588
Balance at end of year	(13,092,576)	(13,043,433)

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15. Payables

	The Group		The Company	
	2023	2022	2023	2022
	$	$	$	$
Trade payables	7,796,523	7,602,573	193,950	-
Accrued charges	16,572,952	15,547,068	6,751,120	4,552,228
Payroll liabilities	21,101,298	21,295,413	8,304,446	8,498,561
Other	10,624,351	11,301,517	-	690,482
	56,095,124	55,746,571	15,249,516	13,741,271

16. Long-term loan

	The Group	
	2023	2022
	$	$
Simpson Finance Jamaica Limited	1,113,192	1,557,057
Less: Current portion	(1,113,192)	(1,557,057)
	-	-

This loan, which was received in November 2017, restructured in May 2020, attracts interest at 8.98% per annum and is repayable in 60 monthly instalments.

The loan is substantially secured by Bill of sale over 2014 Suzuki APV motor van.

17. Directors' account

This balance, which relates to amounts owed the Directors, is unsecured, interest free and has no fixed repayment terms.

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18. Revenue

Revenue represents the price of goods sold or services rendered to customers, and management fees and is stated net of discounts and allowances and General Consumption Tax.

During the year ended 30 June 2023, no revenue was generated by the Group.

19. Other income

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Gain on financing of receivables	16,310,000	-	16,310,000	-
Consulting fees	6,000,000	-	6,000,000	-
Loans and borrowings write-offs	-	14,137,828	-	14,137,828
Related party balances write-offs	5,000,000	-	5,000,000	-
Payables write-offs	2,635,342	51,890,302	-	26,852,390
Other	2,955,796	-	2,955,796	-
	32,901,138	66,028,130	30,265,796	40,990,218

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20. Expenses by nature

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Advertising and promotions	428.230	-	428,230	-
Accounting fee	1,060,000	-	1,060,000	-
Audit fee	3,280,998	3,049,245	1,805,348	1,707,745
Bank charges	52,512	484,456	52,512	109,805
Company secretary	320,010	305,000	320,010	305,000
Depreciation and amortisation	753,034	1,851,944	142,387	154,922
Directors' fees	2,095,000	75,000	2,095,000	75,000
Donations	-	17,603	-	17,603
Dues and subscriptions	224,223	502,967	224,223	502,967
Legal and professional fees	50,000	2,419,198	50,000	2,419,198
Loss on disposal of property, plant and equipment	340,102	2,056,894	340,102	773,705
Management remuneration	1,100,000	-	1,100,000	-
Motor vehicle expenses	-	762,674	-	762,674
Office expenses	1,169,550	436,270	1,169,550	352,720
Other expense	3,672,479	7,346,827	3,646,332	2,800,928
Printing and reproduction	27,817	105,118	27,817	105,118
Staff costs (Note 22)	4,621,404	14,984,228	4,621,404	14,925,829
Rent	962,685	3,869,591	962,685	2,309,591
Registration fees	2,151,237	1,941,223	2,151,237	1,941,223
Repairs and maintenance	28,000	122,742	28,000	122,741
Travelling and meetings	643,478	2,400,000	643,478	2,400,000
Utilities	116,054	498,645	116,054	478,770
	23,096,813	43,229,625	20,984,369	32,265,539
Impairment losses on financial assets	-	3,498,232	-	3,498,232
Finance costs/(income), net (Note 23)	238,215	1,131,160	(15,030)	(1,363)
	23,335,028	47,859,017	20,969,340	35,762,408

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21. Operating profit

In arriving at the operating profit, the following have been charged/(credited): -

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Auditors' remuneration	3,280,998	3,049,245	1,805,348	1,707,745
Impairment losses on financial assets	-	3,498,232	-	3,498,232
Losses on disposal of property, plant and equipment	340,102	2,056,894	340,102	773,705
Depreciation and amortization	753,034	1,851,944	142,387	154,922
Directors' emoluments:				
- Fee	2,095,000	75,000	2,095,000	75,000
- Management remuneration	1,100,000	-	1,100,000	-
Staff costs (Note 22)	4,621,404	14,984,228	4,621,404	14,925,829

22. Staff costs

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Wages and salaries	4,167,048	13,583,783	4,167,048	13,525,384
Statutory contributions	454,356	1,400,445	454,356	1,400,445
	4,621,404	14,984,228	4,621,404	14,925,829

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23. Finance costs/(income), net

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Interest income	(17,705)	(1,363)	(17,705)	(1,363)
	(17,705)	(1,363)	(17,705)	(1,363)
Interest expense	253,245	1,132,523	-	-
Foreign exchange losses	2,675	-	2,675	-
	255,920	1,132,523	2,675	-
	238,215	1,131,160	(15,030)	(1,363)

24. Taxation

Taxation is computed on the profit for the year adjusted for taxation purposes and comprises:

	The Group		The Company	
	2023	2022	2023	2022
	$	$	$	$
Income tax at 25%	823,170	-	823,170	-
	823,170	-	823,170	-

Entities listed on the Junior Stock Exchange in Jamaica benefit from tax incentives of tax rates of 0% in years 1-5, and 50% of regular tax rates in years 6-10.

Subject to agreement with the Commissioner, General, Tax Administration Jamaica, the Group and the Company have tax losses of approximately $282,431,814 (2022: $282,266,701) and $163,994,572 (2022: 167,287,250) respectively that can 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.

The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the appropriate income tax rate:

	The Group		The Company	
	2023	2022	2023	2022
	$	$	$	$
Profit before taxation	9,566,110	18,169,113	9,296,457	5,227,810
Tax calculated at the appropriate rate	2,391,528	4,542,278	2,324,114	1,306,953
Adjusted for the effects of: -				
Expenses not allowed for tax purposes	585,026	3,308,355	585,026	836,457
Other charges and allowances	(2,153,384)	(7,850,633)	(2,085,970)	(2,143,410)
	823,170	-	823,170	-

Deferred tax asset of approximately $70,607,954 (2022: $70,556,675) for the Group and $40,998,643 (2022: $41,821,813) for the Company in respect of tax losses has not been recognised in the financial statements, due to the uncertainty that future taxable profits will be generated within the foreseeable future against which the asset can be realized.

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25. Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing the earnings attributable to stockholders of the parent of $8,792,083 (2022: ($12,838,525) by the weighted average number of ordinary stock units in issue during the year, numbering 400,000,000 (2022: 400,000,000).

26. Segment financial information

	2023				
	Management Services	**Retail and Distribution**	**Marketing and Advertising**	**Eliminations**	**Group**
	$	**$**	**$**		**$**
Gross Revenue	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Profit /(loss) before income tax	9,296,457	755,303	(485,650)	-	9,566,110
Taxation	(823,170)	-	-	-	(823,170)
Profit/(loss) after tax	8,473,287	775,303	(485,650)	-	8,742,940
Total segment assets	64,445,155	1,196,969	-	-	65,642,124
Total segment liabilities	62,321,896	24,150,199	19,082,120	-	105,554,215
Depreciation	142,387	610,647	-	-	753,034

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26. Segment financial information (continued)

	2022				
	Management Services	**Retail and Distribution**	**Marketing and Advertising**	**Eliminations**	**Group**
	$	**$**	**$**		**$**
Gross Revenue	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Profit before income tax	5,227,810	4,221,044	8,730,259	-	18,169,113
Taxation	-	-	-	-	-
Profit after tax	5,227,810	4,221,044	8,730,259	-	18,169,113
Total segment assets	12,391,243	1,833,761	-	-	14,225,004
Total segment liabilities	18,741,271	25,542,295	18,596,470	-	62,880,036
Depreciation	126,066	1,697,022	-	-	1,823,088

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27. Related party transactions

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

The following were (credited)/debited to the statement of comprehensive income:

	The Group		The Company	
	2023	2022	2023	2022
	$	$	$	$
Management fees	1,100,000	-	1,100,000	-
Directors' fees	2,095,000	75,000	2,095,000	75,000
Consulting fees -	6,000,000	-	6,000,000	-

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27. Related party transactions (continued)

Related parties' balances written off by the following companies through the statement of comprehensive income (Note 19):

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Stocks and Securities				
MFS Capital Partners Limited (formerly SSL Venture Capital Jamaica Limited)	-	(26,852,390)	-	(26,852,390)
MFS Group Limited				
MFS Capital Partners Limited (formerly SSL Venture Capital Jamaica Limited)	(5,000,000)	-	(5,000,000)	-
MFS Capital Partners Limited (formerly SSL Venture Capital Jamaica Limited)				
Bar Central Limited	-	(14,925,830)	-	-
Muse Integrated Limited	-	(10,112,082)	-	-
	(5,000,000)	(51,890,302)	(5,00,000)	(26,852,390)

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27. Related party transactions (continued)

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Due from Parent:				
MFS Acquisition Limited	2,203,900	-	2,203,900	-
Due from affiliate:				
Micro-Finance Solution Limited	24,240,000	-	24,240,000	-
	26,443,900	-	26,443,900	-
Due to Directors:				
Directors' account	(697,110)	-	-	-
Due to affiliate:				
MFS Group Limited	(47,072,380)	(5,000,000)	(47,072,380)	(5,000,000)
	(47,769,490)	(5,000,000)	(47,072,380)	(5,000,000)
	(21,325,590)	(5,000,000)	(20,628,480)	(5,000,000)

28. Subsequent event

On July 15, 2023 MFS Capital Partners Limited entered into an Memorandum Of Understanding with a micro-financing entity to acquire 100% of the Ordinary Shares in the company for a price to be determined.

The micro-financing entity's principal activities include foreign exchange trades, Cambio and remittance operations as a sub-agent of two prominent licensed remittance agents. The company currently has two active locations.

Management anticipates that this transaction will be consummated by 31 December 2023.