

# **MFS Capital Partners Limited**

## **Consolidated Financial Statements 30 June 2024**

# MFS Capital Partners Limited

Index  
30 June 2024

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
MFS Capital Partners Limited

### **Report on the audit of the consolidated and stand-alone financial statements**

#### **Our opinion**

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of MFS Capital Partners Limited ("the Company") and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 30 June 2024, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone 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.

#### ***What we have audited***

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the Company statement of financial position as at 30 June 2024;
- the Company statement of comprehensive income for the year then ended;
- the Company statement of changes in equity for the year then ended;
- the Company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### **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 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.

ADVISORY • ASSURANCE • TAX

PARTNERS: Wayne Strachan; FCA; FCCA; MBA Emile Lafayette; FCA; FCCA; MBA Roxiana Malcolm-Tyrell; FCA; FCCA; MBA  
Royal Thorpe; FCA; FCCA; MBA

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## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Members of  
MFS Capital Partners Limited  
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### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 3(b) in the financial statements, which indicates that the Group and the Company incurred a net loss of \$52,412,869 and \$42,578,969, respectively, during the year ended 30 June 2024 and, as of that date, had accumulated deficit of \$188,258,547 (2023: \$138,699,712) and \$152,336,007 (2023: \$109,757,038) respectively. However, the Group and the Company shareholders' equity had improved from deficits of \$26,819,415 and small surplus of \$2,123,259, respectively in 2023, to surpluses of \$183,692,011 and \$219,944,290, respectively, this year, mainly as a result of a \$260,400,000 capital injection during the year. Also, as at 30 June 2024, the Group's and the Company's current liabilities exceeded its current assets by \$179,453,130 and \$3,676,436, respectively. As stated in Note 3(b), these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Our audit approach**

##### *Audit scope*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

##### *How we tailored our group audit scope*

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Our 2024 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

The Group's businesses are organised into four primary segments being Management Services, Retail and Distribution, Marketing and Advertising, Micro-financing and Cambio Services. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages.

In establishing the overall Group audit strategy and plan, we determined the type of work that was needed to be performed at the components by the Group engagement team and component auditors.

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Members of  
MFS Capital Partners Limited  
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### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### **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.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matters</b>
<p><b><i>Goodwill</i></b></p> <p>On March 27, 2024, the Group acquired 100% of the share capital of Micro-Financing Solutions (MFS) Limited. Management assessed that the acquisition qualified as a business combination resulting in recognition of goodwill amounting to \$66,978,349.</p> <p>Valuation of identified net assets acquired were performed as part of the Purchase Price Allocation (PPA).</p> <p>We focused on this area due to the significance of the intangible assets identified and due to the nature of the business combinations, the requirements of which can be complex and require management to exercise judgement in determining certain estimates. The most significant is the determination of the PPA.</p> <p>Management engaged external experts to assist with the determination of the PPA which encompass identifying and estimating the fair value of intangible assets acquired. The determination of fair value involves significant areas of judgement which is based on the inputs and assumptions in the model such as growth rate, future margins and discounts rates.</p>	<p>Our approach to address the matter, with the assistance of our specialist, involved the following procedures: -</p> <ul style="list-style-type: none"> <li>➤ Read the share purchase agreement and evaluated the appropriateness of the accounting for the acquisition as a business acquisition as business combination against management accounting policies and the applicable accounting standards.</li> <li>➤ Held discussions with management to understand and evaluate their basis for determining assumptions.</li> <li>➤ Evaluate the applicability of the valuation methodologies utilized to derive the fair value of the identified assets.</li> <li>➤ Tested the reasonableness of valuation assumptions and inputs by:- <ul style="list-style-type: none"> <li>• Corroborating the key variables, being the business growth rates, attrition rate, future margins, commission paid and discount rates to history and prospective financial, industry and economic information taking into consideration our knowledge of the group.</li> <li>• Where relevant, considered changes in the market conditions, third party sources and challenged management's future revenue estimates.</li> <li>• Assessed the competence and capability of managements' valuation experts.</li> <li>• Performed scenario analysis testing the varying growth rates and the associated discounted cash flow model as it relates to the agreement.</li> <li>• Recalculated the goodwill being the difference between the total net consideration paid and the fair value of the net assets acquired for mathematical accuracy.</li> </ul> </li> </ul> <p>Based on the audit procedures performed, management's accounting and judgements and estimates relating to the valuation of intangibles were not unreasonable.</p>

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Members of  
MFS Capital Partners Limited  
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### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### **Key Audit Matters (continued)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matters</b>
<p><i><b>Goodwill impairment assessment (Group) refer to notes 3(f), 5(iv) and 12 to the financial statement disclosures of related accounting policies and balances</b></i></p> <p>On an annual basis, or when events or changes in circumstances indicate the carrying value may be impaired, management tests whether goodwill is subject to impairment. The recoverable amounts of cash generating units have been determined using value-in-use calculations. Management's impairment assessment resulted in no impairment provision being recorded in relation to the new business acquisition.</p> <p>We focused on this area as the annual impairment assessment requires management's judgement, particularly in relation to the estimation of future cash flows from the business, taking into consideration the following key assumptions used in the Group's impairment model:</p> <ul style="list-style-type: none"> <li>• Revenue growth rate;</li> <li>• EBITDA to revenue;</li> <li>• Capital expenditure to revenue; and</li> <li>• Discount rate.</li> </ul>	<p>Our approach to address the matter, with the assistance of our specialist, involved the following procedures: -</p> <ul style="list-style-type: none"> <li>➤ Evaluated management's future cash flow forecasts, and the process by which they were drawn up, including testing the underlying calculations and comparing them to the latest Board approved budgets.</li> <li>➤ Compared previous forecasts to actual results to assess the performance of the business and the accuracy of management's forecasting.</li> <li>➤ Compared long term revenue growth rate to historical results and economic and industry forecasts.</li> <li>➤ Compared the key assumptions to externally derived data where available, including market expectations of investment return, projected economic growth and interest rates.</li> <li>➤ Applied sensitivities in evaluating management's assessment of the planned growth rate used in the estimation of future cash flows.</li> <li>➤ Evaluated the discount rate by recomputing the cost of capital of the Group.</li> <li>➤ Tested management's impairment model calculations for mathematical accuracy.</li> </ul> <p>Based on the audit procedures performed, management's accounting and judgements for assessing goodwill impairment were not unreasonable.</p>

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described above to be the key audit matters to be communicated in our report.

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Members of  
MFS Capital Partners Limited  
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### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### **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.

#### **Responsibilities of Management and those charged with governance 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.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Members of  
MFS Capital Partners 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**

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 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.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Members of  
MFS Capital Partners 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)**

- ❖ 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.

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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

To the Members of  
MFS Capital Partners Limited  
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**Report on the audit of the consolidated and stand-alone financial statements (continued)**

**Report on other legal and 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.

A handwritten signature in blue ink that reads "Baker Tilly".

**Chartered Accountants**

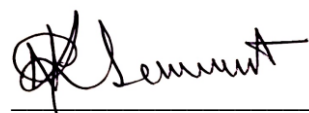
Kingston, Jamaica

19 February 2025

**MFS Capital Partners Limited****Consolidated Statement of Financial Position  
As at 30 June 2024**

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,617,859	1,825,687
Intangible assets	7	-	-
Investment property	8	405,000,000	-
Investment in associate	9	61,043,861	-
Investment securities	10	23,557,650	-
Goodwill	12	66,978,349	-
Deferred income tax	13	58,713	-
Due from related companies	15	171,347,799	26,443,900
		<u>730,604,231</u>	<u>28,269,587</u>
<b>Current assets</b>			
Receivables	14	22,754,613	31,305,241
Taxation recoverable		4,755,175	3,932,005
Cash and bank	16	62,982,889	2,135,291
		<u>90,492,677</u>	<u>37,372,537</u>
<b>TOTAL ASSETS</b>		<u>821,096,908</u>	<u>65,642,124</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	17	372,280,297	111,880,297
Fair value reserves		(329,739)	-
Accumulated deficit		(188,258,547)	(138,699,712)
		<u>183,692,011</u>	<u>(26,819,415)</u>
<b>Non-controlling interest</b>	18	(15,616,871)	(13,092,576)
		<u>168,075,140</u>	<u>(39,911,991)</u>
<b>Non-current liabilities</b>			
Due to related companies	15	373,575,961	47,072,380
Long-term loans	20	9,500,000	-
		<u>383,075,961</u>	<u>47,072,380</u>
<b>Current liabilities</b>			
Payables	19	162,842,330	56,095,124
Current portion of long-term loans	20	57,016,847	1,113,192
Directors' account	21	1,124,675	697,110
Taxation payable		48,961,955	576,309
		<u>269,945,807</u>	<u>58,481,735</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>821,096,908</u>	<u>65,642,124</u>

Approved for issue by the Board of Directors on 19 February 2025 and signed on its behalf by:



Clide Leopold Nesbeth

Director



Dino Hinds

Director

# MFS Capital Partners Limited

## Consolidated Statement of Comprehensive Income Year ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Revenue</b>	22	28,536,352	-
Other income	23	8,568,458	32,901,138
Operating and administrative expenses	24	(82,537,085)	(23,096,813)
Share of results of associate	9	262,683	-
<b>Operating (loss)/profit</b>	25	(45,169,592)	9,804,325
Finance costs, net	27	(636,528)	(238,215)
<b>(Loss)/profit before taxation</b>		(45,806,120)	9,566,110
Taxation	28	(6,277,010)	(823,170)
<b>(Loss)/profit after taxation</b>		(52,083,130)	8,742,940
<b>Net (loss)/profit attributable to:</b>			
Stockholders of the Company		(49,558,835)	8,792,083
Non-controlling interest		(2,524,295)	(49,143)
		(52,083,130)	8,742,940
<b>Other comprehensive income</b>			
Unrealised loss on securities fair valued though other comprehensive income		(329,739)	-
<b>Total comprehensive (loss)/income</b>		(52,412,869)	8,742,940
<b>Total comprehensive (loss)/income attributable to:</b>			
Stockholders of the Company		(49,888,574)	8,792,083
Non-controlling interest		(2,524,295)	(49,143)
		(52,412,869)	8,742,940
<b>(Loss)/earnings per ordinary stock unit attributable to shareholders of the Company</b>	29	(0.12)	0.02

# MFS Capital Partners Limited

## Consolidated Statement of Changes in Equity Year ended 30 June 2024

	Equity Attributable to Stockholders of the Company					Non-Controlling Interest	Total Equity
	Number of Shares	Share Capital	Fair Value Reserves	Accumulated Deficit	Total		
		\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	400,000,000	111,880,297	-	(147,491,795)	(35,611,498)	(13,043,433)	(48,654,931)
<b><u>Total comprehensive income:</u></b>							
Net profit	-	-	-	8,792,083	8,792,083	(49,143)	8,742,940
<b>Balance at 30 June 2023</b>	400,000,000	111,880,297	-	(138,699,712)	(26,819,415)	(13,092,576)	(39,911,991)
<b><u>Total comprehensive income:</u></b>							
Net loss	-	-	-	(49,558,835)	(49,558,835)	(2,524,295)	(52,083,130)
<b><u>Other comprehensive income</u></b>							
Decrease in fair value of investments classified as fair value through other comprehensive income	-	-	(329,739)	-	(329,739)	-	(329,739)
	-	-	(329,739)	(49,558,835)	(49,888,574)	(2,524,295)	(52,412,869)
<b>Transaction with owners:</b>							
Issue of shares	260,400,000	260,400,000	-	-	260,400,000	-	260,400,000
<b>Balance at 30 June 2024</b>	660,400,000	372,280,297	(329,739)	(188,258,547)	183,692,011	(15,616,871)	168,075,140

# MFS Capital Partners Limited

## Consolidated Statement of Cash Flows Year ended 30 June 2024

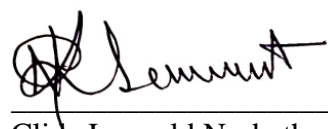
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>CASH RESOURCES WERE PROVIDED BY/(USED IN):</b>		
<b>Operating Activities</b>		
(Loss)/profit before taxation	(45,806,120)	9,566,110
Adjustments for:		
Amortisation and depreciation	652,719	753,034
Foreign exchange (gains)/losses	(1,056,377)	2,675
Loss on disposal of property, plant and equipment	-	340,102
Interest expense	1,875,011	253,245
Interest income	(182,106)	(17,705)
	<u>(44,516,873)</u>	<u>10,897,461</u>
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables	19,266,762	(29,014,926)
(Decrease)/increase in payables	(13,313,996)	348,553
Decrease in inventories	-	26,146
Directors' accounts, net	(6,269,631)	697,110
Cash used in operating activities	<u>(44,833,738)</u>	<u>(17,045,656)</u>
Taxes paid	(4,283,950)	-
Interest paid	(1,875,011)	(253,245)
Interest received	182,106	17,705
Net cash used in operating activities	<u>(50,810,593)</u>	<u>(17,281,196)</u>
<b>Investing Activities</b>		
Investment in subsidiary	(406,771,702)	-
Proceeds from disposal of property, plant and equipment	-	20,000
Purchase of property, plant and equipment	(65,000)	(266,735)
Net cash used in investing activities	<u>(406,836,702)</u>	<u>(246,735)</u>
<b>Financing Activities</b>		
Proceeds from shares issued	260,400,000	-
Long term loans, net	(427,565)	(443,865)
Related parties, net	257,466,081	15,628,480
Net cash provided by financing activities	<u>517,438,516</u>	<u>15,184,615</u>
Net increase/(decrease) in cash and cash equivalents	59,791,221	(2,343,316)
Effect of changes in exchange rates on cash and cash equivalents	1,056,377	(2,675)
Cash and cash equivalents at beginning of year	2,135,291	4,481,282
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>62,982,889</b></u>	<u><b>2,135,291</b></u>
Represented by:		
Cash and bank	<u>62,982,889</u>	<u>2,135,291</u>

# MFS Capital Partners Limited

## Company Statement of Financial Position As at 30 June 2024

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	507,482	628,718
Intangible assets	7	-	-
Investment in subsidiaries	11	500,000,000	-
Due from related companies	15	50,461,582	26,443,900
		<u>550,969,064</u>	<u>27,072,618</u>
<b>Current assets</b>			
Receivables	14	12,677,378	31,305,241
Taxation recoverable		4,755,175	3,932,005
Cash and short-term deposits	16	595,897	2,135,291
		<u>18,028,450</u>	<u>37,372,537</u>
<b>TOTAL ASSETS</b>		<u>568,997,514</u>	<u>64,445,155</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	17	372,280,297	111,880,297
Accumulated deficit		(152,336,007)	(109,757,038)
		<u>219,944,290</u>	<u>2,123,259</u>
<b>Non-current liabilities</b>			
Due to related companies	15	327,348,338	47,072,380
<b>Current liabilities</b>			
Payables	19	18,344,886	15,249,516
Due to related companies	15	3,360,000	-
		<u>21,704,886</u>	<u>15,249,516</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>568,997,514</u>	<u>64,445,155</u>

Approved for issue by the Board of Directors on 19 February 2025 and signed on its behalf by:



Director  
Clide Leopold Nesbeth



Director  
Dino Hinds

# MFS Capital Partners Limited

## Company Statement of Comprehensive Income Year ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Revenue</b>	23	-	-
Other income	24	8,551,450	30,265,796
Operating and administrative expenses	25	(51,106,024)	(20,984,369)
Impairment losses on financial assets	4(a)	-	-
<b>Operating (loss)/profit</b>	26	(42,554,574)	9,281,427
Finance (costs)/income, net	27	(24,395)	15,030
<b>(Loss)/profit before taxation</b>		(42,578,969)	9,296,457
Taxation	28	-	(823,170)
<b>(Loss)/profit after taxation, being total comprehensive income</b>		(42,578,969)	8,473,287



# MFS Capital Partners Limited

## Company Statement of Changes in Equity Year ended 30 June 2024

	Number of Shares	Share Capital	Accumulated Deficit	Total
		\$	\$	\$
<b>Balance at 1 July 2022</b>	400,000,000	111,880,297	(118,230,325)	(6,350,028)
<b><u>Total comprehensive income:</u></b>				
Net profit	-	-	8,473,287	8,473,287
<b>Balance at 30 June 2023</b>	400,000,000	111,880,297	(109,757,038)	2,123,259
<b><u>Total comprehensive loss:</u></b>				
Net loss		-	(42,578,969)	(42,578,969)
<b>Transaction with owners:</b>				
Issue of shares	260,400,000	260,400,000	-	260,400,000
	260,400,000	260,400,000	(42,578,969)	217,821,031
<b>Balance at 30 June 2024</b>	660,400,000	372,280,297	(152,336,007)	219,944,290

# MFS Capital Partners Limited

## Company Statement of Cash Flows Year ended 30 June 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>CASH RESOURCES WERE PROVIDED BY/(USED IN):</b>		
<b>Operating Activities</b>		
(Loss)/profit before taxation	(42,578,969)	9,296,457
Adjustments for:		
Amortisation and depreciation	121,236	142,387
Loss on disposal of property, plant and equipment	-	340,102
Foreign exchange losses	54,373	2,675
Interest expense	4,687	-
Interest income	(34,665)	(17,705)
	<u>(42,433,338)</u>	<u>9,763,916</u>
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables	18,627,863	(29,014,927)
Increase in payables	3,095,370	1,508,245
Related parties, net	<u>259,618,276</u>	<u>15,628,480</u>
Cash provided by/(used in) operating activities	238,908,171	(2,114,286)
Taxation paid	(823,170)	-
Interest received	34,665	17,705
Interest paid	<u>(4,687)</u>	<u>-</u>
Net cash provided by/(used in) operating activities	<u>238,114,979</u>	<u>(2,096,581)</u>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	-	20,000
Purchase of property, plant and equipment	-	(266,735)
Investment in subsidiary company	<u>(500,000,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(500,000,000)</u>	<u>(246,735)</u>
<b>Financing Activity</b>		
Proceeds from shares issued	<u>260,400,000</u>	<u>-</u>
Net cash provided by financing activity	<u>260,400,000</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,485,021)	(2,343,316)
Effect of changes in exchange rates on cash and cash equivalents	(54,373)	(2,675)
Cash and cash equivalents at beginning of year	<u>2,135,291</u>	<u>4,481,282</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>595,897</u>	<u>2,135,291</u>
<b>Represented by:</b>		
Cash and bank	<u>595,897</u>	<u>2,135,291</u>

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 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 Jamaica, 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.

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:

<u>Date of Acquisition</u>	<u>Subsidiaries</u>	<u>Principal Activities</u>	<u>Proportion of issued share capital held by Company</u>
July 2, 2018	Bar Central Limited	Distribution and provision of branding services	75% (2023:75%)
July 20, 2018	Muse 360 Integrated Limited	Marketing and commercial solutions	51% (2023:51%)
March 27, 2024	Micro-Financing Solutions (MFS) Limited	Micro-financing and cambio services	100% (2023: Nil)

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.

In March 2024 the Group acquired 100% of the shares of Micro-Financing Solutions (MFS) Limited. Micro-Financing Solutions (MFS) Limited’s main activities are the buying and selling of foreign currency and the management of loans to micro enterprises operating in Jamaica.

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.

The group has a 35% shareholding in an associated company Capital Solutions Limited; this arose as a direct result of the 100% acquisition of Micro-Financing Solutions (MFS) Limited (a subsidiary, as noted above), See Note 9.

**MFS Capital Partners Limited****Notes to the Financial Statements**  
**30 June 2024**

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**2. Basis of preparation**

The consolidated financial statements of the group 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 5.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 2. Basis of preparation (continued)

#### Basis of measurement and statement of compliance (continued)

#### Standards and amendments to published standards effective in the current year that are relevant to the Group's operations

The following standards have been adopted by the Group for the first time which have been issued and are effective for mandatory adoption for the financial year beginning on or after 1 January 2023:

**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.

Effective July 1, 2023, the Group adopted the amendments to IAS 1, which resulted in the Group disclosing material accounting policies, rather than significant accounting policies, based on the following definition from the amended standard:

“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements”.

**Deferred Tax related to assets and liabilities (Amendments to IAS 12 Income Taxes)** (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

**Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)**, (effective for annual periods beginning on or after 1 January 2023) 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).

Except for Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, The other amendments did not result in any material effect on the group's financial statements.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 2. Basis of preparation (continued)

#### Basis of measurement and statement of compliance (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.

**The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1** (effective for annual periods beginning on or after 1 January 2024) 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.

**Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)** (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

**Leases on sale and leaseback (Amendments to IFRS 16)** (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

**MFS Capital Partners Limited****Notes to the Financial Statements  
30 June 2024**

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**2. Basis of preparation (continued)****Basis of measurement and statement of compliance (continued)****Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group (continued)**

**Lack of Exchangeability Amendments to IAS 21** (effective for annual periods beginning on or after 1 January 2025). An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2024. 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.



**MFS Capital Partners Limited****Notes to the Financial Statements**  
**30 June 2024**

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**3. Material accounting policies (continued)****(b) Going concern**

The preparation of the financial statements in accordance with IFRS assumes that the Group and the Company 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 reported as at 30 June 2024, accumulated deficit of \$188,258,547 (2023: \$138,699,712) and \$152,336,007 (2023: \$109,757,038) respectively. Further, as at 30 June 2024, the Group's current liabilities exceeded its current assets by \$179,453,130 (2023: \$21,109,198). This indicates the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The ability of the Group and the Company to sustain profitability and to generate the incremental cash flows to meet its significant debt service obligations and other costs is therefore dependent on its ability to successfully minimise costs and increase revenue from Cambio, remittances and sale of goods and services.

The ultimate 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.

The Board of Directors of the Group and the Company has made the financial stability of the Group and the Company a priority and will continue the strategic plan that was successful over the last two years to achieve this objective. The group's management has prepared a new budget which represents a continuation of the strategic plans to make the Group and the Company profitable, including generating sufficient cash flow to meet its liabilities.

However, the company owns development property (currently carried at \$405,000,000) with a fully approved subdivision plan that will be executed in short order. Below are further details on this new project:

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies (continued)

#### (b) Going concern (continued)

##### **New Project**

The Southsea Whitehouse Development project is an approved 'Serviced Lots' subdivision of 90 lots sitting on over 27 acres of land – part of a larger land parcel of over 100 acres that has been further divided into smaller parcels for developments. The property is adjacent to Paradiso Whitehouse, Westmoreland and is less than 1 mile east of the recent Whitehouse Beach Club Development. It is surrounded by residential solutions and is within close proximity of the many social amenities provided by Whitehouse (resorts, beaches, shopping, Police Station, schools, restaurants, etc.) and those of other neighbouring towns. The Paradiso Lots which vary in sizes from 10,000 sq. ft to 14,000 sq. ft and sells for between \$15M and \$25M. Serviced Lots in Albion, Little London of size 3000 sq. ft sell for \$6M to \$6.5M. The size of our lots at Whitehouse gives the owner real value for money as they are generally much larger lots and can potentially be further developed as multi-family apartments or town houses or retain the space for private amenities.

#### (c) **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.

#### (d) **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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies (continued)

#### (d) Property, plant and equipment (continued)

##### (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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies (continued)

#### (e) 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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies (continued)

#### (e) 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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies (continued)

#### (f) Intangible assets

##### (i) Computer software

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.

##### (ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested for impairment annually and carried at cost less accumulated impairment. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

An excess of the identifiable net assets acquired over the acquisition cost is treated as negative goodwill. Negative goodwill related to expected post-acquisition losses is taken to profit or loss during the period the future losses are recognised. Negative goodwill which does not relate to expected future losses is recognised as income immediately.

For the purposes of impairment testing, goodwill acquired in a business combination is assigned to cash generating units that is expected to benefit from the synergies of the combination.

#### (g) 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).

#### (h) 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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies (continued)

#### (i) 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.

#### (j) 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.

#### (k) 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.

#### (l) 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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies (continued)

#### (m) 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.

#### (n) 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 4(d).

#### (o) 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.



# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 3. Material accounting policies (continued)

**(p) 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.

**(q) 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.

**MFS Capital Partners Limited****Notes to the Financial Statements**  
**30 June 2024**

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**3. Material accounting policies (continued)****(r) 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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 4. 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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 4. 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 2024 or 30 June 2023 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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 4. Financial risk management (continued)

#### (a) Credit risk (continued)

On that basis, the loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade receivables:

#### The Group:

30 June 2024	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%	32%
Gross carrying amount – trade receivables	3,246,203	940,980	3,433,506	3,542,726	11,163,415
Loss allowance	-	-	-	3,542,726	3,542,726

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

The closing loss allowances for trade receivables as at 30 June 2024 and 30 June 2023 reconcile to the opening loss allowances as follows:

	The Group	
	Trade receivables	Trade receivables
	2024	2023
	\$	\$
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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 4. 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 2024 trade receivables had lifetime expected credit losses of \$3,542,726 (2023: \$3,542,726).

#### Other receivables

The loss allowances for other receivables as at 30 June 2024 and 30 June 2023 were determined as follows:

#### The Group:

30 June 2024	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%	0%	0%
Gross carrying amount – other receivables	5,177,378	2,456,546	-	7,500,000	15,133,924
Loss allowance	-	-	-	-	-
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

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 4. Financial risk management (continued)

#### (a) Credit risk (continued)

##### The Company:

30 June 2024	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%	0%	0%
Gross carrying amount – other receivables	5,177,378	-	-	7,500,000	12,677,378
Loss allowance	-	-	-	-	-

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%	91%	41%
Gross carrying amount – other receivables	29,014,927	-	-	24,463,958	53,478,885
Loss allowance	-	-	-	22,173,644	22,173,644

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 4. Financial risk management (continued)

#### (a) Credit risk (continued)

The closing loss allowances for other receivables as at 30 June 2024 and 30 June 2023 reconcile to the opening loss allowances as follows:

	<b>Other receivables</b>	<b>Other receivables</b>
	<b>2024</b>	<b>2023</b>
	\$	\$
Opening loss allowance as at 1 July	22,173,644	22,173,644
Write-off of receivables against ECL provision during the year	(22,173,644)	-
Closing balance at end of year	<u>-</u>	<u>22,173,644</u>

As at 30 June 2024 other receivables had lifetime expected credit losses of \$Nil (2023: \$22,173,644).

The closing loss allowances for trade and other receivables as at 30 June 2024 and 30 June 2023 are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
Closing balance at end of year				
Trade receivables	3,542,726	3,542,726	-	-
Other receivables	-	22,173,644	-	22,173,644
Total loss allowances on financial assets	<u>3,542,726</u>	<u>25,716,370</u>	<u>-</u>	<u>22,173,644</u>

#### 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:

	<b>The Group &amp; Company</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
Impairment losses		
- movement in loss allowance for other receivables	-	-
Net impairment losses on financial assets	<u>-</u>	<u>-</u>



# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 4. 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 2024	Contractual cashflows	Carrying amount
	\$	\$	\$	\$	\$
Long term loans	32,820,019	31,496,818	12,871,250	77,188,087	66,516,847
Payables	162,842,330	-	-	162,842,330	162,842,330
Directors' account	1,124,675	-	-	1,124,675	1,124,675
Due to related companies	-	-	373,575,961	373,575,961	373,575,961
	196,787,024	31,496,818	386,447,211	614,731,053	604,059,813
	<b>2023</b>				
Long term loans	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 companies	-	-	47,072,380	47,072,380	47,072,380
	56,989,428	1,049,581	47,072,380	105,111,389	104,977,806

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

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 4. Financial risk management (continued)

#### (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 2024	Contractual cashflows	Carrying amount
	\$	\$	\$	\$	\$
Payables	18,344,886	-	-	18,344,886	18,344,886
Due to related companies	-	3,360,000	327,348,338	330,708,338	330,708,338
	18,344,886	3,360,000	327,348,338	349,053,224	349,053,224
<b>2023</b>					
	\$	\$	\$	\$	\$
Payables	15,249,516	-	-	15,249,516	15,249,516
Due to related companies	-	-	47,072,380	47,072,380	47,072,380
	15,249,516	-	47,072,380	62,321,896	62,321,896

Assets available to meet all of the liabilities and to cover financial liabilities include cash at bank and in hand and guarantee from the ultimate 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 4(c)(ii)) and foreign currency exchange rates (see 4(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.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 4. 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 2024 includes net foreign liabilities of approximately \$3,852,249 (2023: foreign assets - \$410,668) for the Group and net foreign assets of \$7,788 (2023: \$410,668) 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.

	2024	2024	2023	2023
	\$	\$	\$	\$
	Effect on Profit and loss and equity			
	Revaluation	Devaluation	Revaluation	Devaluation
	1%	4%	1%	4%
<b>The Group</b>				
Currency:				
JMD	38,522	(154,090)	(4,107)	16,427
<b>The Company</b>				
Currency:				
JMD	(78)	312	(4,107)	16,427

**MFS Capital Partners Limited****Notes to the Financial Statements  
30 June 2024**

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**4. 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 2024, the Group had no significant exposure to variable rate interest rate risk.

**(iii) Equity price risk**

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

An 8% (2023: 6%) increase in the market price at the reporting date would cause an increase in the Group's profit or loss and other comprehensive income of \$1,884,612 (2023: Nil). An 2% (2023: 3%) decrease would cause a decrease in the Group's profit or loss and other comprehensive income of \$471,153 (2023: Nil).

**MFS Capital Partners Limited****Notes to the Financial Statements  
30 June 2024**

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**4. Financial risk management (continued)****(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-term 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.

**MFS Capital Partners Limited****Notes to the Financial Statements  
30 June 2024**

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**5. 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.

**MFS Capital Partners Limited****Notes to the Financial Statements  
30 June 2024**

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**5. Critical accounting estimates and judgments in applying accounting policies (continued)****(iv) Recognition and measurement of intangible assets (continued)**

The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3(f). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rate. Any changes in these variables would impact the value in use calculations.

**(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.

# MFS Capital Partners Limited

## Notes to the Financial Statements

30 June 2024

### 6. Property, plant and equipment

#### The Group:

	Leasehold Improvements	Computer Equipment	Furniture & Fixtures	Office Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Cost -						
1 July 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
Additions	-	65,000	-	-	-	65,000
Business combination (Note 12)	-	153,793	964,276	261,822	-	1,379,891
30 June 2024	78,000	3,159,402	2,410,856	900,608	1,023,852	7,572,718
Depreciation -						
1 July 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
Charge for the year	7,800	328,118	144,658	172,143	-	652,719
30 June 2024	39,001	2,913,990	607,896	370,120	1,023,852	4,954,859
Net book value -						
30 June 2024	38,999	245,412	1,802,960	530,488	-	2,617,859
30 June 2023	46,799	354,737	983,342	440,809	-	1,825,687



# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 6. Property, plant and equipment (continued)

#### The Company:

	<b>Computer Equipment</b>	<b>Office Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cost -				
1 July 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
Additions	-	-	-	-
30 June 2024	257,294	638,785	78,000	974,079
Depreciation -				
1 July 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
Charge for the year	47,830	65,606	7,800	121,236
30 June 2024	164,013	263,583	39,001	466,597
Net book value -				
30 June 2024	93,281	375,202	38,999	507,482
30 June 2023	141,111	440,808	46,799	628,718

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 7. Intangible assets

#### The Group:

	Computer Software	Total
	\$	\$
Cost -		
1 July 2022	2,219,403	2,219,403
Additions	-	-
30 June 2023 and 2024	2,219,403	2,219,403
Amortisation -		
1 July 2022	2,219,403	2,219,403
Charge for year	-	-
30 June 2023 and 2024	2,219,403	2,219,403
Net book value		
30 June 2024	-	-
30 June 2023	-	-

#### The Company:

	Computer Software	Total
	\$	\$
Cost -		
1 July 2022	2,404,184	2,404,184
Additions	-	-
30 June 2023 and 2024	2,404,184	2,404,184
Amortisation -		
1 July 2022	2,404,184	2,404,184
Charge for the year		
30 June 2019	-	-
30 June 2023 and 2024	2,404,184	2,404,184
Net book value -		
30 June 2024	-	-
30 June 2023	-	-

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 8. Investment property

	The Group	
	2024	2023
	\$	\$
At beginning of year	-	-
Business combination (Note 12)	405,000,000	-
Balance at the end of the year	405,000,000	-

The property was valued at current market value as at 23 October 2023, by V.B. Williams Realty Company Limited, qualified Property Appraisers and Auctioneers. The method used to determine the revaluation surplus is the market based approach.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Market based approach:</i> The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property that the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution.</p>	<ul style="list-style-type: none"> <li>• Details of the sales of comparable properties.</li> <li>• Conditions influencing the sale of the comparable properties.</li> <li>• Comparability adjustment</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Sale values of comparable properties were higher/(lower)</li> <li>• Comparability adjustments were higher/(lower).</li> </ul>
<p>The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.</p>		

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 9. Investment in associate

	The Group	
	2024	2023
	\$	\$
Balance at beginning of year	-	-
Business combination (Note 12)	60,781,178	-
Share of comprehensive income of associate	262,683	-
Balance at end of year	61,043,861	-

The assets, liabilities, revenue and results of the associates for the 12 months period ended 30 April 2024 are summarized as follows:-

Current assets	56,925,504	-
Non-current assets	49,148,681	-
Current liabilities	(39,465,241)	-
Non-current liabilities	(3,109,715)	-
Net assets	63,499,229	-
Revenue	19,757,355	-
Net Loss	(5,428,388)	-

See Note 1 for details of, and shareholding in associated company.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 10. Investment securities

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<u>\$</u>	<u>\$</u>
<b>Investment securities at fair value through other comprehensive income -</b>		
Jamaican quoted shares	<u>23,557,650</u>	<u>-</u>
Balance at beginning of year	-	-
Business combination (Note 12)	19,828,392	-
Additions	4,414,476	-
Disposals	(355,479)	-
Unrealised loss on securities	<u>(329,739)</u>	<u>-</u>
Balance at end of year	<u>23,557,650</u>	<u>-</u>

Included in investment securities are 242,000 shares held in Barita Investments Limited valued at \$18,116,120 that were pledged as collateral against a loan facility with Barita Investments Limited (Note 20).

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 11. Investments in subsidiaries

		The Company	
		2024	2023
		\$	\$
Investments at cost at beginning of year:			
Muse 360 Integrated Limited	(a)	26,368,577	26,368,577
Bar Central Limited	(b)	5,997,000	5,997,000
		<u>32,365,577</u>	<u>32,365,577</u>
Additions during the year:			
MFS Limited (Note 12)	(c)	500,000,000	-
		<u>500,000,000</u>	<u>-</u>
Investments at cost at end of year:		532,365,577	32,365,577
Less: Impairment of investment in subsidiaries		<u>(32,365,577)</u>	<u>(32,365,577)</u>
		<u>500,000,000</u>	<u>-</u>

- (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.
- (c) Effective 27 March 2024, the Company acquired 100% of the issued share capital of Micro-Financing Solutions (MFS) Limited. The principal activities of Micro-Financing Solutions (MFS) Limited are the buying and selling of foreign currency and the management of loans to micro enterprises operating in Jamaica.

In 2021, the Group's investments in Bar Central Limited and Muse 360 Integrated Limited were tested for impairment. It was assessed by management that the investments were impaired and as a result a provision has been made. Both subsidiaries have ceased operational activities since 2019 and management has yet to decide on their future operations.

As at 30 September 2024, the investment in Micro-Financing Solutions (MFS) Limited was tested for impairment. After review, analysis and assessment, management is of the opinion, that there is no impairment on the investment, as the recoverable amount is higher than the carrying amount.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 12. Goodwill

#### The Group:

	<b>Muse 360 Integrated Limited</b>	<b>Bar Central Limited</b>	<b>Micro Financing Solutions (MFS) Limited</b>	<b>Total</b>
	\$	\$		\$
<b>Goodwill:</b>				
Balance as at 1 July 2022 and 30 June 2023	24,106,398	29,706,259	-	53,812,657
Addition - Business acquisition	-	-	66,978,349	66,978,349
	24,106,398	29,706,259	66,978,349	120,791,006
Less: Impairment provision as at 1 July 2022, June 30, 2023 and 30 June 2024	(24,106,398)	(29,706,259)	-	(53,812,657)
Closing balance as at 30 June 2024	-	-	66,978,349	66,978,349

During the year, the company acquired a subsidiary and voting shares as follows:

<u>Date of Acquisition</u>	<u>Subsidiary</u>	<u>Principal activities</u>	<u>Portion of issued share capital held by company</u>
March 27, 2024	Micro-Financing Solutions (MFS) Limited	Cambio services, bill remittances and private credit	100%

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 12. Goodwill (continued)

The fair value of the identifiable assets and liabilities of the subsidiary as at the date of acquisition were:

	<b>Total</b>
	<b>\$</b>
<b>Non-current assets</b>	
Property, plant and equipment	1,379,891
Investment property	405,000,000
Investment in associate	60,781,178
Investment securities	19,828,392
Due from related companies	108,640,302
Deferred income tax assets	58,713
	<u>595,688,476</u>
<b>Current assets</b>	
Receivables	10,716,134
Due from related companies	11,910,761
Cash at bank and in hand	93,228,298
	<u>115,855,193</u>
<b>Non-current liabilities</b>	
Long-term loans	65,831,220
Due to related companies	43,118,875
	<u>108,950,095</u>
<b>Current liabilities</b>	
Payables	120,061,202
Directors' account	6,697,196
Taxation payable	42,813,525
	<u>169,571,923</u>
<b>Fair value on net assets</b>	<u>433,021,651</u>



# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

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### 12. Goodwill (continued)

Goodwill at acquisition:

	\$
Purchase consideration	500,000,000
Less: Fair value of net assets acquired	(433,021,651)
<b>Goodwill arising on the acquisition of subsidiary</b>	<b>66,978,349</b>

Result for the six months ended 30 June 2024

	<b>Micro-Financing Solutions (MFS) Limited</b>
	\$
Revenue	79,111,571
Net profit	16,874,718

Cash flow on acquisition:

	\$
Total consideration	500,000,000
Less: cash, net transferred from subsidiary on acquisition	
Cash at bank and in hand	(93,228,298)
	406,771,702

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 13. Deferred income tax

Deferred income taxes are calculated in full on all temporary differences under the liability method using the appropriate tax rate.

Assets recognised on the statement of financial position are as follows:

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
Deferred income tax asset	58,713	-

The movement on the net deferred income tax balance is as follows:

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
Deferred tax asset at beginning of year	-	-
Business combination (Note 12)	58,713	-
Deferred tax asset at end of year	58,713	-

Deferred income tax assets are attributable to the following items:

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
Deferred income tax assets:		
Decelerated tax depreciation	58,713	-
Net assets at end of year	58,713	-

The amounts shown in the statement of financial position include the following:

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
Deferred tax assets to be recovered:		
- after more than 12 months	58,713	-
	58,713	-

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 14. Receivables

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Trade	11,163,415	3,542,726	-	-
Other	15,133,924	53,478,885	12,677,378	53,478,885
	26,297,339	57,021,611	12,677,378	53,478,885
Less: Impairment losses on financial assets (Note 4(a))	(3,542,726)	(25,716,370)	-	(22,173,644)
	<u>22,754,613</u>	<u>31,305,241</u>	<u>12,677,378</u>	<u>31,305,241</u>

### 15. Due from/(to) related companies

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Due from:-				
Micro-Financing Solutions (MFS) Limited	-	24,240,000	20,800,000	24,240,000
MFS Acquisition Limited	68,270,234	2,203,900	29,661,582	2,203,900
MFS Group Limited	7,770,989	-	-	-
Alpha & Omega Energy Company	95,306,576	-	-	-
	<u>171,347,799</u>	<u>26,443,900</u>	<u>50,461,582</u>	<u>26,443,900</u>
Due to – Non-current:-				
MFS Group Limited	46,067,624	47,072,380	-	47,072,380
MFS Acquisition Limited	<u>327,508,337</u>	<u>-</u>	<u>327,348,338</u>	<u>-</u>
	<u>373,575,961</u>	<u>47,072,380</u>	<u>327,348,338</u>	<u>47,072,380</u>
Due to – Current:				
MFS Group Limited	-	-	3,360,000	-
	<u>373,575,961</u>	<u>47,072,380</u>	<u>330,708,338</u>	<u>47,072,380</u>
	<u>(202,228,162)</u>	<u>(20,628,480)</u>	<u>(280,246,756)</u>	<u>(20,628,480)</u>

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

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 16. Cash and bank

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
Cash at bank	59,418,610	2,135,291	595,897	2,135,291
Cash in hand	3,564,279	-	-	-
	<u>62,982,889</u>	<u>2,135,291</u>	<u>595,897</u>	<u>2,135,291</u>

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.

### 17. Share capital

	<b>2024</b>	<b>2023</b>
	<b>No. of shares</b>	<b>No. of shares</b>
Authorised-		
Ordinary shares of no-par value	<u>1,000,000,000</u>	<u>1,000,000,000</u>
	<b>2024</b>	<b>2023</b>
	\$	\$
Issued and fully paid:		
Balance at beginning of year	111,880,297	111,880,297
Shares issued during the year	<u>260,400,000</u>	<u>-</u>
660,400,000 (2023:400,000,000) Ordinary shares of no par value	<u>372,280,297</u>	<u>111,880,297</u>

On 24 June 2024, the Board of Directors passed a resolution for the issue of shares of 260,400,000 ordinary shares at \$1.00 per share.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 18. Non-controlling interest

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
Balance at beginning of year	(13,092,576)	(13,043,433)
Share of loss for the year	(2,524,295)	(49,143)
Balance at end of year	<u>(15,616,871)</u>	<u>(13,092,576)</u>

### 19. Payables

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
Trade payables	37,531,103	7,796,523	730,547	193,950
Accrued charges	22,249,644	16,572,952	10,985,612	6,751,120
Payroll liabilities	26,287,323	21,101,298	6,545,727	8,304,446
Other	76,774,260	10,624,351	83,000	-
	<u>162,842,330</u>	<u>56,095,124</u>	<u>18,344,886</u>	<u>15,249,516</u>

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 20. Long-term loans

		The Group	
		2024	2023
		\$	\$
Simpson Finance Jamaica Limited	(a)	685,627	1,113,192
Barita Investments Limited	(b)	8,500,000	-
Other loans	(c)	57,331,220	-
		66,516,847	1,113,192
Less: Current portion		(57,016,847)	(1,113,192)
		9,500,000	-

- (a) 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 ending on 31 May 2026. The loan is substantially secured by Bill of sale over 2014 Suzuki APV motor van.
- (b) This loan is for a 5-year period and was granted on November 21, 2023 at a fixed interest rate of 12.75% per annum. The loan is repayable by a bullet payment by November 16, 2028, which is the proposed end of the life of the loan.
- (c) A subsidiary, Micro-Financing Solutions (MFS) Limited, has over a period of time, obtained funding from various investors under various “Preference Share Agreements” wherein the company agreed to issue to the subscribers, redeemable preference shares. The holders of those shares would have been entitled to a fixed rate of dividend ranging from 12% to 13.2% per annum for those denominated in Jamaica Dollars and 7% per annum for those denominated in United States Dollars. The preference shares would have been secured by shares of various related companies, and some holders would also participate in the profits of certain projects. The shares would have been initially for periods ranging from 1 to 3 years, with the maturity profile at year end as follows:

	JMD	USD
	\$	\$
Past due	50,700,000	37,018
Due 12 months after year end	-	-
Due 1 to 2 years after year end	1,000,000	-
	51,700,000	37,038

However, these preference shares were never formally issued, however, the investors continue to receive the agreed dividends in the form of interest, while those agreements that have expired have been verbally extended.

It is the intention of the company to instead issue to the investors, a series of “Fixed Rate Non-Convertible Loan Notes” at rates ranging from 12% to 13% with tenors ranging from 36 to 48 months and which will be secured by shares of various related companies.

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 21. Directors' account

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

### 22. Revenue

Revenue is comprised as follows:

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
Cambio income	28,311,448	-
Remittance service fees	224,904	-
	<u>28,536,352</u>	<u>-</u>

### 23. Other income

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
Gain on financing of receivables	-	16,310,000	-	16,310,000
Consulting fees	-	6,000,000	-	6,000,000
Dividend income	17,008	-	-	-
Related party balances written-off	-	5,000,000	-	5,000,000
Payables written-off	-	2,635,342	-	-
Loan interest income	5,919,800	-	5,919,800	-
Other	2,631,650	2,955,796	2,613,650	2,955,796
	<u>8,568,458</u>	<u>32,901,138</u>	<u>8,551,450</u>	<u>30,265,796</u>

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 24. Expenses by nature

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Advertising and promotions	1,063,147	428,230	1,063,147	428,230
Accounting fee	3,611,250	1,060,000	3,110,000	1,060,000
Audit fee	4,198,496	3,280,998	2,184,996	1,805,348
Bank charges	250,304	52,512	76,855	52,512
Company secretary	994,630	320,010	994,630	320,010
Commission	12,463,331	-	-	-
Depreciation and amortisation	652,719	753,034	121,236	142,387
Directors' fees	2,430,000	2,095,000	2,430,000	2,095,000
Donations	100,000	-	-	-
Dues and subscriptions	125,655	224,223	125,655	224,223
Legal and professional fees	6,700,000	50,000	6,550,000	50,000
Loss on disposal of property, plant and equipment	-	340,102	-	340,102
Management remuneration	11,400,000	1,100,000	11,400,000	1,100,000
Management fees	2,688,000	-	-	-
Motor vehicle expenses	261,000	-	-	-
Office expenses	7,946,941	1,169,550	7,946,941	1,169,550
Other expenses	1,001,521	3,672,479	-	3,646,332
Penalties and interest	8,156,217	-	3,380,986	-
Printing and reproduction	567,536	27,817	392,782	27,817
Security	207,575	-	-	-
Staff costs (Note 26)	6,620,615	4,621,404	2,360,295	4,621,404
Rent	5,242,780	962,685	3,722,780	962,685
Registration fees	3,204,057	2,151,237	3,204,057	2,151,237
Repairs and maintenance	-	28,000	-	28,000
Travelling and meetings	1,650,000	643,478	1,500,000	643,478
Utilities	1,001,311	116,054	541,664	116,054
	82,537,085	23,096,813	51,106,024	20,984,369
Finance costs/(income), net (Note 27)	636,528	238,215	24,395	(15,030)
	83,173,613	23,335,028	51,130,419	20,969,340



# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 25. Operating (loss)/profit

In arriving at the operating profit, the following have been charged. -

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
Auditors' remuneration	4,198,496	3,280,998	2,184,996	1,805,348
Losses on disposal of property, plant and equipment	-	340,102	-	340,102
Depreciation and amortization	652,719	753,034	121,236	142,387
Directors' emoluments:				
- Fees	2,430,000	2,095,000	2,430,000	2,095,000
- Management remuneration	11,400,000	1,100,000	11,400,000	1,100,000
Staff costs (Note 26)	6,620,615	4,621,404	2,360,295	4,621,404

### 26. Staff costs

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
Wages and salaries	6,201,133	4,167,048	2,100,000	4,167,048
Statutory contributions	419,482	454,356	260,295	454,356
	6,620,615	4,621,404	2,360,295	4,621,404

### 27. Finance costs/(income), net

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
Foreign exchange gains	(1,056,377)	-	-	-
Interest income	(182,106)	(17,705)	(34,665)	(17,705)
	(1,238,483)	(17,705)	(34,665)	(17,705)
Interest expense	1,875,011	253,245	4,687	-
Foreign exchange losses	-	2,675	54,373	2,675
	1,875,011	255,920	59,060	2,675
	636,528	238,215	24,395	(15,030)

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 28. Taxation

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Income tax at 33 <sup>1</sup> / <sub>3</sub> %	6,277,010	-	-	-
Income tax at 25%	-	823,170	-	823,170
	<u>6,277,010</u>	<u>823,170</u>	<u>-</u>	<u>823,170</u>

Subject to agreement with the Commissioner General, Tax Administration Jamaica, the Group and the Company have tax losses of approximately \$323,990,588 (2023: \$282,266,701) and \$203,518,763 (2023: \$163,994,572) 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:

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
(Loss)/profit before taxation	<u>(45,806,120)</u>	<u>9,566,110</u>	<u>(42,578,969)</u>	<u>9,296,457</u>
Tax calculated at the appropriate rate	(11,451,530)	2,391,528	(10,644,742)	2,324,114
Adjusted for the effects of: -				
Expenses not allowed for tax purposes	19,567,263	585,026	10,644,742	585,026
Tax credit	(375,000)	-	-	-
Other charges and allowances	<u>(1,463,723)</u>	<u>(2,153,384)</u>	<u>-</u>	<u>(2,085,970)</u>
	<u>6,277,010</u>	<u>823,170</u>	<u>-</u>	<u>823,170</u>

Deferred tax assets of approximately \$80,997,648 (2023: \$70,556,675) for the Group and \$50,879,691 (2023: \$40,998,643) 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.

# MFS Capital Partners Limited

## Notes to the Financial Statements

30 June 2024

### 29. (Loss)/earnings per stock unit

Earnings per stock unit (“EPS”) is computed by dividing the (loss)/earnings attributable to stockholders of the parent of (\$49,888,574) (2023: \$8,792,083) by the weighted average number of ordinary stock units in issue during the year, numbering 404,987,000 (2023: 400,000,000).

### 30. Segment financial information

	2024					
	Management Services	Retail and Distribution	Marketing and Advertising	Micro-financing and Cambio Services	Eliminations	Group
	\$	\$	\$	\$	\$	\$
Gross Revenue	-	-	-	28,536,352	-	28,536,352
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	-	-	-	28,536,352	-	28,536,352
Segment (loss)/profit	(42,554,574)	(4,687,881)	(2,759,846)	4,832,709	-	(45,169,592)
Finance costs	(24,395)	-	-	(612,133)	-	(636,528)
(Loss)/profit before income tax	(42,578,969)	(4,687,881)	(2,759,846)	4,220,576	-	(45,806,120)
Taxation						(6,277,010)
Other comprehensive loss						(329,739)
Non-controlling interest						2,524,295
Loss attributable to equity holders of the parent						(49,888,574)
Total segment assets	568,997,514	838,953	-	711,482,092	(460,221,651)	821,096,908
Total segment liabilities	349,053,224	28,480,065	21,841,966	272,135,330	(18,488,817)	653,021,768
Depreciation	121,236	358,015	-	173,468	-	652,719

# MFS Capital Partners Limited

## Notes to the Financial Statements

30 June 2024

### 30. Segment financial information (continued)

	2023				
	Management Services	Retail and Distribution	Marketing and Advertising	Eliminations	Group
	\$	\$	\$	\$	\$
Gross Revenue	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Segment profit/(loss)	9,534,672	755,303	(485,650)	-	9,804,325
Finance costs	(238,215)	-	-	-	(238,215)
Profit/(loss) before income tax	9,296,457	755,303	(485,650)	-	9,566,110
Taxation					(823,170)
Non-controlling interest					49,143
Profit attributable to equity holders					8,792,083
Total segment assets	64,445,155	1,196,969	-	-	65,642,124
Total segment liabilities	62,321,896	24,150,119	19,082,100	-	105,554,115
Depreciation	142,387	610,647	-	-	753,034

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 31. 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 charged/(credited) to the statement of comprehensive income:

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
Management fees	11,400,000	1,100,000	11,400,000	1,100,000
Directors' fees	2,430,000	2,095,000	2,430,000	2,095,000
Consulting fees	-	(6,000,000)	-	(6,000,000)

Related parties' balances written off by the following companies through the statement of comprehensive income (Note 23):

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	\$	\$	\$	\$
<b>MFS Group Limited</b>				
MFS Capital Partners Limited	-	(5,000,000)	-	(5,000,000)
	-	(5,000,000)	-	(5,000,000)

# MFS Capital Partners Limited

## Notes to the Financial Statements 30 June 2024

### 31. Related party transactions (continued)

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

	The Group		The Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Due from:				
MFS Acquisition Limited	68,270,234	2,203,900	29,661,582	2,203,900
MFS Group	7,770,989	-	-	-
Alpha & Omega Energy Company	95,306,576	-	-	-
Micro-Finance Solutions (MFS) Limited	-	24,240,000	20,800,000	24,240,000
	<u>171,347,799</u>	<u>26,443,900</u>	<u>50,461,582</u>	<u>26,443,900</u>
Due to:				
Directors' account	(1,124,675)	(697,110)	-	-
MFS Acquisition Limited	(327,508,337)	-	(327,348,338)	-
MFS Group Limited	(46,067,624)	(47,072,380)	(3,360,000)	(47,072,380)
	<u>(374,700,636)</u>	<u>(47,769,490)</u>	<u>(330,708,338)</u>	<u>(47,072,380)</u>
	<u>(203,352,837)</u>	<u>(21,325,590)</u>	<u>(280,246,756)</u>	<u>(20,628,480)</u>