RECOVERY
GROWTH
SUSTAINABILITY

ANNUAL REPORT 2020

BRANDS WE LOVE

DISTRIBUTION (ISL)

PHARMACEUTICAL

CELEBRATING 80 YEARS OF MANUFACTURING

BRANDS WE LOVE

MERCHANDISING

- Brunswick
- Butterkist
- Jöllsom
- Post Consumer Brands
- Dentyne Ice
- Nabisco
- Swizzle
- Monster Milk
- Heinz for baby
- Trident
- Ovaltine
- Kraft Philadelphia
- Cool Fruit
- Delite
- Tang
- Goya
- Chips Ahoy!
- Oreo
- Supligen
- Heinz
- Serge
- Cadbury
- Ritz
- Kool-Aid
- Kraft
- Lider
- Eve
- Ovaltine
- Club Social

CELEBRATING FACEY 90 YEARS OF DISTRIBUTION

MISSION STATEMENT

- Provide a sufficient quantity of good quality products at reasonable prices to our customers.
- Maintain a good return on investment to our shareholders.
- Provide our employees with reasonable remuneration and opportunities for personal development and job satisfaction.
- Perform the role of a good corporate citizen and contribute to the public welfare.

CORPORATE GOVERNANCE

Corporate Governance remains a key area of focus for Seprod Limited and is central to the Company's strategic objectives. The principles and the structure of our policy ensure the highest standards of transparency, oversight and independence, which serve the best interest of all our stakeholders. The practices are consistent with world best practices and adhere to the relevant legal and regulatory framework.

Our Corporate Governance Charter was established in December 2012 by the Board of Directors and reviewed in December 2020. The Charter can be seen in more detail on the Company's website – **www.seprod.com**

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NET / NETO
9.8 FL OZ

NOTICE OF ANNUAL **GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the **EIGHTY-SECOND ANNUAL GENERAL MEETING** of Seprod Limited will be held at the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston on September 20, 2021 at 11:00 a.m. or virtually in accordance with an Order the company expects to receive from the Supreme Court for the purpose of transacting the following business:

1. **To receive the Audited Accounts and the Reports of the Directors and Auditors**
   To consider and if thought fit pass the following resolution:

   "THAT the Directors' Report, the Auditors' Report and the Audited Accounts for the year ended December 31, 2020 be and are hereby adopted."

2. **To elect Directors**
   The Directors retiring from office by rotation pursuant to Articles 89 and 91 of the company's Articles of Association are Mr. Byron Thompson and Mrs. Melanie Subratie, who, being eligible, offer themselves for re-election.

   To consider and if thought fit pass the following resolutions:

   Resolution 2 (a)

   "THAT the directors retiring from office by rotation and offering themselves for re-election be elected en-bloc."

   Resolution 2 (b)

   "THAT Mr. Byron Thompson and Mrs. Melanie Subratie be re-elected as Directors."

3. **To fix the remuneration of Directors**
   To consider and if thought fit pass the following resolution:

   "THAT the amount shown in the Audited Accounts as Directors Remuneration for the year ended December 31, 2020 be and is hereby approved."

4. **To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors**

   To consider and if thought fit pass the following resolutions:

   Resolution 4 (a)

   "THAT PricewaterhouseCoopers having indicated their willingness to continue in office as Auditors be re-appointed Auditors for the ensuing year."

   Resolution 4 (b)

   "THAT the Directors be authorized to agree on the remuneration of the auditors."

5. **To transact any other business which may be properly transacted at an Annual General Meeting**

DATED this 26th day of April, 2021

BY ORDER OF THE BOARD

Damion Dodd
Secretary

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member. Proxy forms must be lodged at the Company's registered office, 3 Felix Fox Boulevard, Kingston, no less than 48 hours before the time of the meeting.

DIRECTORS' **REPORT**

The Directors of Seprod Limited submit herewith their Annual Report and Audited Accounts for the year ended December 31, 2020.

FINANCIAL RESULTS

The Group ended the year with a profit before tax of $3.4 billion and a net profit attributable to shareholders of $2.87 billion. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the Company are set out in the Management Discussion and Analysis and the Financial Statements which are included as part of the Report.

DIVIDEND

A dividend payable on October 19, 2020 to Shareholders on record as of September 30, 2020 was declared. The dividend had the following two components:

1. Cash of $0.30 per Seprod Share.
2. Additionally, 15,447,465 shares ("CPFV Shares, recently acquired by Seprod Limited") in the Eppley Caribbean Property Fund - Value Fund at a ratio of 0.02171 CPFV Shares for every Seprod Share held. Fractional CPFV Shares will be rounded to the nearest CPFV Share. Seprod Shareholders owning less than 20,000 Seprod Shares will receive cash in lieu of CPFV Shares in proportion to their holdings of Seprod Shares. Cash payments in lieu of CPFV Shares will be based on today's closing price of CPFV Shares on the Jamaica Stock Exchange.

The Directors do not recommend any further payment of dividend for 2020.

DIRECTORS

In accordance with Articles 89 and 91 of the Company's Articles of Association, the following Directors are retiring from office by rotation and, being eligible, offer themselves for re-election:

- Byron Thompson
- Melanie Subratie

AUDITORS

The Auditors, Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office. The Directors recommend their re-appointment.

AUDIT COMMITTEE

The Board of Directors of Seprod Limited exercises its responsibilities for the Financial Statements included in this Report through its Audit Committee, which consists of non-management Board members: Mrs. Melanie Subratie, Chairperson and members: Mr. Byron Thompson, Mr. Peter Thwaites, Mr. Nicholas Scott and Mr. Brian Wynter.

The independent accountants and internal auditors have full and free access to the Audit Committee. The Audit Committee meets quarterly with the independent accountants and the Internal Auditors, both privately and with management present, to discuss accounting, auditing and financial reporting matters.

EMPLOYEES

The Directors wish to express their appreciation to the employees for their loyal service throughout the year.

Submitted on behalf of the Board of Directors.

P.B. Scott
Chairman

CORPORATE **DATA**

Registered Office:	3 Felix Fox Boulevard, Kingston Tel: (876) 922-1220 Fax: (876) 922-6948 or 922-7344 Email: corporate@seprod.com	
Auditors:	PricewaterhouseCoopers Scotiabank Centre Corner of Duke & Port Royal Streets Kingston, Jamaica	
Attorneys:	DunnCox 48 Duke Street Kingston, Jamaica	Clinton Hart & Co. 58 Duke Street, Kingston, Jamaica
Bankers:	Citibank N.A. Jamaica 19 Hillcrest Avenue Kingston 6, Jamaica CIBC First Caribbean International Bank 23-27 Knutsford Boulevard Kingston 5 First Global Bank 24-48 Barbados Avenue Kingston 5	National Commercial Bank Jamaica Limited 1-7 Knutsford Boulevard Kingston 5, Jamaica Sagicor Bank 17 Dominica Drive Kingston 5, Jamaica Bank of Nova Scotia Ja. Ltd. Cnr Duke & Port Royal Street. Kingston
Registrar & Transfer Agents	Jamaica Central Securities Depository Limited 40 Harbour Street Kingston, Jamaica	

CONTACT **INFORMATION**

DISTRIBUTION

INDUSTRIAL SALES LIMITED
3 Felix Fox Boulevard
Kingston
Tel: (876) 922-1220
Fax: (876) 757-9449
(876) 923-6722

FACEY COMMODITY COMPANY LIMITED
109 Marcus Garvey Drive
Kingston 13

MERCHANDISE DIVISION
61 Newport Boulevard
Kingston 13
Tel: (876) 923-9221
Fax: (876) 901-6815

PHARMACEUTICAL DIVISION
53 Newport Boulevard,
Kingston 13
Tel: (876) 923-9221-5

INGREDIENTS

CARIBBEAN PRODUCTS COMPANY LIMITED
3 Felix Fox Boulevard
Kingston
Tel: (876) 922-1220

MANUFACTURING PLANT
228 Spanish Town Road
Kingston 11
Tel: (876) 923-0125-8
(876) 923-6516-8
(876) 937-3372
Fax: (876) 923-4043

GOLDEN GROVE SUGAR COMPANY LIMITED
3 Felix Fox Boulevard
Kingston
Tel: (876) 922-1220

JAMAICA GRAIN & CEREALS LIMITED
3 Felix Fox Boulevard
Kingston
Tel: (876) 922-1220
Fax: (876) 967-7479

INTERNATIONAL BISCUITS LIMITED
3 Felix Fox Boulevard
Kingston
Tel: (876) 922-1220

MANUFACTURING PLANT
2e Valentine Drive
P.O. Box 453, Kingston 19
Tel: (876) 925-9418

DAIRY

MUSSON INTERNATIONAL DAIRIES LIMITED T/A SERGE DAIRIES
3 Felix Fox Boulevard
Kingston
Tel: (876) 922-1220

MANUFACTURING PLANT
Bybrook, Bog Walk
St. Catherine
Tel: (876) 985-1479-83

SERGE ISLAND FARMS LIMITED
3 Felix Fox Boulevard
Kingston
Tel: (876) 922-1220

DAIRY FARM
Seaforth, St. Thomas
Tel: (876) 706-5844-6
Fax: (876) 706-5843

SHAREHOLDERS' PROFILE

AS AT DECEMBER 31, 2020

TEN LARGEST SHAREHOLDERS

1.	Musson (Jamaica) Limited	* 233,747,988
2.	Coconut Industry Board	163,420,345
3.	JCSD Trustee Services Limited – Facey Group Limited	*125,234,043
4.	Grace Kennedy Limited Pension Scheme	21,955,904
5.	National Insurance Fund	15,443,045
6.	Scotia Jamaica Investment Management – A/C 3119	9,074,455
7.	ATL Group Pension Fund Trustee Nominee Limited	6,492,559
8.	Sagicor Select Fund Limited ('Class C' Shares)	5,879,298
9.	VM Wealth Equity Fund	5,786,571
10.	NCB Insurance Company Limited – A/C 109	5,648,346
*	*-Connected Persons: Paul B. Scott, Melanie M. Subratie*	

SHAREHOLDINGS OF DIRECTORS ALONG WITH THEIR CONNECTED PERSONS

1.	Paul B. Scott	NIL
	Shareholding of connected persons	366,772,031
2.	Melanie M. Subratie	NIL
	Shareholding of connected persons	366,772,031
3.	Byron E. Thompson	1,220,668
4.	Richard R. Pandohie	3,998,231
5.	Nicholas A. Scott	NIL
	Shareholding of connected persons	1,206,768
6.	Hugh Gentles	NIL
	Shareholding of connected persons	500,000
7.	Peter J. Thwaites	11,020
8.	Michael J. Subratie	NIL
9.	Christopher Gentles	NIL
10.	Patrick Scott	3,000,000
11.	Nicholas Jones	NIL
12.	Brian Wynter	NIL

SHAREHOLDINGS OF MANAGEMENT

1.	Marilyn Anderson	25,000
2.	Carol Andrade	13,000
3.	Damion Dodd	300,000
4.	Fredy Graell	Nil
5.	Chana Hay	1,375,500
6.	Tricia Hill	NIL
7.	Alerie Hull-Duhaney	15,000
8.	Kerrian Johnson	25,000
9.	Efrain Lara	NIL
10.	Roger Lewis	75,300
11.	Joyce Miller	35,000
12.	Jeffrey Moss-Solomon	201,900
13.	Richard Pandohie	3,998,231
14.	Patrick Scott	3,000,000
15.	Dr. Patrick Sterling	20,700
16.	Amanda Watson	460,000

Together, we can get through anything.

Foundation
Foundation
Foundation
Foundation
Foundation
Foundation
SEPROD
SEPROD
Computer Science
Information Technology
Software Engineering
Computer Science
Information Technology
Software Engineering
Computer Studies
Software Developer\Engineer
Database Administrator
Multimedia Specialist
Network\System Administrator
I.T. Project Manager
Network Security Specialist
Entrepreneur
Researcher
Computer Analyst
Computer Systems Engineer
Web Master/Administrator
Technical Writer

CHAIRMAN'S **REPORT**

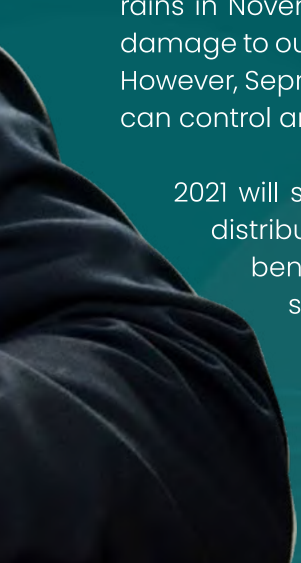
P.B. Scott
Chairman

Seprod has three pillars: Ingredients, Dairy and Distribution. The objective of this strategy is to build regional businesses along these verticals. We believe with focus and deep expertise in these areas, we will consistently deliver mid teen returns on equity.

2020 with the onset of the COVID-19 pandemic certainly tested this premise. During the year, two major market segments faced real challenges. The tourist industry declined dramatically in Jamaica with lockdowns, closing of borders and constant changes in transportation rules.

We are a leading provider to that industry with both third party products as well as our own manufactured products. In addition to the declines in tourism, Seprod faced the almost elimination of the important education channel. Seprod produces ingredients (corn grits for snack manufactuers) and finished products (Butterkist, Oreos, Cadbury etc.) to this channel. Despite these two very important markets (channels) declining Seprod excelled in 2020. Our focus on the expansion of our core verticals led to over 100% increase in our profitability before tax.

As we look to 2021 there is no doubt impediments to our growth will continue to emerge and many of the existing challenges will remain. The supply chain that feeds into our businesses will take some time to normalize and the recovery of the tourism sector in the Caribbean will no doubt not be linear. The speed in which the education channel returns will not be within our control as is the volatility of weather patterns that we face in our region (the rains in November caused in excess of $300m of damage to our operations in our dairy operations). However, Seprod has continued to focus on what it can control and has not stopped investing.



2021 will see the completion of a world class distribution centre. This will bring significant benefits to our business that we hope to see materialise in 2022 and beyond.

In addition to this new warehouse, Seprod will commence the construction of a renewed work environment in the form of a new building.

This new building will accommodate best in class work practices incorporating modern training facilities as we continue to focus on the development and growth of our team members. This reinforces our common objectives of continually improving productivity across all aspects of our business. When combined with our commitment to have best in class technology within our manufacturing operations, we are confident Seprod will continue to deliver our commitments to our stakeholders in 2021 and beyond.

As at the time of writing, it is encouraging that the vaccination programs have started in many of our markets. Seprod considers the Caribbean to be our domestic market. Each market within the region will execute their programs at different speeds with different rules and outcomes. We hope though that this will be the beginning of the start of the journey to normality. In the meantime, Seprod continues to focus on ensuring that our team members are working in a safe environment. During the year this has been a major focus of management.

I would like to take this opportunity on behalf of the board to thank all employees for their commitment during 2020. It is that commitment and professionalism that continues to drive the performance of Seprod. I would also like to thank my fellow board members for their reinforcement of the strategic direction of the company and their work during the past year.

P.B. Scott
CHAIRMAN

BOARD OF DIRECTORS

P. B. SCOTT
CHAIRMAN

Mr. P.B. Scott is the Chairman, Chief Executive Officer (CEO) and principal shareholder of the Musson Group. His chairmanship extends to Musson's subsidiaries and affiliates: namely Facey Group Limited, T. Geddes Grant (Distributors) Limited, General Accident Insurance Company Limited, Seprod Limited and PBS Group Limited.

In addition to his responsibilities at Musson, he serves on several boards and commissions, which include being Chairman of the Development Bank of Jamaica (DBJ). He is also trustee of the American International School of Kingston (AISK) and a former President of the Private Sector Organization of Jamaica.

He is married to Jennifer, an Attorney-at-Law; and they have two children.

PETER J. THWAITES
VICE CHAIRMAN

Mr. Thwaites is a retired Insurance Executive, a Past President of the Private Sector Organisation of Jamaica and a past Chairman of the Electoral Advisory Committee, now the Electoral Commission of Jamaica. He is a Director of Facey Commodity Company Limited, Crime Stop Jamaica, Thwaites Finson Sharp Insurance Brokers, Guardian General Insurance Jamaica, (a subsidiary of Guardian Holdings of Trinidad and Tobago) and Rhino Jamaica Limited.

RICHARD R. PANDOHIE , JP
CEO/MANAGING DIRECTOR

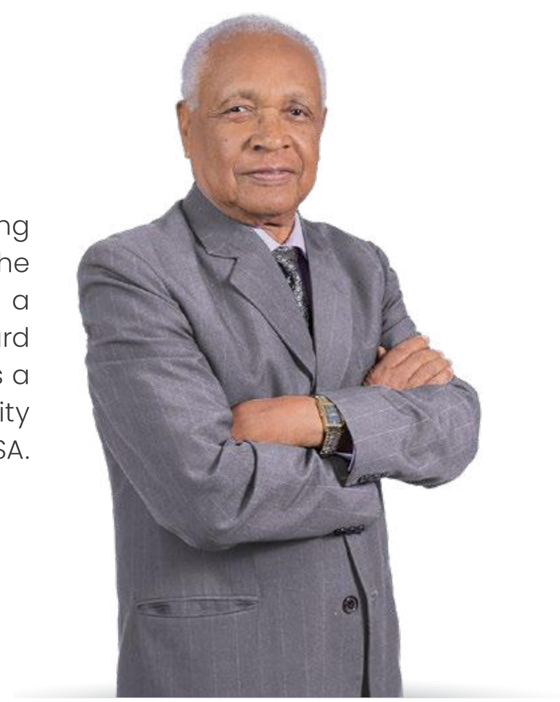
Mr. Richard Pandohie was appointed Chief Executive Officer and Managing Director of Seprod Limited in January 2015. He is widely respected as a transformational and visionary leader who takes bold actions. He has held several managerial and board positions in corporations in the Caribbean and Central America. He has been appointed President of the Jamaica Manufacturers and Exporters' Association (JMEA) since 2019. He holds a Master of Business Administration degree in Corporate Finance and Operations Management from the McGill University and a Bachelor of Science degree in Chemical Engineering from The University of the West Indies.

Richard is passionate about growing value and creating success stories. He believes in giving back and is committed to helping other Jamaicans achieve their potential.

When he is not running around factories and farms, he spends time watching his favourite sport teams or just hanging with his family.

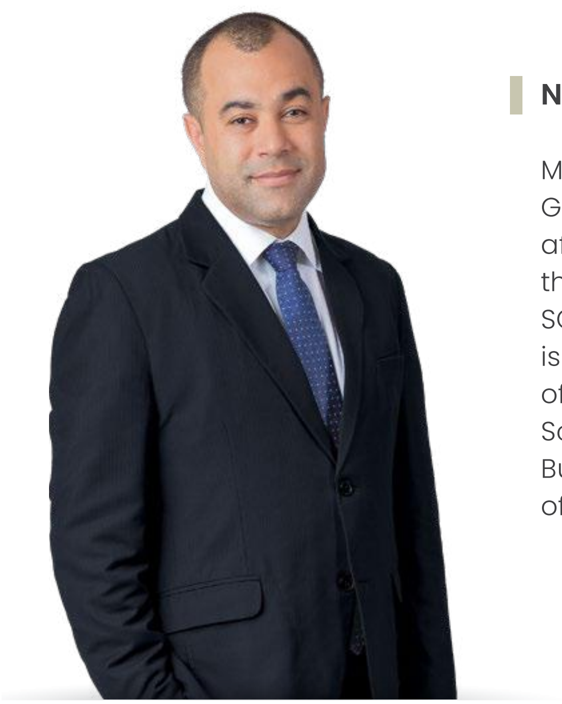
BYRON E. THOMPSON, JP, MBA

Mr. Thompson is a former Chief Executive Officer and Managing Director of the Seprod Group of Companies. He also sits on the Board of Seprod's Subsidiaries and Audit Committee. He is a Director of Eppley Limited and the Salvation Army Advisory Board and a Council member of the Bureau of Standards. He holds a Bachelor's Degree in Chemistry and Geology from the University of the West Indies and an MBA from Barry University, Florida, USA.



MELANIE M. SUBRATIE, BSC. (HONS.)

Melanie Subratie is the Deputy Chairman of Musson (Jamaica) Limited, and is the Chairman and CEO of Stanley Motta Limited and Felton Property Management. Additionally, she is the Executive Chairman of the Musson Foundation and the Seprod Foundation. Melanie is the Vice-Chairman of General Accident Insurance Company Limited and T. Geddes Grant Limited, a director of Facey Group, Interlinc Limited, Eppley Limited, Eppley Caribbean Property Fund, PBS Group and all its subsidiaries, and Seprod Limited and all its subsidiaries. She is Chairman of the Audit Committees for Seprod Limited, Interlinc Limited, and PBS Group. A keen angel investor, she is a director of First Angels, and a director of Bookfusion Limited. Melanie is the First Vice President of the Jamaica Chamber of Commerce. She is a graduate of the London School of Economics, and mother to three teenage girls.



NICHOLAS A. SCOTT

Mr. Nicholas Scott is the Chief Investment Officer of the Musson Group and serves as a director of most of its subsidiaries and affiliates. He is also the Managing Director of Eppley Limited and the Chairman of the Eppley Caribbean Property Fund Limited SCC. Mr. Scott is the Chairman of the Student Loan Bureau and is a former Vice-President of the Private Sector Organisation of Jamaica. He holds a B.Sc. in Economics from the Wharton School at the University of Pennsylvania, an M.B.A from Columbia Business School and an M.P.A. from the Harvard Kennedy School of Government.

CHRISTOPHER GENTLES

Christopher Gentles was appointed a director of the Seprod Board in April 2016. He is currently the Chairman of the Coconut Industry Board and is also employed to the Spirits Pool Association, and its subsidiary Caribbean Molasses Company Jamaica Limited as General Manager. He was former General Manager-Farm Operations of JP Tropical Foods Limited, former Group Produce Manager for SuperPlus Food Stores and the former Director General of the Coffee Industry Board of Jamaica. He was the former President of Promecafe, the regional organization that promotes the development of the culture of coffee cultivation, and marketing within seven Latin American and Caribbean countries. He has undergone training programmes in Irrigation and Extension from the Ruppin Institute in Israel, and has completed courses in merchandising from Kellog's Business School, the University of Michigan. He holds a Global MBA from the Manchester Business School in the United Kingdom as well as his Bachelors in Agronomy from UWI, St. Augustine, Trinidad.

PATRICK SCOTT

Patrick A. W Scott is the Chairman and Chief Executive Officer of Facey Commodity Company Limited and the Executive Deputy Chairman of the Facey Group. Prior to these appointments, he served as Managing Director and as a Director of the company. A seasoned executive, Mr. Scott also sits on the main boards of the Musson Group and was a key figure in the global development of Facey's Telecom business. Additionally, during his tenure as General Manager of the Pharmaceutical Division of Facey Commodity Company Limited, he was instrumental in its strong and rapid growth. Marketing-trained, he attended Seneca College and Ryerson University in Toronto, Canada.

M.J. SUBRATIE, BCE, MSCE, EIT, JP

Mr. Michael Subratie is the Managing Director of T. Geddes Grant (Distributors) Limited as well as the Chief Operating Officer and a Director of the Musson Group of Companies in charge of Musson's manufacturing and trading business entities. He has served on several government boards including the Urban Development Corporation, Jamaica Urban Transit Company, Jamaica Railway Corporation, Montego Freeport Limited and the former Pegasus Hotel. He also sits on the board of the American Chamber of Commerce, and is the Honorary Consul of Bangladesh.

In November, 2016, Michael was appointed as Dean of The Consular Corps of Jamaica. In his capacity as Dean, he represents over 47 countries that do not have resident ambassadors in Jamaica. Michael is an active member of the Young Presidents' Organization (YPO). He holds a Bachelor's Degree in Civil Engineering with highest honor from Georgia Institute of Technology and a Master's Degree in Structural Engineering from Purdue University.

NICHOLAS JONES

Mr. Nicholas Jones has been the Managing Director and Chairman of Fred M. Jones Estates Limited since 2013. He currently serves as a Director on the Coconut Industry Board and the Jamaica Agricultural Development Foundation. He formerly held the position of Agricultural Director of the Jamaica Producers Group, the Managing Director of Montpelier Citrus Company and General Manager of Guardsman Limited. Mr. Jones has a BSc in Agriculture from the University of Georgia in the USA, a MSC in Agricultural Science from Melbourne University in Australia and has attended Advanced Management Programs at the University of the West Indies and the Wharton School at the University of Pennsylvania.

BRIAN WYNTER, OJ, CD

The Honourable Brian Wynter is internationally recognized as a central banker and financial markets executive with a wide range of experience in challenging environments. He was Governor of the Bank of Jamaica during Jamaica's historic turnaround, co-chair of the Economic Programme Oversight Committee, founding CEO of Jamaica's Financial Services Commission and Corporate Finance head and Country Treasurer for Citibank Jamaica. Moving seamlessly between public and private sectors, his professional experience includes stints at the International Monetary Fund's Caribbean Regional Technical Assistance Centre in Barbados and the capital markets and derivatives subsidiaries of Chase Manhattan and Schroders in New York.

Called to the bar in the UK and Jamaica, he holds a BSc (Econ) from the London School of Economics and Political Science, a Diploma in Law from The City University and a Masters in International Affairs from Columbia University School of International and Public Affairs. In 2020, he was awarded the Order of Jamaica for distinguished service to central banking and the financial sector in Jamaica.

DIRECTORS' ATTENDANCE – 2020

	Seprod Board	Executive Committee	Audit Committee	Superannuation Committee
Number of Meetings	11	3	2	4
Paul Scott	11	3		
Richard Pandohie	11	3		
Peter Thwaites	10	3	1	4
Byron Thompson	11	3	2	
Melanie Subratie	11	3	2	3
Patrick Scott	11	3		
Michael Subratie	10			
Nicholas Scott	11		1	1
Christopher Gentles	9			
Hugh Gentles	10			
Nicholas Jones	11			
Brian Wynter*	9		1	

** Appointed February 2020*

BOARD SUB-COMMITTEES

Executive Committee	Audit Committee	Superannuation Committee
Mr. P.B. Scott (Chairperson) Mr. P.J. Thwaites Mr. B.E. Thompson Mr. R.R. Pandohie Mrs. M. M. Subratie Mr. P.A. Scott	**Mrs. M. M. Subratie (Chairperson)** Mr. B.E. Thompson Mr. P. J. Thwaites Mr. N.A. Scott Mr. Brian Wynter	**Mr. P.J. Thwaites (Chairperson)** Mr. N.A. Scott Mrs. M.M. Subratie

AUDIT COMMITTEE **REPORT**

AS AT DECEMBER 31, 2020

OVERVIEW

The Audit Committee is established by the Board as a sub-committee and its powers are delegated by the board. The Audit Committee assists the board in fulfilling specific oversight responsibilities, which include the Seprod Group's financial reporting, internal control systems, risk management systems and the internal and external audit functions. The board retains responsibility for decisions, performance and outcomes of the Audit Committee.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee meets quarterly and comprises four (4) independent board members, inclusive of the chair, Mrs. Melanie Subratie. The table on page 17 shows the members' attendance to these meetings.

Audit Committee meetings are also attended by the Chief Executive Officer, Chief Financial Officer/ Corporate Secretary and other members of senior management of the Seprod Group as relevant to the particular matters being discussed, as well as the internal and external auditors. The Committee also meets quarterly with the internal and external auditors without any member of the management team present, in order for the Committee members to have a discussion about any matters of significance that arose during the audit processes.

ACTIVITIES OF THE AUDIT COMMITTEE

The main objectives of the Committee include assisting the Board to discharge its responsibility in relation to the following areas:

- Reporting of financial information;
- Application of accounting policies;
- Review of Internal control systems and procedures;
- Adequacy of risk management procedures and practices;
- Propriety of business policies and practices;
- Compliance with applicable laws, regulations, standards and best practice guidelines;
- Formal forum for communication between the Board and senior management;
- Communication between the board and the internal and external auditors;
- Facilitating the maintenance of the independence of the external auditor;
- Providing a structured reporting line for internal audit and facilitating the independence of the internal auditor; and
- Consideration of significant matters that were raised during the audit processes.

The Audit Committee effectively carried out these objectives during, and in respect of the year ended 31 December 2020. In particular, the Committee:

- assessed and approved the scopes of the internal and external audit plans;
- reviewed internal audit reports and assessed management's responses and actions with respect to the findings and the recommendations made;
- reviewed management letters from external auditors and assessed management's responses and actions with respect to the findings and the recommendations made; and
- reviewed and recommended Board approval for the unaudited quarterly financial reports and the annual audited financial statements.

Melanie M. Subratie
CHAIRPERSON

MANAGEMENT **PROFILE**

RICHARD R. PANDOHIE, JP
CEO/MANAGING DIRECTOR

PATRICK SCOTT
CEO, FACEY COMMODITY CO. LTD.

DAMION DODD
CFO & CORPORATE SECRETARY

MARILYN GOLDING-ANDERSON
HEAD OF SUPPLY CHAIN

CHANA HAY
GENERAL MANAGER, FACEY MERCHANDISE DIVISION

JEFFREY MOSS- SOLOMAN
GENERAL MANAGER, JAMAICA GRAIN & CEREALS LTD.

KERRIAN JOHNSON
GROUP MARKETING MANAGER

CAROL ANDRADE
GROUP QUALITY MANAGER

FREDY GRAELL
FACTORY MANAGER
SERGE DAIRIES

JOYCE MILLER
GENERAL MANAGER, FACEY
PHARMACEUTICAL DIVISION

DR RALSTON BENT
FARM MANAGER,
SERGE ISLAND FARMS LTD.

ROGER LEWIS
LEAD INFORMATION
TECHNOLOGY MANAGER

EFRAIN LARA
AREA MANAGER,
DOMINICAN REPUBLIC

TRICIA HILL
COUNTRY MANAGER,
TRINIDAD AND TOBAGO

DR. PATRICK STERLING, PHD.
GROUP HUMAN RESOURCE &
INDUSTRIAL RELATIONS MANAGER

PERRY WRIGHT
FINANCIAL CONTROLLER
SEPROD DISTRIBUTION

ALERIE HULL DUHANEY
GROUP FINANCIAL CONTROLLER

Together we are stronger.


SEPROD
CANE SUGAR
COUNTER
"MAXIMUM

MANAGEMENT **DISCUSSION & ANALYSIS**

DEAR SHAREHOLDERS,

2020 was a most challenging year, as we all faced a once in 100 years pandemic. Despite the numerous issues presented by the global COVID-19 pandemic, the Seprod team delivered exceptional results with 15% sales growth and 98% core earnings per share (EPS) growth. Our strategy has been consistent, and it involved:

- Retooling and investing in key manufacturing operations
- Exiting operations that did not fit the strategic plan
- Investing in innovation
- Expanding and diversifying our distribution reach
- Driving export sales

And in 2020, it all came together to deliver a strong performance which now sets the base for future expectations.

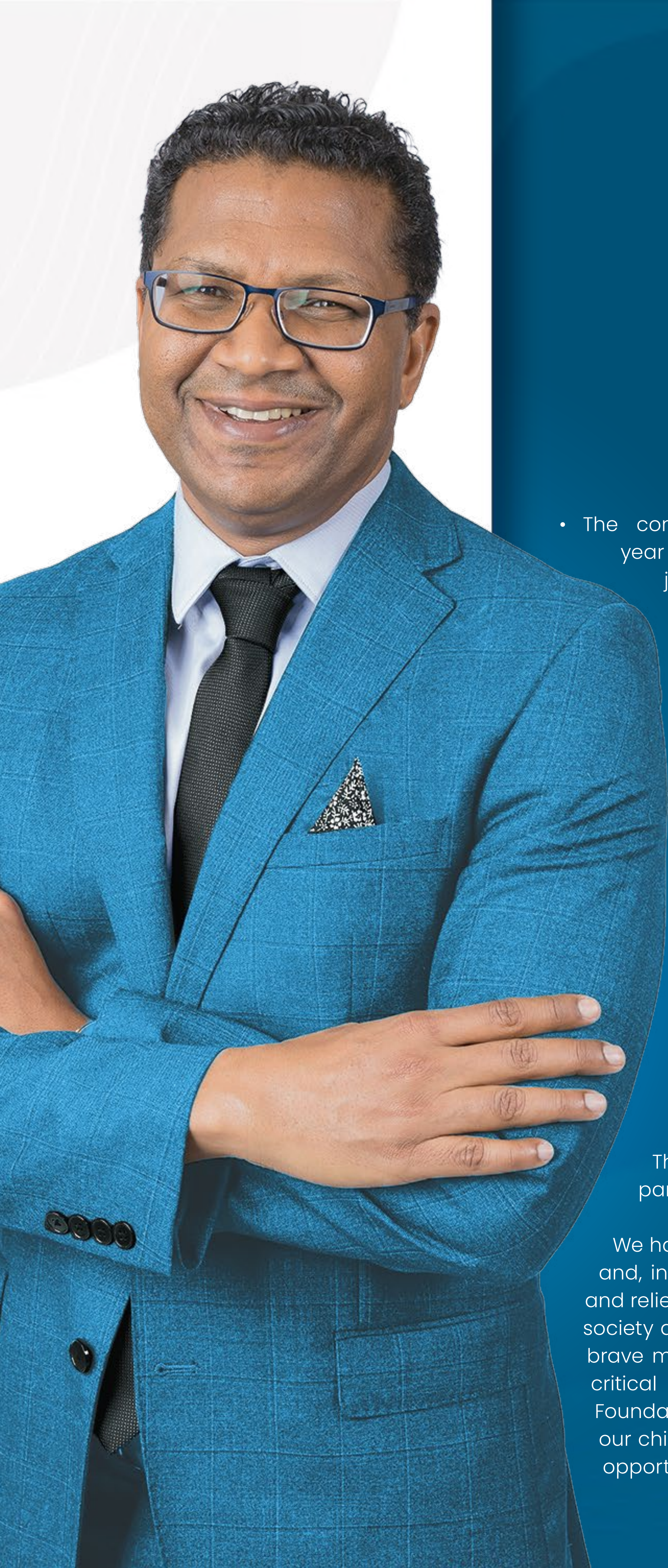
98%
CORE EARNINGS PER SHARE

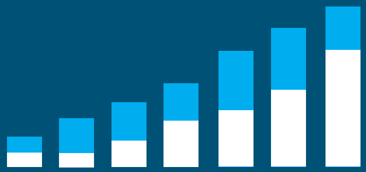
We grew domestic and export sales, achieving top-line and bottom-line growth. On the bottom-line, core earnings per share were up 98% versus the prior year. The reported EPS was up 168% because of the one-time gain of $762m from the disposal of a warehouse property. The strong results occurred despite many challenges including, but not limited to:

- Restrictions that shutdown key channels, such as schools
- Dramatic decline in the tourism and hospitality sectors
- Operational challenges to safely staff our facilities
- Supply chain challenges to secure materials to maintain production
- Heaviest rainfall recorded in many years that created major damage to the farms in St. Thomas.

On the positive side:

- We are truly grateful to our valued principals for navigating supply chain challenges, allowing us to meet our customers stocked.
- Export sales grew by 62% through a combination of higher demand in the key markets of USA and Canada plus new markets such as Ecuador and Colombia.





62%
EXPORT SALES

- The consolidated dairy factory had its first full year of operation and its performance fully justified the decision.

STEPPING UP DURING THE PANDEMIC

None of what we have achieved could be done without our people, and their safety is our top priority. We responded proactively to put in robust safety measures in place for all persons working at our facilities including:

- Creating an Infection Prevention Control team to manage all aspects of our response to COVID-19
- Temperature scans
- Consistent testing and contact tracing
- Expanded employee transportation
- Separation of production shifts
- Working closely with the Ministry of Health and Wellness to ensure full protocol adherence

These measures have now become a normal part of our operating environment.

We have a long history of supporting those in need and, in this period, we are supporting communities and relief agencies to offset the pain that many in our society are experiencing. We have also supported the brave men and women on the frontline by donating critical equipment, cash and kind. Of course, our Foundation has played a pivotal role in contributing to our children who have lost so much of their learning opportunities.

LOOKING FORWARD

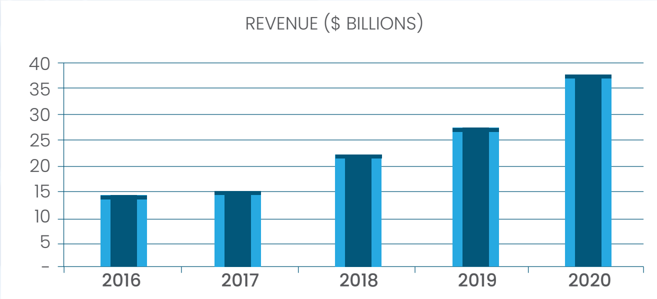
With the company's three (3) pillars clearly defined, we are now actively in the stage of executing synergistic projects to drive value creation. We are striving to make productivity, innovation and focused execution core features of our DNA.

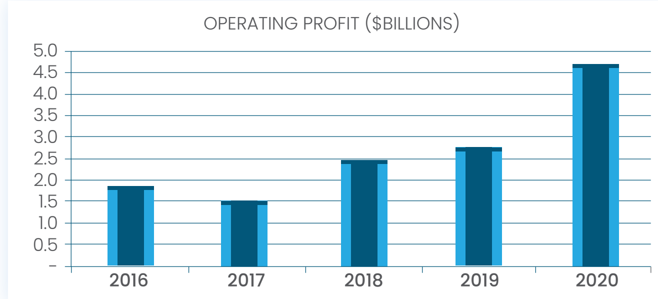
We view 2021 with cautious optimism based on the global rollout of the vaccination programme; however, this is tempered by the reality of significant challenges that have arisen from an imbalanced global recovery. We are seeing the highest increase in raw material prices in a decade, a massive increase in shipping costs and scarcity challenges, compounded by our local foreign exchange volatility, which will all lead to increased cost. We will try and reduce the impact on our customers by driving cost savings and efficiency improvement in all facets of our business organization where the best is yet to come. Although the environment remains volatile and the challenges we face may continue for some time, your Seprod team is determined to respond by remaining very focused on our strategy and delivering strong results.

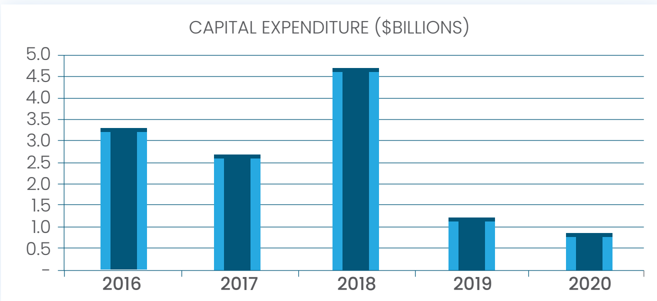
My deepest thanks to Chairman PB Scott and the Board of Directors for their unwavering support and guidance. Thanks to the Seprod family - our consumers, customers, employees, suppliers, and shareholders; together we will emerge more resilient, more agile and even stronger.

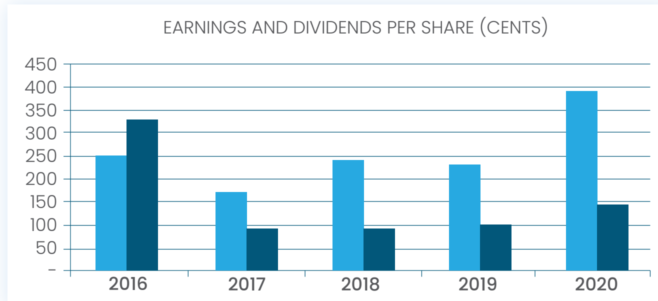
We are Seprod, Must be Good.

Richard R. Pandohie, JP
CEO/MANAGING DIRECTOR









	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Key Financial Statement Amounts ($'000)										
Revenue	37,737,080	32,694,821	22,499,784	15,128,431	14,471,417	12,390,374	11,859,282	12,209,791	11,132,689	10,595,669
Operating profit	4,681,143	2,802,635	2,482,280	1,551,770	1,870,628	1,527,699	1,521,928	1,642,960	1,388,936	1,352,535
Profit before taxation	3,409,866	1,387,393	1,751,184	1,159,761	1,467,836	1,230,934	1,232,095	1,342,036	1,283,240	1,290,172
Net profit from continuing operations	2,848,890	1,705,648	1,372,427	868,704	1,157,181	1,203,836	956,885	991,518	917,635	863,501
Net loss from discontinued operations	23,026	(732,314)	(310,372)	(220,861)	(281,972)	(626,936)	(61,510)	(223,642)	(83,608)	(96,221)
Net profit	2,871,916	973,334	1,062,055	647,843	875,209	576,900	895,375	767,876	834,027	767,280
Equity	16,893,027	14,970,237	14,745,622	9,009,812	8,975,742	9,734,160	9,581,757	9,196,767	8,534,281	8,038,154
Capital expenditure:										
- the Group	836,120	1,178,300	1,816,806	1,330,969	1,588,716	900,823	1,460,478	1,419,318	1,305,328	1,256,314
- joint venture entity	35,536	36,213	152,052	1,302,866	1,746,465	17,672	–	–	–	–
- on acquisition of subsidiaries	–	–	2,659,125	–	–	–	–	–	–	–
- Total capital expenditure	871,656	1,214,513	4,627,983	2,633,835	3,335,181	918,495	1,460,478	1,419,318	1,305,328	1,256,314
Key ratios and other information										
Earnings per stock unit (cents):										
- continuing operations	389	233	240	172	250	254	204	206	183	179
- discontinued operations	3	(87)	(33)	(30)	(39)	(86)	(8)	(31)	(13)	(10)
- Total	392	146	207	142	211	168	196	175	170	169
Dividends per stock unit (cents)	142	100	95	95	323	95	90	83	83	76
Operating profit to revenue (%)	12.40	8.57	11.03	10.26	12.93	12.33	12.83	13.46	12.48	12.76
Return on equity (%)	17.00	6.50	7.20	7.19	9.75	5.93	9.34	8.35	9.77	9.55

Stay Safe

LIVING WITH COVID-19 - THE NEW NORMAL

80 Years of Manufacturing

Our journey began 80 years ago with a vision for excellence in manufacturing and distribution. We developed our brands and products to meet the needs of families and supported them along the way. For 80 years, we have been on a path to global recognition all the while remaining true to our vision. It is this shared vision that brings the Seprod family together and which sets us apart. Thank you to all our customers for allowing us to serve you for 80 years. Here's to many more!

WE DID IT AGAIN!!

CHAMPION MANUFACTURER 2020

Seprod Limited were recipients of the JMEA's Award for Manufacturer of the year 2020 at the JMEA M & E Awards. This win was a result of impressive team work and it was an honour to regain this award in our 80th year of manufacturing in Jamaica.

L-R: Richard Pandohie, CEO (Seprod), Amanda Watson, Commercial Manager (Seprod), Lisa Bell (EXIM Bank) and Imega Breeze-McNab (JMEA)

MARKETING REPORT

2020 - THE YEAR THAT CHANGED THE WORLD
"WE'VE GOT THIS" OVER $20 MILLION IN COVID DONATIONS

2020 was a pivotal year for companies and brands to rethink, re-strategize and re-tool to meet the challenges that overshadowed the year. COVID-19 created an opportunity for Seprod to deliver a national response and provide assurance, guidance and assistance for Jamaica and Jamaicans.

Our theme for 2020, **"We've Got This"** provided the gateway to answer this national call.

COVID-19 PROTOCOLS & GUIDELINES:
FACTORY READINESS AND ADHERENCE

Seprod Limited pivoted quickly in the fight against COVID-19 and ensured that all companies in the group were properly equipped to adhere to government protocols and guidelines. The company was endorsed by the Ministry of Health and featured as one of the top companies to emulate. "Overcoming COVID-19 is a collaborative effort. Industries within the productive sector must also play their part in protecting their operational environment and staff, by making every effort to implement and observe the COVID-19 Workplace Protocols." MOH

Seprod Limited showcased best practices of COVID-19 workplace management in manufacturing during a tour with Minister of Health and Wellness, Dr. Christopher Tufton at our Serge Dairy manufacturing plant in St. Catherine. Implementation of the COVID-19 workplace protocol is key to combating the virus and reducing its spread. Let's all play our part!

VIRTUAL AGM – COVID-19

Seprod held its first ever virtual Annual General Meeting on September 21, 2020. The event restricted the in-person event to 50 persons, in keeping with guidelines of the Ministry of Health. The event was live-streamed on Facebook and YouTube, strictly adhering to the COVID-19 protocols.









Stakeholders participated in a discussion about the Director's Report, the Auditor's Report and the Financial Statements

Richard Pandohie, CEO of Seprod Limited, speaks at the company's Annual General Meeting at The Jamaica Pegasus Hotel in New Kingston on Monday, September 21 2020

CFO Damion Dodd reads the Notice of AGM

L-R: PwC Auditor Paul Williams, Chairman, P.B. Scott and Chief Financial Officer, Damion Dodd mingle before the start of the AGM

CEO Richard Pandohie greets a shareholder at the AGM

COVID-19: OUR COMMUNITY RESPONSE

Seprod partnered with the Ministry of Labour and Social Security to donate over $5.7 million in food to assist needy communities across the island. It was an on-going initiative throughout 2020.

Seprod Limited donated over $4 million to the Ministry of Labour and Social Security. "We applaud the work of the Ministry of Labour and Social Security and we want, as good corporate citizens, to be here for the Jamaican people, as we go through this most difficult time." Richard Pandohie, CEO (2nd left) remarked. Flanking him are Suzette Morris, Director for Social Security, Collett Roberts-Risden, Permanent Secretary, MLSS and Audrey, Deer-Williams, Chief Technical Director, Social Security.

Our Chief Executive Officer, Richard Pandohie handed over donations valued $1.7 million in food stuff to Colette Roberts-Risden. These were distributed to the parish of St. Thomas during quarantine periods.

FOOD FOR THE POOR PARTNERSHIP

Our Kraft Brand Manager, Shaughn Wright handed over donations to Kivette Silvera of Food For the Poor. As a team, we were ecstatic to have a continued collaboration with Food for the Poor to help make a difference in our communities.

VMBS FOUNDATION PARTNERSHIP

#Seprod participated in the Victoria Mutual Group Wealth Management 26th anniversary initiative by donating food items totaling $500,000 used to give back to their customers across the island.

Rezworth Burchenson, VM Wealth CEO, receiving Seprod products towards their VMBS Foundation initiatives.

Richard Pandohie, Seprod CEO and Rezworth Burchenson, VM Wealth CEO.

EDUCATION RESPONSE

Brunswick donated 150 tablets to the Franklyn Town Primary School. Past and present students, teachers and administrators, joined Simone McFarlane (left) Business Development Manager of Brunswick at the handing over ceremony. Brunswick is distributed by Facey Commodity, a subsidiary of Seprod Limited.

Our focus on education continued with the donation of laptops to basic schools. Here two students of the Waterford Development Faith Basic School accepted two laptops on behalf of their kindergarten class.

KINGSTON PUBLIC HOSPITAL: SERVING OUR FRONTLINE WORKERS

The Supligen brand recognises the tremendous burden the pandemic has had on the country and those fighting it. To highlight and say thank you for the tremendous sacrifice frontline workers have been making, Supligen made a donation to them at the Kingston Public Hospital.

HEALTH CENTRE RESPONSE

The Caribbean Products Company Limited team showed their community love and support with donations to the medical staff at the Seaview Gardens Health Centre. General Manager of CPL, Marilyn Golding-Anderson and Promotions Executive of Seprod, Chrisette Gayle, handed out gifts to the team.



SEPROD PROUDLY DONATES TO THE ELDERLY

Seprod was proud to be associated with the Jamaica Food and Drink Festival's initiative to help our nation's most vulnerable persons, our children and elderly who need our protection and support. Seprod donated food to the elderly through an old folks home initiative.


INNOVATION NEW PRODUCT LAUNCHES

Cassava Flour

Introducing Gold Seal Cassava Flour made from 100% natural sweet Cassava. Free yourself and explore the world of gluten-free, grain-free and nut-free cooking!

Supligen Coffee & Cookies N Cream

VIRTUAL EVENTS

CONVERSATIONS WITH SUPLIGEN COFFEE

Our brands embraced the digital sphere and launched several online programmes targeted toward a wide cross section of audiences. Our "Conversations with Supligen Coffee" was the first format of its kind for the Supligen brand.

THE FIRST EVER VIRTUAL BETTY PORRIDGE COOK-OFF 2020

Betty revamped the signature series with an all-star virtual edition showcasing the comedic talents of Christopher "Johnny" Daley, Camille Davis, Deon Silvera and Dufton Shepherd. It was a show chock full of laughter, cooking and sumptuous Betty inspired porridges.



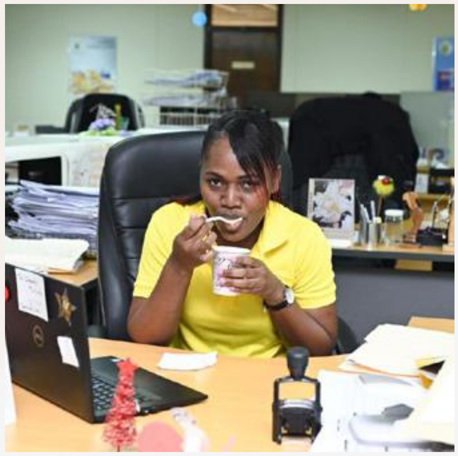

Veteran actress Deon Silvera walked away with the first prize of $150,000, Dufton Shephard placed second with $100,000 and Camille Davis walked away with third prize of $75,000.

FOOD SAFETY MONTH

The second World Food Safety Day (WFSD) was celebrated on 7 June 2020 to draw attention and inspire action to help prevent, detect and manage food-borne risks, contributing to food security, human health, economic prosperity, agriculture, market access, tourism and sustainable development. #WFSD

Seprod Limited celebrated World Food Safety Day on June 7, 2020. We believe that food safety is a shared responsibility between governments, producers and consumers. Everyone must play a role from farm to table to ensure that the food we consume is safe and will not be harmful to our health. As a result Seprod continues to ensure that all factories are certified and that food and employee safety are paramount.

CELEBRATED DAYS – PORRIDGE MONTH
OCTOBER 2020

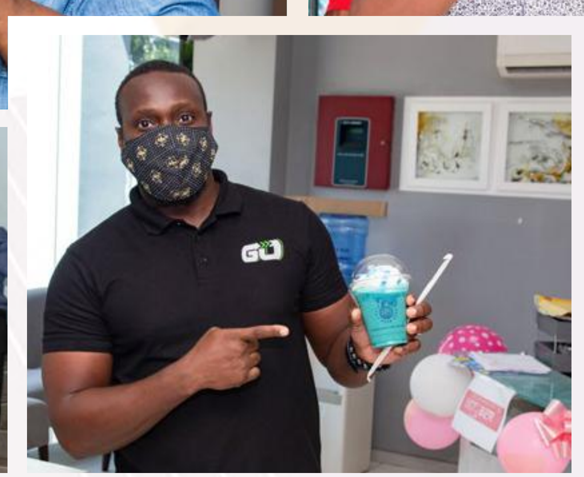


SPELLING BEE DONATION

Meleithia Lawrence represented the coaches/teachers from St. Ann at the National Spelling Bee Competition Launch, where she was gifted with @sergeislandja goodies by our Junior Brand Manager, Kadian Dennie.

WORLD COFFEE DAY OCTOBER 2020

The Seprod teams across the group enjoyed a special treat with Supligen Coffee in collaboration with Café Blue. Three scrumptious Supligen mixes were created by Café Blue using Supligen Coffee. Our Supligen coffee is now the second leading beverage in the Supligen portfolio.



DANCING DYNAMITES

The Supligen team was out and about on Saturday, February 24, 2020 at the Dancin Dynamites 3rd elimination show at Mandela Park.

Seprod team Chrisette Gayle, and Sherida Cohen enjoying the show.

Sherida Cohen, Brand Manager presents one of winners wth a gift basket.

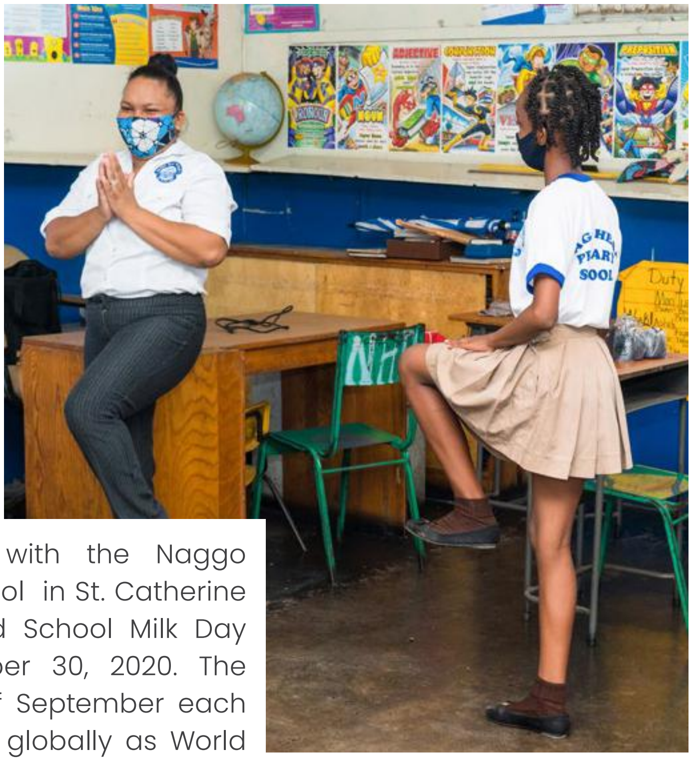
Dance contestants show off their moves.

BUTTERKIST 'SAY YES TO ADVENTURE' PROMOTION

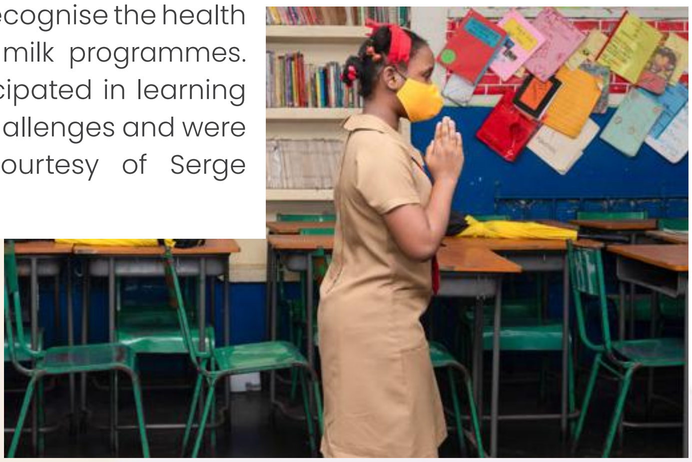
For 2020, Butterkist introduced new and refreshed packaging for its Snackables, Crackers, PACO cookies and Pick Nix biscuits. To celebrate the refreshed look, Butterkist gave consumers a chance to win Samsung tablets, cash prizes or weekend staycations at Hyatt, Jewel Grande or Hilton Rose Hall in Montego Bay by purchasing Butterkist products at their favourite local supermarkets.

Winners: Yanik Redway, Sylviana Johnson & Angela Richards.

SERGE AT WORLD SCHOOL MILK DAY 2020



Serge partnered with the Naggo Head Primary School in St. Catherine to celebrate World School Milk Day 2020 on September 30, 2020. The last Wednesday of September each year is celebrated globally as World school Milk Day to recognise the health benefits of school milk programmes. The students participated in learning exercises, fitness challenges and were awarded prizes courtesy of Serge Monster Milk.



FACEY PHARMCEUTICAL GIVES BACK

The UHWI Accident & Emergency Nurses received Multibionta and Other Seven Seas Supplements during Nurses Week 2020.

Dion Murphy-Nedrick, (right) Director of Nursing of the Accident and Emergency Unit at the University Hospital of the West Indies receiving gifts on behalf of the 100 nurses from Suzette Townsend (left), Seven Seas Brand Manager at Facey Commodity

Members of the University Hospital showcasing their gifts.

FACEY Pharmaceutical

BRINGING THE BEST TO YOU

Pfizer · Roche · Boehringer Ingelheim · Abbott Diagnostics · MARTINDALE PHARMA Making lives better · BENJAMINS

CHURCH & DWIGHT CO., INC. · GPC A CARIBBEAN TRADITION · SANOFI · Haliborange · TARO · TENA · ATNAHS Mature branded medicines globally · Redoxon

Enterex TOTAL · Mentholatum · ACUVUE BRAND CONTACT LENSES Johnson & Johnson Vision Care · ALEVE EXTRA STRENGTH · olilo · Enterex PLUS

Libresse · Enterex Diabetic · Alston Garrard · Alka-Seltzer · TROJAN · SEVEN SEAS SINCE 1935 · So Good · gsk

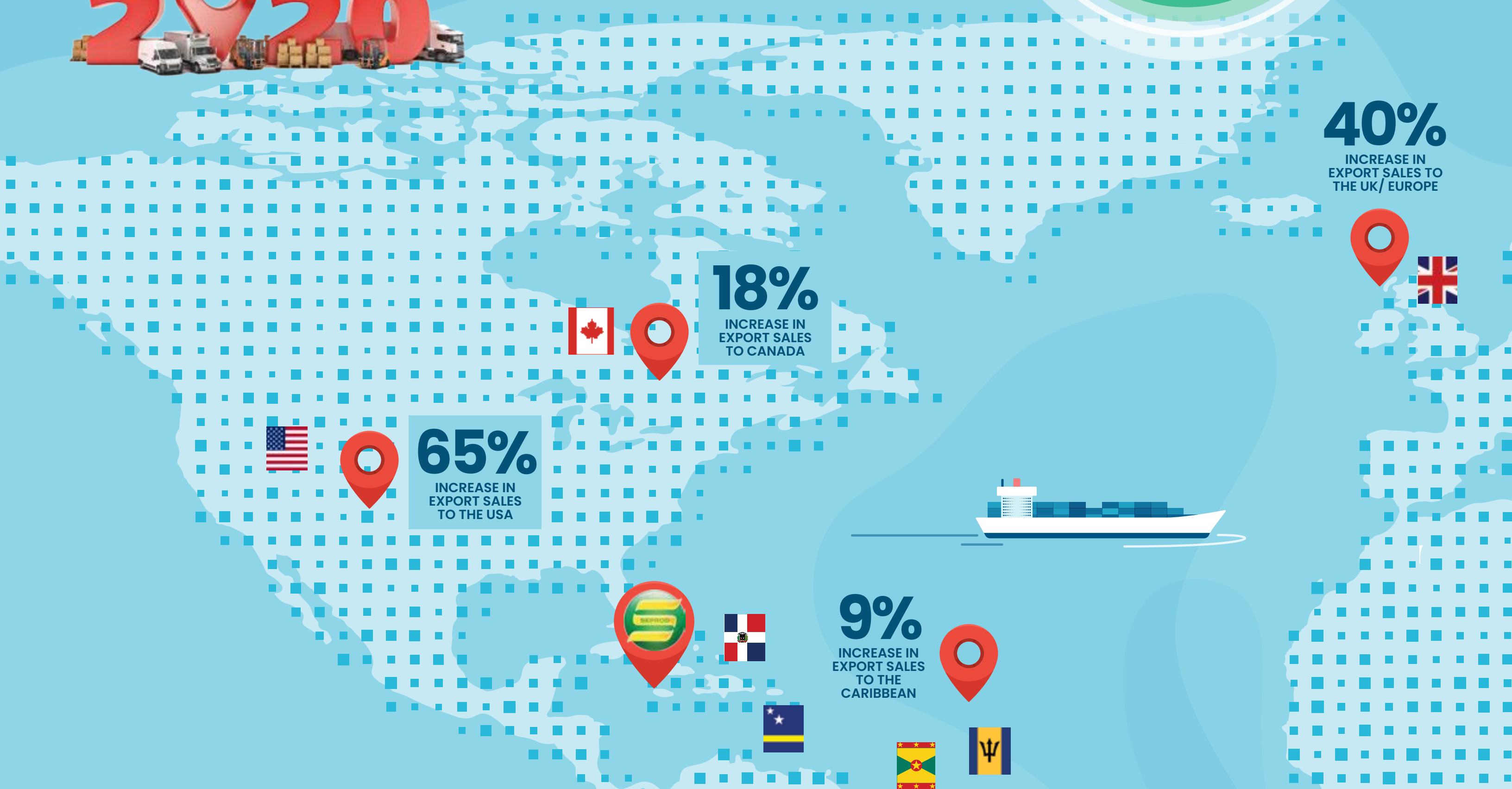
Delivering quality brands to enhance the lives of our Jamaican families everywhere, every day.


WE'VE
BREWED
SOMETHING
NEW!
COFFEE
Liquid Meal Supplement
for Strength and Energy
Suplemento de Comida Liquida
para la Fuerza y Energía
Supligen
TRY OUR
COFFEE
FLAVOUR
Supligen
BOOSTS YOU UP
SUPLIGENJA

GROWING EXPORTS

33%

INCREASE IN EXPORT SALES over 2019



Seprod's export sales continued its growth trajectory with a 33% increase over 2019. USA sales increased 65% and contributed 46% to the overall growth for 2020.

Caribbean sales contributed 36% to overall sales and increased 9% over 2019. Sales were driven by increases in categories such as Fats, Sweetened Condensed Milk and Grits which increased by 64%, 350% and 157% respectively. Sales to Ecuador increased significantly by 1,111%. UK sales increased 40% while sales to Canada increased 18%. Trinidad emerged as our second largest revenue earner. Sales to Trinidad was driven primarily by the increase in flour and new business for Cow's Milk.

SEPROD FOUNDATION

Seprod Foundation continues to be committed to bringing innovative learning experiences to primary school children through engaging initiatives such as the World Robot Olympiad, the XPRIZE Code Games Challenge and the Hour of Code. We are also committed to promoting food security in Jamaica by encouraging and fostering interest in agriculture at the secondary and tertiary school levels and providing opportunities for these young people through scholarships and internships, while also providing nutritional support where needed. We work alongside the communities in which we operate through supporting community-led initiatives, including infrastructural development. We believe that these investments in the human capital of Jamaica will inspire more careers in Science, Technology, Engineering, Arts, Mathematics and Agriculture, and will equip our country for a more rewarding future.

2020 was a challenging year with the onset of the COVID-19 pandemic, and like many of us, we had to pivot and ensure that we were supporting our communities and our country during a very difficult time. Seprod Foundation spent approximately JMD 28 million over the year in responding to COVID-19 and executing our projects outlined below.

COVID-19 RESPONSE

DONATION TO THE MINISTRY OF LABOUR AND SOCIAL SECURITY

The Seprod Group and Seprod Foundation presented the Ministry of Labour and Social Security (MLSS) with a donation of over JMD 5 million worth of food supplies to be used for the COVID-19 relief response. The products, including cow's and condensed milk, flour, sugar, oil, crackers, porridge, cheese, pasta, sardines and snacks were presented by CEO of Seprod, and Director of the Seprod Foundation, Richard Pandohie, to the MLSS Permanent Secretary, Colette Roberts Risden. The products were prepared in nutritionally balanced packages and distributed to those most vulnerable in our communities.

*"It is truly an honour for the Seprod Foundation to be a part of the national thrust to help Jamaicans in need during this difficult time. We want to thank the Government and the Ministry of Labour and Social Security for assisting us in getting essential food items to communities most in need at this time. We are all in this together and we will give a helping hand in whatever way we can." - **Melanie Subratie, Chairperson, Seprod Foundation***

THE PSOJ VENTILATOR INITIATIVE AND COVID-19 RESPONSE FUND

CASH
3.6 Million

PEOPLE
Over 12,500
People reached

PARTNERSHIPS
Over 10 reached

PACKAGES
1750 Packages packed
Contributed partially or fully toward 2,442 Packages for families in need

Seprod Foundation joined many other private sector organizations and answered the call from the PSOJ to donate funds toward the procurement of 40 ventilators to bolster the island's COVID-19 response. Seprod Foundation contributed JMD 2.5 million to this very important initiative that will go a long way in increasing the capacity of our healthcare system.

Seprod Foundation also responded to the general PSOJ COVID-19 Response Fund formed in partnership with umbrella organization for the voluntary sector, the Council of Voluntary Social Services (CVSS) with a donation of JMD 1.1 million to support food security through the distribution of care packages to the most vulnerable in our communities.

Not only did we respond through the donation of funds and products, but we also gave our time, joining volunteers from other organizations in providing food packages for communities in St. Catherine at the PSOJ COVID-19 Response Warehouse. We helped with packing 1,750 packages, contributing to a total of 2,939 packages put together for the day – the most ever done in a day! We are proud to be a part of these nationally coordinated efforts and powerful partnerships that have contributed to strengthening our health system and the security of our healthcare workers, and ensured the equitable distribution of food to those who need it most.

FOOD SECURITY

AGRICULTURE & NUTRITION

SUSTAINABLE DEVELOPMENT GOALS

TIVOLI GARDENS HIGH SCHOOL AGRICULTURE PROGRAMME

To foster and encourage interest in the agricultural sector, Seprod Foundation has been working with Tivoli Gardens High School to strengthen their agricultural programme. We donated tools and equipment so that each student has his/her own to work with. We will continue to work with the Tivoli Gardens High School to provide the exposure and opportunities needed so that students are inspired to choose agricultural sciences as a career path.

CASE SCHOLARSHIP AWARDS

Seprod Foundation is pleased to have provided this scholarship for one year of tuition to five deserving CASE students - Rayon Gayle, Monalisa Seaton, Ashley Parke, Javon Francis and Calvin Wright. Our scholars were selected for this scholarship not only on their academic accomplishments, which were all outstanding, but also on their commitment to their school and their communities.

This year, our CASE Awards Ceremony went virtual and brought together leaders in the industry to inspire, motivate and challenge our scholars in the way they think about the agriculture industry and the opportunities available to them. The theme was ***The Current State of Agriculture in Jamaica: Where do we go from here?*** It was an insightful and engaging event that definitely got our scholars thinking!

Our partnership with CASE and our commitment to these young people embody Seprod Foundation's commitment to the future of Jamaica.

S.T.E.A.M. EDUCATION

SUSTAINABLE DEVELOPMENT GOALS

ConnectEd JA Fund

Support Distance Learning in Jamaica

Seprod Foundation launched the ConnectedJA Fund in partnership with the American Friends of Jamaica (AFJ), to raise funds to procure tablets and ensure connectivity for students in need islandwide. Our campaign gathered additional partners and was in support of the Ministry of Education's 'A Device for Every Child' Initiative which was launched in response to the closure of schools due to the COVID-19 pandemic. 520 tablets were procured and distributed across 15 primary schools islandwide. We are grateful to all our partners, the schools and the Ministry of Education, Youth and Information (MOEYI) for helping to make this possible.

JMD 10 MILLION RAISED

520 TABLET PROCURED FOR STUDENTS

15 PRIMARY SCHOOLS ISLANDWIDE

4 PARTNER ORGANIZATIONS AND COUNTLESS INDIVIDUAL DONORS AND SUPPORTERS

HALLS OF LEARNING

HALLS OF LEARNING SUMMER POD WITH SEPROD FOUNDATION

In the absence of traditional summer camps, Seprod Foundation hosted the Halls of Learning Summer Pods for a group of 11-12 year olds from North Street Primary School.

In addition to building on their coding skills with the added exciting element of Robotics, the Summer Pods provided the students with well needed social and educational interaction. The students were challenged to build and programme their robots to tackle various tasks, all using code. The North Street Primary Robotics Squad had an unforgettable summer experience with the Seprod Foundation!

The Halls of Learning Summer Pod was specifically designed to ensure that there was fun and learning in an environment where all safety protocols and government guidelines were being followed.

WORLD ROBOT OLYMPIAD (WRO):
ROBOTICS AND CAPACITY BUILDING

WORLD ROBOT OLYMPIAD

"WRO Jamaica is so much more than the competition. We are helping schools build their internal capacity for coding and robotics, while strengthening the STEAM educational space, which is key to ensuring that all Jamaican children are prepared for modern careers. We are pleased that much of that work has been ongoing, despite the pandemic."

Melanie Subratie
Chairperson, Seprod Foundation

Despite the absence of the physical competition, significant progress has been made reaching students and teachers through the digital learning space. Through Seprod Foundation's sponsorship of the Under 13 league, 24 primary school teams comprising 144 students were given access to online training, while also receiving a robotics kit, a set of competition bricks and a competition mat. The physical materials distributed to schools is slated to impact an additional 20 to 50 students per school, stimulating interest in other students through spectating, the development of after-school coding and robotics clubs, and use for various activities in regular classroom lessons and other projects. Furthermore, 48 teachers were trained as coaches benefitting from 4 x 3 hour of training and information sessions.

STUDENTS

24
Schools

1324
Students impacted

20+ HOURS
Online training curriculum provided for each team

24 ROBOTICS KITS,
Set of competition bricks and competition mat valued at USD 1200 given to each school

TEACHERS

48
teachers trained as coaches

20+ HOURS
Online training curriculum PLUS 100+ hours additional training resources made available to each coach

4 X 3 HOUR
Sessions provided for teachers (valued at USD 7000)

XPRIZE CODE GAMES CHALLENGE

During the summer, recognizing that school was out, and children were at home without their usual summer camps and activities to occupy them, Seprod Foundation made contact with the Code Games Challenge, launched by X-Prize, a global video game design competition, and became an outreach partner. Being an outreach partner means that we were able to promote the competition and encourage the participation of Jamaican students in our own virtual 'classroom.' Students, aged 10 to 18 years could submit a playable game or a written game design competition to win cool prizes. We were happy to enroll participation across a wide cross section of over 170 interested and eager Jamaican students.

Our students made us proud! 'Duro Double Life' by Shafene Daye emerged 3rd place among the finalists in the Written Game Design Document, Senior Division track. 'The Coney's Legend' by Deomar Wisdom was a finalist in both the Open Platform (Senior Division track) and the Playable Game. In the Open Platform track, the game took 2nd place to the global winner in the final judging. In the Environment Theme track, it took 3rd place in the final judging. Dominic Darby won Best in Class in Scratch for his game 'How to Fall'! He was one of 16 winners who topped over 800 students from over 70 countries across the globe! Congratulations Dominic, Shafene and Deomar!

COMMUNITY

SUSTAINABLE DEVELOPMENT GOALS

FREEDOM SKATEPARK

After years of preparation and planning, setbacks and successes, 2020 saw the completion of the Freedom Skatepark in the community of Bull Bay. Seprod Foundation was proud to be the largest local sponsor of this project, not only providing funding, but also expertise guiding the approval process, and the administration related to the procurement of the concrete and other key materials. This project was made possible through tremendous collaboration. We are so grateful for all partners that came together to get the construction completed in the middle of the pandemic. It was a true testament to what can be done through partnership and perseverance.

EDU-SKATE PROGRAMME BY CONCRETE JUNGLE FOUNDATION

The Edu-Skate Programme at Freedom Skatepark has started and is ongoing. Informed by the Self-Determination Theory, the Edu-Skate Programme uses skateboarding as a tool to promote personal development through life-skills related to autonomy, competence and relatedness in the social world. This year, 156 students registered for the programme across 66 classes.

In addition to the Edu-Skate Programme, the Freedom Skatepark also launched its homework programme where a tutor is on site to assist children with their homework each day at no charge. Children who participate have free access to skateboard and safety equipment rentals. Typically, through the Get on Board Programme, boards and safety equipment are rented for a small fee. There were 1830 users of the Get on Board Programme.

In addition to supporting children, the Freedom Skatepark directly supports young adults by providing steady employment opportunities. Seven staff members and 3 freelancers are employed by the Skatepark helping out with the management of the youth centre and rentals, and the provision of Edu-Skate classes. Furthermore, each week, the team organizes a community activity, open to everyone, to further develop the park. Activities range from gardening to woodwork, and cleaning up. Participation in the community activity also provides free access to rentals. Over 200 participants have helped out with various community activities over the year.

EDUSKATE

156
Registered students

66
classes given

HOMEWORK PROGRAMME

18
Students from the community

YOUTH EMPLOYMENT

7
Staff Members

3
freelancers

GET ON BOARD

Board & Safety gear rental programme

1830
users

COMMUNITY ACTIVITY INVOLVEMENT

40 persons in July

39 persons in August

181 volun-tary jobs executed since COVID retrictions tightened

PEP SCHOLARSHIP AWARDS

The 2020 Seprod Foundation PEP scholarship awards saw 40 new scholarships awarded to students. This continues the ongoing scholarship programme with 108 students being awarded overall. We continue to recognize the late Granville Marsh's contribution to the company through the Special Granville Marsh Scholarship Award which was awarded to two top performing students from St. Thomas - Abigail Hunnigan and Kinordo Crawford. Danae Palmer copped the coveted Byron Thompson Award for Academic Achievement. Our Seprod Foundation 2020 Conquerors were applauded virtually with the motivation to keep conquering from guest speaker, Shani McGraham Shirley.

"Do not fear the unknown, do not fear change, do not fear challenges. Know that you are enough. You are enough to rise and conquer everything that comes your way." – Shani McGraham-Shirley

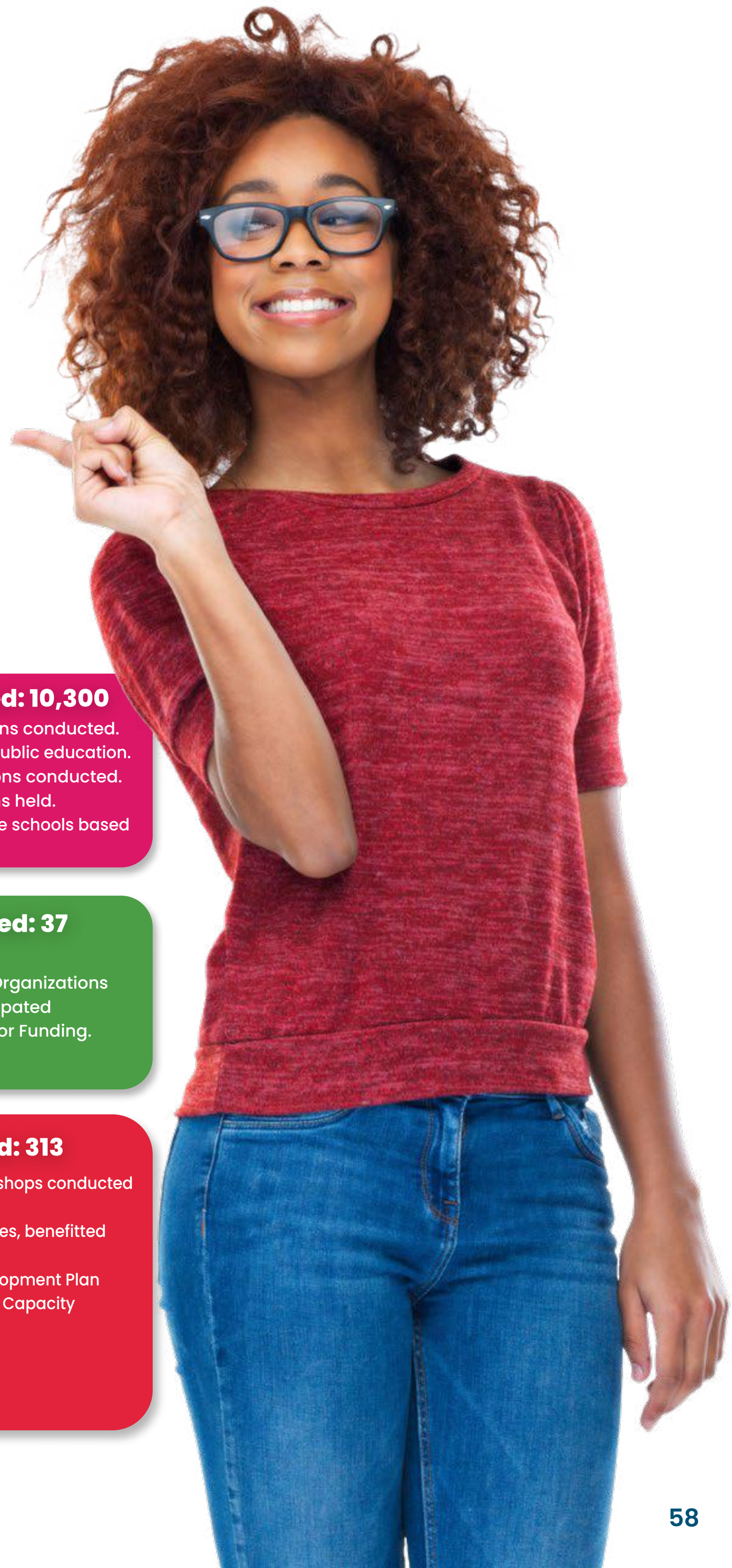
SEPROD

Foundation

Reaching Individuals through Skills & Education
Rise
Life Management Services

RISE IMPACT BY THE NUMBERS

Seprod Foundation continues to support RISE Life Mangement Services



HIV PREVENTION PROGRAM FOR MOST AT-RISK POPULATIONS

597
Reached & Impacted

SUBSTANCE USE DISORDER TREATMENT AND SUPPORT SERVICES

356
Telephone calls received

RESPONSIBLE GAMING TRAINING AND PREVENTION AND TREATMENT SERVICES

Total Number of persons Impacted: 10,300

30 training sessions for **950** persons conducted.
1,100 individuals reached through public education.
10 Face to Face counselling sessions conducted.
30 Telephone Counselling sessions held.
8,209 individuals benefited from the schools based preventions held.

LOCAL PARTNER DEVELOPMENT

Total Number of persons Impacted: 37

37 Individuals from **28** Organizations
28 Organizations Participated
4 proposals approved for Funding.

CIVIL SOCIETY BOOST INITIATIVE: PHASE 2

Total Number of persons Impacted: 313

30 Participants for **25** capacity Building Training workshops conducted
4 CSO's Received Sub-grants totalling 10.5 Million
A total of **155** women, including **15** Living with Disabilities, benefitted from **4** projects
11 CSO's received support to complete Capacity Development Plan
7 CSO's receive grants of $100,000 each to implement Capacity Development Plans
1 CSO Conference held in Montego Bay for **26** CSO's
5 Capacity traning sessions held for **13** RISE Staff
100 Youth Trained in environmental awareness

100% Natural, Non Gmo
Gluten Free

PREMIUM QUALITY
GOLD SEAL
MILLED IN JAMAICA

Fry Me, Boil Me Bake Me, Try Me

Our delicious gluten-free **Gold Seal Cassava Flour** is perfect for your **BAMMY, FESTIVALS, CAKE, BREADS DUMPLINGS, ITAL STEWS & SO MUCH MORE!**
Make something tasty today!

FINANCIAL STATEMENTS

Independent auditor's report

To the Members of Seprod 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 Seprod Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2020, 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 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 31 December 2020;
- 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 31 December 2020;
- 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 significant accounting policies and other explanatory information.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone 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 Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.

The Group consists of the Company and 15 other legal entities located in Jamaica, St. Lucia, Barbados, Trinidad and Tobago and the Dominican Republic, each of which is considered as a component for audit scoping purposes. The accounting records for 10 of the legal entities are maintained at the Group head office, the remaining 6 entities' accounting records are kept at other offices in Jamaica. All entities within the Group are audited by PwC Jamaica and full scope audits were performed for all components.

Consistent with the prior year, the key audit matter relates to the valuation of unquoted equity securities as this continues to involve significant levels of judgement by management and expert knowledge.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equity securities (Group and Company) *Refer to notes 2(h), 4 and 17 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* Unquoted equity securities included within investments on the consolidated and stand-alone statements of financial position total $1.685 billion as at 31 December 2020, which represents 4.4% and 4.8% of total assets of the Group and Company, respectively. The unquoted equity securities relate to an investment in an affiliated company over which Seprod Limited does not exercise significant influence. These securities are not quoted in an active market. The fair value of these securities is determined using a valuation model based on discounted future cash flows. We focused on this area because of the magnitude of the balance, the complexity of the valuation model used and the use of management determined assumptions, including the challenges involved in determining the impact of COVID-19 on those assumptions. The key assumptions were assessed by management as being: • investee's future cash flows; • terminal growth rates; • discount rates; and • market participant minority discount. Management used an independent valuation expert to assist in the valuation process.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: Updated our understanding and evaluated management's future cash flow forecasts, and the process by which they were determined, including testing the underlying calculations and comparing them to the latest Board approved budgets of the investee. Compared prior management budgets to actual results of the investee to evaluate the accuracy of management's forecast process. Tested management's key assumptions, including the impact of COVID-19, as follows: • compared forecasted long-term growth rates to historical results and economic and industry forecasts; • evaluated management's assumptions concerning the selected growth rates, terminal growth rates, discount rates and market participant minority discount by reference to relevant industry data; • compared the key assumptions to externally derived data, where available, including market expectations of investment return, projected economic growth and interest rates; and • sensitised management's planned growth rate in cash flows and changes in discount rates. Based on the results of the procedures performed, management's valuation of unquoted equity securities was, in our view, not unreasonable.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

pwc

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 or 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 and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone 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 and 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 or 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 auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

pwc

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 purposes of our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
31 March 2021

SEPROD LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue	5	37,737,080	32,694,821
Direct expenses		(27,252,457)	(23,894,709)
Gross Profit		10,484,623	8,800,112
Finance and other operating income	6	2,495,683	1,313,817
Selling expenses		(469,543)	(449,963)
Administration and other operating expenses		(7,798,526)	(6,886,330)
Net impairment gains and losses on trade receivables		(31,094)	24,999
Operating Profit		4,681,143	2,802,635
Finance costs	9	(1,266,038)	(1,472,947)
Share of results of joint venture	19	(5,239)	57,705
Profit before Taxation		3,409,866	1,387,393
Taxation	10	(560,976)	318,255
Net Profit from Continuing Operations		2,848,890	1,705,648
Net profit/(loss) from discontinued operations	34	23,026	(732,314)
Net Profit		2,871,916	973,334
Other Comprehensive Income, net of taxes			
Item that may be reclassified to profit or loss –			
Currency translation gains and losses	10	(113,979)	18,101
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits	10	6,675	(9,650)
Unrealized fair value gains and losses on investments	10	203,050	85,765
TOTAL COMPREHENSIVE INCOME		2,967,662	1,067,550
Net Profit from continuing operations is attributable to:			
Stockholders of the Company	12	2,848,890	1,705,648
Non-controlling interest		-	-
		2,848,890	1,705,648
Net Profit/(Loss) from discontinued operations is attributable to:			
Stockholders of the Company	12	23,026	(638,214)
Non-controlling interest		-	(94,100)
		23,026	(732,314)
Total Comprehensive Income is attributable to:			
Stockholders of the Company		2,967,662	1,161,650
Non-controlling interest		-	(94,100)
		2,967,662	1,067,550
Earnings per Stock Unit attributable to Stockholders of the Company	12		
Continuing operations		$3.89	$2.33
Discontinued operations		$0.03	($0.87)
		$3.92	$1.46

SEPROD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non-current Assets			
Property, plant and equipment	14	6,958,333	7,197,435
Right of use assets	15	397,489	1,040,734
Intangible assets	16	9,172,622	9,414,737
Investments	17	1,703,260	1,500,210
Investment in joint venture	19	448,831	454,070
Long term receivables	20	720,862	713,815
Post-employment benefit asset	21	25,100	35,100
Biological assets	22	411,220	409,370
Deferred tax assets	29	1,202,975	1,299,895
		21,040,692	22,065,366
Current Assets			
Inventories	23	7,563,688	6,914,312
Biological assets	22	276,185	286,549
Trade and other receivables	24	5,518,363	5,239,220
Current portion of long term receivables	20	408,050	17,500
Non-current assets held for sale	34	285,761	289,241
Taxation recoverable		201,239	210,060
Cash and bank balances		2,785,996	1,476,292
		17,039,282	14,433,174
Current Liabilities			
Payables	25	5,733,019	6,321,220
Current portion of long term liabilities	28	3,664,323	829,438
Current portion of lease obligation	15	168,399	67,731
Taxation payable		313,545	235,285
		9,879,286	7,453,674
Net Current Assets		7,159,996	6,979,500
		28,200,688	29,044,866
Equity Attributable to Stockholders of the Company			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	1,186,271	1,097,200
Retained earnings		9,938,198	8,104,479
		16,893,027	14,970,237
Non-current Liabilities			
Post-employment benefit obligations	21	134,300	148,300
Long term liabilities	28	9,399,959	11,393,938
Lease obligation	15	239,901	1,105,372
Deferred tax liabilities	29	1,533,501	1,427,019
		11,307,661	14,074,629
		28,200,688	29,044,866

Approved for issue by the Board of Directors on 31 March 2021 and signed on its behalf by:

Paul B. Scott Director

Richard Pandohie Director

SEPROD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Equity Attributable to Stockholders of the Company					Non-controlling Interest	Total Equity
	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000	$'000	$'000
Balance at 1 January 2019	733,488	5,768,558	993,334	8,983,102	15,744,994	(999,372)	14,745,622
Effect of adoption of new accounting standards	-	-	-	(83,437)	(83,437)	-	(83,437)
	733,488	5,768,558	993,334	8,899,665	15,661,557	(999,372)	14,662,185
Profit for the year	-	-	-	1,067,434	1,067,434	(94,100)	973,334
Re-measurements on post-employment benefits	-	-	-	(9,650)	(9,650)	-	(9,650)
Currency translation gains and losses	-	-	18,101	-	18,101	-	18,101
Fair value gains on investments	-	-	85,765	-	85,765	-	85,765
Total comprehensive income	-	-	103,866	1,057,784	1,161,650	(94,100)	1,067,550
Transactions with owners:							
Acquisition of shareholding of non-controlling interests	-	-	-	(1,119,413)	(1,119,413)	1,093,472	(25,941)
Dividends declared (Note 13)	-	-	-	(733,557)	(733,557)	-	(733,557)
Balance at 31 December 2019	733,488	5,768,558	1,097,200	8,104,479	14,970,237	-	14,970,237
Profit for the year	-	-	-	2,871,916	2,871,916	-	2,871,916
Re-measurements on post-employment benefits	-	-	-	6,675	6,675	-	6,675
Currency translation gains and losses	-	-	(113,979)	-	(113,979)	-	(113,979)
Fair value gains on investments	-	-	203,050	-	203,050	-	203,050
Total comprehensive income	-	-	89,071	2,878,591	2,967,662	-	2,967,662
Transactions with owners:							
Dividends declared (Note 13)	-	-	-	(1,044,872)	(1,044,872)	-	(1,044,872)
Balance at 31 December 2020	733,488	5,768,558	1,186,271	9,938,198	16,893,027	-	16,893,027

SEPROD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	30	3,186,711	2,526,180
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(531,423)	(1,223,804)
Net proceeds on disposal of property, plant and equipment		(10,610)	209,462
Acquisition of shareholdings of non-controlling interests		-	(25,941)
Issue of long term receivables		(660,007)	(27,949)
Repayment of long term receivables		280,437	274,723
Interest received		93,436	29,512
Dividends received		40	337
Cash used in investing activities		(828,127)	(763,660)
Cash Flows from Financing Activities			
Long term loans received		3,221,787	2,744,424
Long term loans repaid		(2,518,468)	(2,928,435)
Lease obligation		(201,325)	(87,419)
Dividends paid		(611,650)	(696,588)
Interest paid		(1,004,049)	(1,402,129)
Cash used in financing activities		(1,113,705)	(2,370,147)
Increase/(decrease) in cash and cash equivalents		1,244,879	(607,627)
Net effect of foreign currency translation on cash		64,825	28,584
Cash and cash equivalents at beginning of year		1,476,292	2,055,335
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,785,996	1,476,292

SEPROD LIMITED
COMPANY STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Group costs recovered from subsidiaries		1,062,679	900,769
Finance and other operating income	6	1,423,486	4,136,290
Administration expenses	7	(1,174,209)	(990,642)
Operating Profit		1,311,956	4,046,417
Finance costs	9	(601,728)	(552,494)
Profit before Taxation		710,228	3,493,923
Taxation	10	11,895	48,246
Net Profit	11	722,123	3,542,169
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss –			
Re-measurements of post-employment benefits		6,675	(9,650)
Unrealised fair value gains and losses on investments		203,050	85,765
TOTAL COMPREHENSIVE INCOME		931,848	3,618,284

SEPROD LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non-current Assets			
Property, plant and equipment	14	705,267	635,775
Investments	17	1,703,260	1,500,210
Investment in subsidiaries	18	7,863,313	7,863,313
Investment in joint venture	19	434,114	434,114
Long term receivables	20	3,843,628	1,557,957
Post-employment benefit assets	21	25,100	35,100
Deferred tax assets	29	37,218	27,548
		14,611,900	12,054,017
Current Assets			
Trade and other receivables	24	213,392	128,513
Current portion of long term receivables	20	1,505,449	3,118,881
Tax recoverable		61,053	-
Due from subsidiaries		17,780,648	10,673,105
Cash and bank balances		570,715	199,738
		20,131,257	14,120,237
Current Liabilities			
Payables	25	412,545	866,628
Current portion of long term liabilities	28	3,023,730	198,981
Tax payable		-	32,780
Due to subsidiaries		14,703,404	6,399,130
Bank overdraft		-	309,774
		18,139,679	7,807,293
Net Current Assets		1,991,578	6,312,944
		16,603,478	18,366,961
Equity			
Share capital	26	5,768,558	5,768,558
Capital reserves	27	717,032	513,982
Retained earnings		4,486,035	4,802,109
		10,971,625	11,084,649
Non-current Liabilities			
Post-employment benefit obligations	21	134,300	148,300
Long term liabilities	28	5,497,553	7,134,012
		5,631,853	7,282,312
		16,603,478	18,366,961

Approved for issue by the Board of Directors on 31 March 2021 and signed on its behalf by:

Paul B. Scott Director

Richard Pandohie Director

SEPROD LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares ‘000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2019	733,488	5,768,558	428,217	2,003,147	8,199,922
Profit for the year	-	-	-	3,542,169	3,542,169
Re-measurements on post-employment benefits	-	-	-	(9,650)	(9,650)
Fair value gains on investments	-	-	85,765	-	85,765
Total comprehensive income	-	-	85,765	3,532,519	3,618,284
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(733,557)	(733,557)
Balance at 31 December 2019	733,488	5,768,558	513,982	4,802,109	11,084,649
Profit for the year	-	-	-	722,123	722,123
Re-measurements on post-employment benefits	-	-	-	6,675	6,675
Fair value gains on investments	-	-	203,050	-	203,050
Total comprehensive income	-	-	203,050	728,798	931,848
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(1,044,872)	(1,044,872)
Balance at 31 December 2020	733,488	5,768,558	717,032	4,486,035	10,971,625

SEPROD LIMITED
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Cash provided by/(used in) operating activities	30	995,906	(195,511)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(158,964)	(142,323)
Net proceeds on disposal of property, plant and equipment		(25,865)	49,338
Acquisition of shareholdings of non-controlling interests		-	(25,941)
Issue of long term receivables		(660,007)	(1,062,577)
Repayment of long term receivables		346,092	275,284
Interest received		143,812	48,563
Dividends received		40	337
Cash used in investing activities		(354,892)	(857,319)
Cash Flows from Financing Activities			
Long term loans received		1,681,499	2,447,105
Long term loans repaid		(524,026)	(1,003,899)
Dividends paid		(611,650)	(696,588)
Interest paid		(570,911)	(535,822)
Cash (used in)/provided by financing activities		(25,088)	210,796
Increase/(decrease) in cash and cash equivalents		615,926	(842,034)
Net effect of foreign currency translation on cash		64,825	28,584
Cash and cash equivalents at beginning of year		(110,036)	703,414
CASH AND CASH EQUIVALENTS AT END OF YEAR		570,715	(110,036)

SEPROD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations

Seprod Limited ("the Company") is incorporated and domiciled in Jamaica. The Company is publicly listed on the Jamaica Stock Exchange, and has its registered office at 3 Felix Fox Boulevard, Kingston.

The Company and its subsidiaries are collectively referred to as "the Group".

The Company's subsidiaries (all wholly owned) and its joint venture entity, their principal activities and their countries of incorporation and domicile are as follows:

Subsidiary	Principal activity	Country of Incorporation and Domicile
Belvedere Limited	Agriculture	Jamaica
Caribbean Products Company Limited, and its subsidiaries	Manufacture and sale of oils and fats	Jamaica
- Golden Grove Sugar Company Limited	Sale of consumer products	Jamaica
- Golden Grove Funding Limited	Investments	St. Lucia
Facey Commodity Holdings Limited, and its subsidiary	Investments	Barbados
- Facey Commodity Company Limited	Sale of consumer and pharmaceutical products	Jamaica
Industrial Sales Limited	Sale of consumer products	Jamaica
International Biscuits Limited	Manufacture and sale of biscuit products	Jamaica
Jamaica Edible Oils and Fats Company Limited	Dormant	Jamaica
Musson Holdings Limited, and its subsidiaries	Investments	St. Lucia
- Musson International Dairies Limited	Manufacture and sale of milk products and juices	Jamaica
- Musson International Dairies Trinidad and Tobago Limited	Sale of milk products and juices	Trinidad and Tobago
- Musson International Dairies Republica Dominicana SRL	Sale of milk products and juices	Dominican Republic
- Serge Island Dairies Limited	Manufacture and sale of milk products and juices	Jamaica
- Serge Island Farms Limited	Dairy farming	Jamaica

Joint venture entity	Principal activity	Country of Incorporation and Domicile
Jamaica Grain and Cereals Limited	Manufacture and sale of corn and wheat products and cereals	Jamaica

The Group was restructured during 2019 as follows:
- Golden Grove Sugar Company Limited discontinued its sugar manufacturing operation, but continues its distribution of sugar and other commodities;
- The Company, then a 71.2% shareholder in Golden Grove Sugar Company Limited, acquired the remaining 28.8% shareholding in Golden Grove Sugar Company Limited from non-controlling interests (thereby making Golden Grove Sugar Company Limited a wholly owned subsidiary);
- The Company transferred the entire shareholding of Golden Grove Sugar Company Limited to Caribbean Products Company Limited; and
- The Company transferred the entire shareholdings of Serge Island Dairies Limited and Serge Island Farms Limited to Musson Holdings Limited.

Jamaica Grain and Cereals Limited, a former wholly owned subsidiary, became a 50% joint venture in 2015 following the disposal of 50% interest in the entity and the joint sharing of decision making responsibility with the other shareholder.

SEPROD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the measurement of investments at fair value, assets held for sale and biological assets measured at fair value less costs to sell, and defined benefit pension plan assets measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Standards, interpretations and amendments to existing standards effective in the current financial year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial period. The Group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

Amendments to IAS 1, 'Presentation of financial statements' and to IAS 8, 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2020). These amendments clarify that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole. The amendments also clarify the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendments had no significant impact on the Group's financial statements.

Amendment to IFRS 3, 'Business combinations' (effective for annual periods beginning on or after 1 January 2020). This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. There were no business combinations during the year. The Group will apply this amendment to future business combinations.

Amendments to IFRS 7, 'Financial Instruments: Disclosures', IFRS 9, 'Financial Instruments' and IAS 39, 'Financial Instruments: Recognition and Measurement' (effective for annual periods beginning on or after 1 January 2020). These amendments provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. The amendments had no impact on the Group's financial statements as the Group currently does not engage in hedging transactions.

Revised conceptual framework for financial reporting (effective for annual periods beginning on or after 1 January 2020). The revised framework will be used with immediate effect in standard-setting decisions; however no changes will be made to any of the current accounting standards. Key changes to standard-setting decisions include: (i) increasing the prominence of stewardship in the objective of financial reporting, (ii) reinstating prudence as a component of neutrality, (iii) defining a reporting entity, which may be a legal entity, or a portion of an entity (iv) revising the definitions of an asset and a liability, (v) removing the probability threshold for recognition and adding guidance on derecognition (vi) adding guidance on different measurement basis, and (vii) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The Group has determined that its accounting policies remain appropriate under the revised framework.

SEPROD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods, but were not effective at the date of the statement of financial position. The Group has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be immediately relevant to its operations, and has concluded as follows:

Amendment to IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 June 2020). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. This amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. The amendment had no impact on the Group's financial statements as the Group did not receive rent concessions.

Amendment to IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2022). This amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date, such as the receipt of a waiver or a breach of covenant. The amendment further clarifies the reference to the 'settlement' of a liability. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendment to IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' (effective for annual periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. It is not anticipated that the amendment will have a significant impact on the Group's financial statements.

Amendment to IFRS 3, 'Business Combinations' (effective for annual periods beginning on or after 1 January 2022). This amendment updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The Group will apply this amendment to future business combinations.

Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022). The IASB issued its Annual Improvements to IFRSs 2018-2020 cycle amending a number of standards, the following of which are relevant to the Group: *IFRS 9, 'Financial Instruments'* to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; *IFRS 16, 'Leases'*, in which illustrative example 13 was amended to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives; and *IAS 41, 'Agriculture'* to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 (this amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis). It is not anticipated that the improvements will have a significant impact on the Group's financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective date not yet determined). The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures and confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', as defined in IFRS 3, 'Business Combinations'. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. The Group is assessing the impact of these amendments on its financial statements.

SEPROD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Consolidation of subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intercompany transactions, balances and unrealised gains and losses on transactions between the Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Loans to subsidiaries that are intended to provide subsidiaries with a long-term source of additional capital are considered additions to the Company's investment. Accordingly, these loans are included in Investment in Subsidiaries on the Company's statement of financial position.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions; i.e., as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between 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.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of each investor. The Group has assessed the nature of its joint arrangement and has determined it to be a joint venture. The Group's interest in the joint venture is accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture, less any impairment.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Losses of the joint venture in excess of the group's interest are not recognised unless the group has incurred legal or constructive obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

SEPROD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Sales of goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised when control of the goods has been established – being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been transported to a specific predetermined location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered, at which point in time the consideration is deemed unconditional and only the passage of time is required before the payment is due.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The functional currency of each entity is the same as its presentation currency. The consolidated financial statements are presented in Jamaican dollars, which is the Company's functional currency.

The foreign exchange differences arising from the translation of the results and financial position of the Group's entities that have a functional currency other than Jamaican dollars are recognised in other comprehensive income. Such exchange differences are recognised in profit or loss where the related Group entity is sold or partially sold.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognised in profit or loss.

Translation differences resulting from changes in the amortised cost of foreign currency monetary assets are recognised in profit or loss. Other changes in the fair value of financial investments are recognised in other comprehensive income. Translation differences on non-monetary financial investments are reported as a component of the fair value gain or loss in other comprehensive income.

(e) Property, plant and equipment

Buildings, plant and equipment are recorded at cost or deemed cost, less accumulated depreciation and impairment losses. All other property, plant and equipment are carried at historical cost less accumulated depreciation, except land, which is not depreciated. Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

Buildings	30 – 50 years
Plant, equipment and furniture	3 – 40 years
Motor vehicles	3 - 5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit. Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred.

SEPROD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Intangible assets

Goodwill

Goodwill is recorded at cost and represents the excess of the fair value of the consideration paid over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to cash-generating units that benefit from the business combination in which the goodwill arose. Impairment losses on goodwill are not reversed.

Distribution network

Distribution network obtained by the Group in a business combination are recognised at fair value at the acquisition date. This intangible asset is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses are not subsequently reversed.

Supplier relationships, trade names and brands

Supplier relationships, trade names and brands obtained by the Group in a business combination are recognised at fair value at the acquisition date. These intangible assets are deemed to have a finite useful life, and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the carrying values over their estimated useful lives. The expected useful lives are as follows: Supplier relationships - 12 years; Trade names - 20 years; and Brands - 10 to 15 years. Amortisation of intangible assets is included in administration and other operating expenses in the statement of comprehensive income.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but 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 carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through profit or loss or through other comprehensive income); and those to be measured at amortised cost. The classification depends on the business model used for managing the financial assets and, in respect of debt instruments, the contractual terms of the cash flows.

Recognition and measurement

Debt instruments held for the collection of contractual cash flows, where those represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method. Any gains or losses arising on derecognition are recognised directly in profit or loss. Impairment losses are presented as a separate line in the statement of comprehensive income.

Debt instruments that are held for the collection of contractual cash flows and for the selling of financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income and impairment gains and losses are recognised in profit or loss. When the debt instrument is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method. Any gains or losses arising on derecognition are recognised directly in profit or loss. Impairment losses are presented as a separate line in the statement of comprehensive income.

Debt instruments that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains and losses on such instruments are recognised in profit or loss in the period in which they arise.

Equity instruments held for trading are measured at fair value through profit or loss. Other equity instruments are held at fair value through other comprehensive income. When the equity instrument is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are not reclassified to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's rights to receive payments are established.

SEPROD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)
Impairment
Application of the General Model to financial assets other than trade receivables
Under this model, the Group assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The ECL will be recognized in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. The impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:
Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD – the probability of default occurring over the next 12 months.
Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD – the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
Stage 3 – Financial assets that have an objective evidence of impairment are included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

The Group uses judgement when considering the following factors that affect the determination of impairment:
Assessment of significant increase in credit risk
To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic factors, forward looking information and multiple scenarios
The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurements of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected life
When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group exposed to credit risk and where the credit losses would not be mitigated by management actions.

Application of the Simplified Approach to trade receivables
For trade receivables other than those deemed specifically impaired, the Group applies the simplified approach which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables. The lifetime ECLs are determined by taking into consideration historical rates of default for each category of aged receivables as well as the estimated impact of forward-looking information.

(i) Biological assets
Livestock – Livestock is measured at its fair value less point of sale costs. Fair value is determined based on market prices of assets of similar age, breed and genetic merit. Changes in fair value are recognised in profit or loss.
Forage – Sugar cane and hay are measured at their fair value, less estimated point of sale costs. Fair value is determined based on market prices of components of animal feed being substituted. Changes in fair value are recognised in profit or loss.

SEPROD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020
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2. Significant Accounting Policies (Continued)

(j) Inventories
Inventories are stated at the lower of cost or net realisable value, cost being determined using the weighted average cost method. The cost of finished goods and work in progress includes cost of raw materials used, direct labour and an appropriate proportion of overhead expenses. The cost of merchandise for resale are determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

(k) Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) Non-current assets held for sale and discontinued operations
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable, and are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition. Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(m) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(n) Payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(p) Provisions
Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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2. Significant Accounting Policies (Continued)

(q) Leases

As lessee, the Group mainly leases various warehouses and retail stores. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options which are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As of 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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2. Significant Accounting Policies (Continued)

(r) Income taxes
Current tax is the expected tax payable on the taxable income for the year, using tax rates in force at the reporting date, and any adjustment to tax payable and tax losses in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax assets and liabilities are offset in the statement of financial position when there is a legally enforceable right to set off current tax assets against current tax liabilities. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

(s) Employee benefits
Pension obligations
Defined benefit plan
The Group operates a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

Defined contribution plan
The employees of the Group also participate in an Individual Retirement Scheme operated by an independent insurance Company. The Group makes fixed contributions to the scheme for participating employees. The Group has no obligation for the benefits provided under the scheme as these are payable by, and accounted for by the insurance Company. Accordingly, the Group recognises a cost equal to its contributions payable in respect of each accounting period in the statement of comprehensive income.

Other post-employment benefits
The Group provides post-employment healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit share scheme
The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's equity holders after certain adjustments.

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2. Significant Accounting Policies (Continued)

(t) Share capital
Ordinary shares are classified as equity. 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. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

(u) 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.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, 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 minimise 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 written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Board has established committees/departments for managing and monitoring risks, as follows:

Central treasury department
The central treasury department is responsible for managing the Group's financial assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group. Group treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units.

Audit Committee
The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

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3. Financial Risk Management (Continued)

The carrying values of the Group's financial instruments are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Financial Assets				
Investments, at fair value through other comprehensive income	1,703,260	1,500,210	1,703,260	1,500,210
Long term receivables, at fair value through profit or loss	139,732	155,741	75,421	77,671
At cost or amortised cost –				
Long term receivables	989,180	575,574	5,273,656	4,599,077
Trade and other receivables	5,068,186	4,793,779	80,097	3,064
Due from subsidiaries	-	-	17,780,648	10,673,105
Cash and bank balances	2,785,996	1,476,292	570,715	199,738
	8,843,362	6,845,645	23,705,116	15,474,984
	10,686,354	8,501,596	25,483,797	17,052,865
Financial Liabilities				
At cost or amortised cost –				
Bank overdraft	-	-	-	309,774
Due to subsidiaries	-	-	14,703,404	6,399,130
Trade and other payables	5,094,320	5,043,009	331,850	302,607
Long term liabilities	13,064,282	12,223,376	8,521,283	7,332,993
Lease obligation	408,300	1,173,103	-	-
	18,566,902	18,439,488	23,556,537	14,344,504

The most important types of risk are credit risk, liquidity risk and market risk. Market risk for the Group includes currency risk, interest rate and other price risk.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables from customers and its holdings of investments. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and industry segments.

Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and in Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Long term receivables

The Group limits its exposure to credit risk arising on loans to employees for the purchase of the Company's shares by holding a contractual right to deduct the interest and principal on the loan from the employees' remuneration, and by holding a contractual right to the shares that were acquired from the proceeds of the loan in the event that the employment contract is terminated and the loan is not repaid.

The Group has limited exposure to credit risk arising on receivables from its joint venture entity as the Group jointly controls the entity. The Group also has significant purchases from the entity, the payables arising from which may be set off against the long term receivables.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The executive committee has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the Board. Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or company, industry, aging profile, and previous financial difficulties. The Group has procedures in place to restrict customer orders if the order will exceed their credit terms. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

To measure expected credit losses, trade receivables are grouped by customer sector (based on shared risk characteristics) as well as by aging buckets. Lifetime expected credit losses are determined by taking into consideration historical rates of default for the totals of each customer segment of aged receivables as well as the estimated impact of forward looking information. In determining historical rates of default, trade receivables greater than 120 days past due are used as a proxy for historical losses. On this basis, the Group's loss allowance for trade receivables was determined as follows:

	2020					
	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	> than 120 days	Total
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	1,025,814	172,359	8,583	2,073	36,779	1,245,608
Retailers & wholesalers	386,381	25,819	8,587	323	60,966	482,076
Distributors	499,770	327,624	107,175	114,449	139,530	1,188,548
Manufacturers	67,549	43,857	8,526	13,117	12,036	145,085
Others	444,416	214,466	101,749	127,275	424,285	1,312,191
	2,423,930	784,125	234,620	257,237	673,596	4,373,508
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.93	1.87	4.79	10.66	46.26	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	22,472	14,693	11,244	27,430	311,633	387,473

	2019					
	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	> than 120 days	Total
Trade receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Supermarket chains	846,630	222,226	17,238	4,681	35,745	1,126,520
Retailers & wholesalers	264,116	73,674	12,079	(141)	46,441	396,169
Distributors	429,041	282,203	130,140	87,518	69,911	998,813
Manufacturers	96,296	19,849	12,292	20,264	23,021	171,722
Others	339,628	266,740	48,105	84,889	396,608	1,135,970
	1,975,711	864,692	219,854	197,211	571,726	3,829,194
Average expected loss rates	**%**	**%**	**%**	**%**	**%**	
	0.51	0.74	2.06	4.62	57.09	
Loss allowance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	10,026	6,403	4,518	9,102	326,410	356,459

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables (continued)
The movement in the provision for impairment of trade receivables is as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	356,459	381,383	-	-
Amounts recovered during the year	-	(86)	-	-
Provided during the year	31,094	(24,999)	-	-
Written off during the year	(80)	161	-	-
At end of year	387,473	356,459	-	-

The creation and release of provision for impaired receivables have been included in administration expenses in profit and loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The majority of the Group's trade receivables are receivable from customers in Jamaica.

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3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the central treasury department, includes: (i) monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required; (ii) maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow; (iii) maintaining committed lines of credit; (iv) optimising cash returns on investments; and (v) managing the concentration and profile of debt maturities.

Undiscounted contractual cash flows of financial liabilities

The maturity profile of financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group					
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 years $'000**	**Total $'000**
	2020					
Long term liabilities	164,398	227,685	4,019,094	9,905,424	1,428,336	15,744,937
Lease obligation	16,743	33,486	150,687	223,011	55,908	479,835
Trade and other payables	5,094,320	-	-	-	-	5,094,320
	5,275,461	261,171	4,169,781	10,128,435	1,484,244	21,319,092
	2019					
Long term liabilities	80,783	309,909	1,298,317	9,828,740	4,360,750	15,878,499
Lease obligation	17,181	45,363	132,312	678,160	838,193	1,711,209
Trade and other payables	5,043,009	-	-	-	-	5,043,009
	5,140,973	355,272	1,430,629	10,506,900	5,198,943	22,632,717

	The Company					
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 years $'000**	**Total $'000**
	2020					
Long term liabilities	117,296	33,172	3,312,073	6,587,689	-	10,050,230
Due to subsidiaries	14,703,404	-	-	-	-	14,703,404
Other payables	331,850	-	-	-	-	331,850
	15,152,550	33,172	3,312,073	6,587,689	-	25,085,484
	2019					
Long term liabilities	76,030	75,417	594,795	6,524,191	2,359,500	9,629,933
Due to subsidiaries	6,399,130	-	-	-	-	6,399,130
Other payables	302,607	-	-	-	-	302,607
Bank overdraft	309,774	-	-	-	-	309,774
	7,087,541	75,417	594,795	6,524,191	2,359,500	16,641,444

Assets available to meet all of the liabilities and to cover financial liabilities include cash and investments.

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3. Financial Risk Management (Continued)

(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 foreign currency exchange rates and interest rates. Market risk is monitored by the Group treasury department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk
Currency risk is the risk that the fair value or 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 exposures, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities.

The statement of financial position for the Group at 31 December 2020 includes aggregate net foreign assets of US$2,640,000, Euro$20,000, £154,000 and Canadian$1,000 (2019 – aggregate net foreign assets of US$4,670,000 and £253,000); while the statement of financial position for the Company at 31 December 2020 includes aggregate net foreign assets of US$40,221,000, Euro$20,000, £97,000 and Canadian$1,000 (2019 – aggregate net foreign assets of US$31,747,000 and £166,000), in respect of such transactions.

The above amounts include financial investments of US$11,970,000 (2019 – US$11,340,000) in respect of which foreign exchange gains and losses are reported in other comprehensive income.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The following table indicates the effect on profit before taxation and on other items of equity arising from changes in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end based on management's assessment of the possible change in foreign exchange rates. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated long term receivables, trade receivables, investment securities, payables and long term liabilities.

	The Group		**The Company**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Effect on profit before taxation -				
US$				
6% devaluation (2019 – 6%)	(81,318)	(53,051)	237,684	158,915
2% revaluation (2019 – 4%)	27,106	35,367	(79,228)	(105,943)
Other currencies				
6% devaluation (2019 – 6%)	1,938	2,538	1,302	1,669
2% revaluation (2019 – 4%)	(646)	(1,692)	(434)	(1,112)
Effect on other items of equity -				
US$				
6% devaluation (2019 – 6%)	101,100	88,306	101,100	88,306
2% revaluation (2019 – 4%)	(33,700)	(58,870)	(33,700)	(58,870)

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3. **Financial Risk Management (Continued)**

(c) **Market risk (continued)**
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.

Seprod Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial bearing liabilities.

The Group's interest rate risk arises from long term borrowings and other debt instruments. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on profit before taxation based on floating rate borrowing and other debt instruments. The sensitivity of other components of equity is calculated by revaluing fixed rate investments for the effects of the assumed changes in interest rates.

The following table indicates the sensitivity to a reasonably possible change in interest rates in respect of Jamaican dollar and United States dollar denominated instruments, with all other variables held constant, on profit before taxation and other components of equity.

Change in basis points 2020 JMD / USD	Effect on Profit before Taxation 2020 $'000	Effect on Other Components of Equity 2020 $'000	Change in basis points 2019 JMD / USD	Effect on Profit before Taxation 2019 $'000	Effect on Other Components of Equity 2019 $'000
		The Group			
+100/+100	(25,108)	-	+100/+100	(19,621)	-
-100/-100	25,108	-	-100/-100	19,621	-
		The Company			
+100/+100	(16,565)	-	+100/+100	-	-
-100/-100	16,565	-	-100/-100	-	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
Interest rate risk (continued)
The following tables summarise the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

The Group

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2020			
Financial assets							
Investments	-	-	-	-	-	1,703,260	1,703,260
Long term receivables	-	-	408,050	115,557	605,305	-	1,128,912
Trade and other receivables	-	-	-	-	-	5,068,186	5,068,186
Cash and bank	2,777,678	-	-	-	-	8,318	2,785,996
	2,777,678	-	408,050	115,557	605,305	6,779,764	10,686,354
Financial liabilities							
Long term liabilities	37,854	991,049	2,603,439	8,915,503	484,456	31,981	13,064,282
Lease obligation	14,033	28,067	126,300	190,814	49,086	-	408,300
Payables	-	-	-	-	-	5,094,320	5,094,320
	51,887	1,019,116	2,729,739	9,106,317	533,542	5,126,301	18,566,902
Total interest repricing gap	2,725,791	(1,019,116)	(2,321,689)	(8,990,760)	71,763	1,653,463	(7,880,548)
				2019			
Financial assets							
Investments	-	-	-	-	-	1,500,210	1,500,210
Long term receivables	-	-	-	93,445	620,370	17,500	731,315
Trade and other receivables	-	-	-	-	-	4,793,779	4,793,779
Cash and bank	1,476,158	-	-	-	-	134	1,476,292
	1,476,158	-	-	93,445	620,370	6,311,623	8,501,596
Financial liabilities							
Long term liabilities	1,522	1,007,999	621,963	7,477,580	3,052,080	62,232	12,223,376
Lease obligation	8,525	15,910	71,702	402,635	674,331	-	1,173,103
Payables	-	-	-	-	-	5,043,009	5,043,009
	10,047	1,023,909	693,665	7,880,215	3,726,411	5,105,241	18,439,488
Total interest repricing gap	1,466,111	(1,023,909)	(693,665)	(7,786,770)	(3,106,041)	1,206,382	(9,937,892)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
				2020			
Financial assets							
Investments	-	-	-	-	-	1,703,260	1,703,260
Long term receivables	-	-	395,188	3,238,323	605,305	1,110,261	5,349,077
Trade and other receivables	-	-	-	-	-	80,097	80,097
Due from subsidiaries	-	-	-	-	-	17,780,648	17,780,648
Cash and bank	562,457	-	-	-	-	8,258	570,715
	562,457	-	395,188	3,238,323	605,305	20,682,524	25,483,797
Financial liabilities							
Long term liabilities	4,774	9,650	2,977,325	5,497,553	-	31,981	8,521,283
Payables	-	-	-	-	-	331,850	331,850
Due to subsidiaries	-	-	-	-	-	14,703,404	14,703,404
	4,774	9,650	2,977,325	5,497,553	-	15,067,235	23,556,537
Total interest repricing gap	557,683	(9,650)	(2,582,137)	(2,259,230)	605,305	5,615,289	1,927,260
				2019			
Financial assets							
Investments	-	-	-	-	-	1,500,210	1,500,210
Long term receivables	-	46,818	2,152,989	968,815	589,142	919,074	4,676,838
Trade and other receivables	-	-	-	-	-	3,064	3,064
Due from subsidiaries	-	-	-	-	-	10,673,105	10,673,105
Cash and bank	199,664	-	-	-	-	74	199,738
	199,664	46,818	2,152,989	968,815	589,142	13,095,527	17,052,955
Financial liabilities							
Long term liabilities	1,522	3,138	156,157	4,957,494	2,176,518	38,164	7,332,993
Payables	-	-	-	-	-	302,607	302,607
Due to subsidiaries	-	-	-	-	-	6,399,130	6,399,130
Bank overdraft	309,774	-	-	-	-	-	309,774
	311,296	3,138	156,157	4,957,494	2,176,518	6,739,901	14,344,504
Total interest repricing gap	(111,632)	43,680	1,996,832	(3,988,679)	(1,587,376)	6,355,626	2,708,451

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of investments held by the Group classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

Based on its holding of investments as at 31 December 2019 and 2020, there is no significant impact on the Group's stockholders' equity at either year end arising from changes in equity prices.

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3. Financial Risk Management (Continued)

(d) Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

(e) Fair value estimates
Fair values of financial instruments re-measured at their fair value after initial recognition
Financial instruments classified in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

At 31 December 2020, the Group had quoted equity securities classified in Level 1 amounting to $18,258,000 (2019 – $28,492,000).

Financial instruments classified in level 2
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Specific valuation techniques used to value such financial instruments include: (i) quoted market prices or dealer quotes for similar instruments; and (ii) other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group has no financial instruments classified in Level 2.

Financial instruments classified in Level 3
If one or more of the significant inputs for valuation is not based on observable market data, the financial instrument is included in Level 3, and fair value is determined using discounted cash flow analysis.

At 31 December 2020, The Group had unquoted equity securities with a fair value of $1,685,002,000 (2019 – $1,471,718,000) classified as fair value through other comprehensive income and categorised as Level 3.

The movement in these instruments is as follows:

	2020	**2019**
	$'000	**$'000**
At start of year	1,471,718	1,399,898
Fair value gains and losses	88,684	33,272
Foreign exchange gains and losses	124,600	38,548
At end of year	1,685,002	1,471,718

The following unobservable inputs were used to measure the Company's Level 3 financial instruments:

Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Discount rate	11%	If the discount rate increases the fair value decreases
Terminal growth rate	3%	If the terminal growth rate increases the fair value increases
Market participant minority discount	20%	If the market participant minority discount increases the fair value decreases

There were no transfers between levels during the year.

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)
Fair values of biological assets
The Group measures the biological assets at fair value at each reporting date. In measuring the fair value of biological assets various management estimates and judgements are required. The Group classifies its biological assets in Level 3 due to the unobservable inputs used in the termination of fair value for those assets, as described below.

Livestock
Estimates and judgements in determining the fair value of livestock relate to the market prices, use of animals and age of animals. Market prices of the animals are obtained from other players in the industry.

Forage
Subsequent to the discontinuation of the sugar manufacturing operation in July 2019, estimates and judgements in determining the fair value of sugar cane related to the ingredients in animal feed for which the sugar cane is used as a substitute. The ingredients in animal feed that are substituted and the related cost are determined independently by animal feed manufacturers and contracted farmers.
The fair value of hay is are determined independently by animal feed manufacturers and contracted farmers.

The movement in the fair value of livestock is as follows:

	2020	2019
	$'000	$'000
Opening balance	409,370	342,564
Decreases due to sales	(94,787)	(66,234)
Total gains or losses for the period included in profit or loss	96,637	115,860
Other	-	17,180
Closing balance	411,220	409,370
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	96,637	115,860
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	53,358	114,478

The movement in the fair value of forage is as follows:

	2020	2019
	$'000	$'000
Opening balance	286,549	439,303
Value received for cane on partial surrender of leased lands	(36,266)	-
Net cultivation cost and value harvested	-	(179,804)
Total gains or losses for the period included in profit or loss	25,902	27,050
Closing balance	276,185	286,549
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	25,902	27,050
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	25,902	(152,754)

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)
Fair values of biological assets (continued)
The following unobservable inputs were used in determined the fair value of the Group's livestock, using a market approach for valuation.

	Fair Value at 2020	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Dairy livestock price	$34,000- $136,500 ($95,675) per animal	The higher the market price, the higher the fair value.
Other livestock price	$11,050- $114,750 ($95,698) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

	Fair Value at 2019	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Dairy livestock price	$29,750-$119,000 ($88,086) per animal	The higher the market price, the higher the fair value.
Other livestock price	$9,350-$110,500 ($77,559) per animal	The higher the market price, the higher the fair value.
Hay grass yield – per acre	10 bales per acre	The higher the hay grass yield, the higher the fair value.
Hay price	$2,800 per bale	The higher the market price, the higher the fair value.

The following unobservable inputs were used in determined the fair value of the Group's sugar cane, using a market approach for valuation.

	Fair Value at 2020	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Price of fodder being substituted	$7,000 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

	Fair Value at 2019	
Unobservable Inputs	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Price of fodder being substituted	$4,800 per metric tonne	The higher the price of fodder being substituted, the higher the fair value.

Fair values of financial instruments not re-measured at fair value after initial recognition
The following methods and assumptions have been used in determining fair values for instruments not re-measured at their fair value after initial recognition:

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, trade and other receivables (Note 24) and payables (Note 25).

The carrying values of long term receivables (Note 20) approximate their fair values, as these receivables are carried at amortised cost and the interest rates are reflective of current market rates for similar transactions.

The carrying values of long term loans (Note 28) approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

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4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income taxes
Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Post-employment benefit obligations
The present value of the pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (or income) for post-employment benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation. Other key assumptions for post-employment benefit obligations are based in part on current market conditions. Sensitivity disclosures in relation to changes in assumptions are disclosed in Note 21.

Fair value of biological assets
Livestock
In the process of applying the Group's accounting policies, management determines fair values of biological assets based on prices in the local market, less the transport and other costs of getting the assets to the market. The fair value is sensitive to certain assumptions used in the computation, the primary assumption being the price of the animals.

For the valuation of biological assets at the year end, if the price per animal had changed by 5% with all other variables constant, the fair value would change accordingly by $20,114,000/($19,610,000).

Forage
The sugar cane in the fields at 31 December 2020 will be used primarily as a substitute for components of animal feed. In doing the valuation for sugar cane, the Group first determines a price per tonne of cane based on the prices per tonne of the components of animal feed that will be substituted. This price per tonne of fully grown cane is used as the base for determining the fair value for the cane in each field, at the various stages in the cane harvest cycle. In valuing the cane for each cane field in each cane farm, the Group estimates each field's yield, by estimating the tonnes of cane to be reaped, per hectare of cane planted. The value of the cane considers the stage of growth of the cane, using certain assumptions regarding the relationship between the stage of growth of the cane and the cane's value. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the prices per tonne of the components of animal feed that will be substituted.

For the valuation of biological assets at the year end, if the price of hay had changed by 5%, with all other variables constant, the fair value would have changed accordingly by $13,809,000.

Fair value of unquoted equity securities
The fair value of securities not quoted in an active market are determined using valuation techniques. The Group exercises judgement and estimates on the quantity and quality of cashflow projections used. Where no market data is available, the Group values positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard for this purpose. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are reviewed by external experts. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the discount rate of 11%, terminal growth rate of 3% and a market participant minority discount of 20% and investee's future cash flows.

For the valuation of unquoted ordinary shares at the year-end: if the discount rate had increased/decreased to 12%/10% with all other variables constant, the fair value would decrease/increase from US$5,800,000 to US$4,230,000/US$7,830,000; and if the terminal growth rate had increased/decreased to 3.5%/2.5% with all other variables constant, the fair value would increase/decrease from US$5,800,000 to US$6,590,000/US$5,110,000.

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4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

Goodwill
The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(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.

A 1% increase in the discount rates and a 1% reduction in revenue growth would result in a reduction in the value in use by $1,784,000 which would not result in an impairment of goodwill.

Joint venture
The joint venture agreements in relation to Jamaica Grain and Cereals Limited require unanimous consent from all parties for all relevant activities. The partners have rights to the net assets of the arrangement. This entity is therefore classified as a joint venture and the Group recognises its share of the results for the year.

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5. Business Segments

The Group is organised into two main business segments: Manufacturing – This incorporates the operations for manufacturing and sale of oils and fats, corn and wheat products, cereals, milk products, juices and biscuits; and Distribution – The merchandising of consumer goods.

	2020			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	9,104,390	28,632,690	-	37,737,080
Inter-segment revenue	19,111,914	-	(19,111,914)	-
Total revenue	28,216,304	28,632,690	(19,111,914)	37,737,080
Segment result	2,075,608	1,872,223	-	3,947,831
Unallocated corporate income				733,312
Operating profit				4,681,143
Segment assets	12,815,259	9,858,190	-	22,673,449
Unallocated corporate assets				15,406,525
Total consolidated assets				38,079,974
Segment liabilities	5,390,169	5,311,163	-	10,701,332
Unallocated corporate liabilities				10,485,615
Total consolidated liabilities				21,186,947
Other segment items –				
Capital expenditure	311,508	60,951	-	372,459
Unallocated capital expenditure				158,964
Total capital expenditure				531,423
Depreciation	629,756	184,047	-	813,803
Unallocated depreciation				49,898
Total depreciation				863,701

	2019			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	8,477,207	24,217,614	-	32,694,821
Inter-segment revenue	10,995,769	100,956	(11,096,725)	-
Total revenue	19,472,976	24,318,570	(11,096,725)	32,694,821
Segment result	1,890,340	1,004,229	-	2,894,569
Unallocated corporate income				(91,934)
Operating profit				2,802,635
Segment assets	12,472,914	9,877,645	-	22,350,559
Unallocated corporate assets				14,147,981
Total consolidated assets				36,498,540
Segment liabilities	5,391,207	6,125,156	-	11,516,363
Unallocated corporate liabilities				10,011,940
Total consolidated liabilities				21,528,303
Other segment items –				
Capital expenditure	996,228	85,253	-	1,081,481
Unallocated capital expenditure				142,323
Total capital expenditure				1,223,804
Depreciation	531,161	228,638	-	759,799
Unallocated depreciation				44,214
Total depreciation				804,013

The Group's customers are mainly resident in, and operate from, Jamaica. Revenues of $2,187,592,000 (2019 - $1,350,366,000) were earned from customers resident in other countries.

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6. Finance and Other Operating Income

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income on quoted investments	40	337	40	337
Gain on disposal of property, plant and equipment	753,939	17,272	747,812	19,474
Interest income from subsidiaries	-	-	276,149	179,861
Other interest income	75,936	33,394	58,850	24,947
Management fees	-	-	-	16,500
Net foreign exchange gains and losses	1,173,314	863,012	242,451	168,183
Rental income from subsidiaries	-	-	34,797	47,433
Other rental income	80,118	36,345	46,183	833
Gain on Group restructuring	-	-	-	3,688,214
Other	412,336	363,457	17,204	(9,492)
	2,495,683	1,313,817	1,423,486	4,136,290

7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and promotion	518,897	631,527	14,804	12,176
Amortisation of intangible assets	242,115	243,027	-	-
Auditors' remuneration	40,718	48,335	8,744	8,528
Cost of inventories recognised as an expense	23,657,591	20,138,860	-	-
Delivery charges	667,707	584,185	55	164
Depreciation of property, plant and equipment	723,511	632,170	49,898	44,214
Depreciation of right of use assets	140,190	171,843	-	-
Donations	44,138	31,613	44,138	31,613
Feed, chemicals and veterinary supplies	458,794	415,823	-	-
Fertilising	3,805	6,462	-	-
Insurance	390,960	380,855	21,407	26,665
Motor vehicle expenses	31,066	57,560	7,601	14,748
Net impairment losses on trade receivables	31,094	(24,999)	-	-
Non-recoverable GCT	86,135	90,191	17,339	30,985
Professional services	163,610	180,550	102,373	92,209
Raw and packaging material	498,167	562,189	-	-
Repairs and maintenance	1,028,182	884,664	21,159	9,266
Security	207,796	220,923	44,664	45,241
Staff costs (Note 8)	4,128,496	3,727,198	667,704	519,917
Supplies	15,123	10,700	6,488	1,881
Utilities	1,161,831	1,154,213	31,034	31,749
Other	1,311,694	1,058,114	136,801	121,286
	35,551,620	31,206,003	1,174,209	990,642

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8. Staff Costs

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	3,218,347	2,873,359	506,152	379,605
Statutory contributions	355,268	316,139	48,957	40,851
Pension – defined benefit (Note 21)	5,300	3,400	5,300	3,400
Pension – defined contribution (Note 21)	83,104	68,917	13,538	8,993
Other post-employment benefits (Note 21)	10,900	9,300	10,900	9,300
Other	455,577	456,083	82,857	77,768
	4,128,496	3,727,198	667,704	519,917

9. Finance Costs

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Net foreign exchange gains and losses	137,127	45,603	2,628	27,712
Interest expense –				
Long term liabilities	883,450	1,137,049	543,814	450,410
Lease obligation	106,354	100,240	-	-
Other	90,348	148,038	20,914	45,245
Amortisation of deferred financing fees	48,759	42,017	34,372	29,127
	1,266,038	1,472,947	601,728	552,494

10. Taxation Expense

Taxation is based on the profit for the year adjusted for tax purposes and comprises income tax at 25%.

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current taxation	396,999	346,875	-	108,158
Adjustment to prior year provision	(37,200)	(298)	-	-
	359,799	346,577	-	108,158
Deferred taxation (Note 29)	201,177	(664,832)	(11,895)	(156,404)
	560,976	(318,255)	(11,895)	(48,246)

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10. Taxation Expense (Continued)

The tax on the Group's and the Company's profits differ from the theoretical amounts that would arise using the applicable tax rate as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Profit before taxation	3,409,866	1,387,393	710,228	3,493,923
Tax calculated at a tax rate of 25%	852,466	346,849	177,557	873,481
Adjusted for the effect of:				
Investment income not subject to tax	(261,771)	(33,182)	(261,526)	(955,236)
Adjustment to prior year provision	(37,200)	(298)	-	-
Employment tax credit	(53,744)	(87,453)	-	-
Expenses not deductible	143,710	135,060	55,073	41,265
Results of joint venture included net of tax	1,310	(14,426)	-	-
Recognition of previously unrecognised tax losses	(145,805)	(673,191)	-	-
Other charges and credits	62,010	8,386	17,001	(7,756)
	560,976	(318,255)	(11,895)	(48,246)

Tax charge relating to components of other comprehensive income are as follows:

	The Group		
	Before Tax $'000	Tax Effect $'000	After Tax $'000
		2020	
Currency translation gains and losses	(113,979)	-	(113,979)
Re-measurements of post-employment benefit obligations	8,900	(2,225)	6,675
Unrealised fair value gains and losses on investments	203,050	-	203,050
Other comprehensive income	97,971	(2,225)	95,746
		2019	
Currency translation gains and losses	18,101	-	18,101
Re-measurements of post-employment benefit obligations	(12,800)	3,150	(9,650)
Unrealised fair value gains and losses on investments	85,765	-	85,765
Other comprehensive income	91,066	3,150	94,216

	The Company		
	Before Tax $'000	Tax Effect $'000	After Tax $'000
		2020	
Re-measurements of post-employment benefit obligations	8,900	(2,225)	6,675
Unrealised fair value gains and losses on investments	203,050	-	203,050
Other comprehensive income	211,950	(2,225)	209,725
		2019	
Re-measurements of post-employment benefit obligations	(12,800)	3,150	(9,650)
Unrealised fair value gains and losses on investments	85,765	-	85,765
Other comprehensive income	72,965	3,150	76,115

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11. Net Profit Attributable to Stockholders of the Company

Net Profit attributable to stockholders of the Company (Note 12) is dealt with as follows in the financial statements:

	2020 $'000	2019 $'000
The Company	722,123	3,542,169
Reversal of gains on Group restructuring on consolidation	-	(3,688,214)
	722,123	(146,045)
Subsidiaries	2,155,032	1,155,774
Joint venture	(5,239)	57,705
	2,871,916	1,067,434

12. Earnings per Stock Unit Attributable to Stockholders of the Company

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders of the Company by the weighted average number of ordinary stock units in issue, as follows.

	2020 $'000	2019 $'000
Net profit attributable to stockholders of the Company		
Continuing operations	2,848,890	1,705,648
Discontinued operations	23,026	(638,214)
	2,871,916	1,067,434
Weighted average number of ordinary stock units (‘000)	733,488	733,488
Basic earnings per stock unit ($)		
Continuing operations	3.89	2.33
Discontinued operations	0.03	(0.87)
	3.92	1.46

The Company has no dilutive potential ordinary shares.

13. Dividends Declared

	2020 $'000	2019 $'000
Interim dividends –		
50 cents per stock unit – 17 July 2019	-	366,779
50 cents per stock unit – 16 December 2019	-	366,778
142 cents per stock unit – 17 September 2020	1,044,872	-
	1,044,872	733,557

On 17 September 2020, the Company declared an interim dividend payable on 16 October 2020 as follows:

(i) Shareholders owning at least 20,000 shares received cash at a rate of $0.30 per share, as well as 15,447,465 shares in the Eppley Caribbean Property Fund – Value Fund (CPFV Shares) at a ratio of 0.02171 CPFV Shares for every share held in the Company (the Company had previously received the CPFV Shares as proceeds for the sale of a property to Eppley Caribbean Property Fund – Value Fund); and

(ii) Shareholders owning less than 20,000 shares received cash at a rate of $0.30 per share, as well as cash in lieu of an allocation of CPFV Shares at a ratio of 0.02171 CPFV Shares (valued based on the closing price of CPFV Shares on the Jamaica Stock Exchange as at 17 September 2020) for every share held in the Company.

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14. Property, Plant and Equipment

	The Group					
	Freehold Land & Site Improvements $'000	Buildings $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
			2020			
Cost -						
At 1 January 2020	736,600	2,569,575	6,422,779	153,952	967,821	10,850,727
Additions	-	3,779	63,646	87,935	376,063	531,423
Disposals	(3,563)	(152,491)	(32,717)	(23,244)	-	(212,015)
Write-offs/Adjustments	-	-	722	-	(17,329)	(16,607)
Transfers	-	40,482	1,007,259	-	(1,047,741)	-
At 31 December 2020	733,037	2,461,345	7,461,689	218,643	278,814	11,153,528
Accumulated Depreciation -						
At 1 January 2020	-	658,199	2,932,566	62,607	-	3,653,292
Charge for the year	-	57,305	621,981	44,225	-	723,511
On disposals	-	(129,731)	(32,515)	(19,744)	-	(181,990)
Write-offs/Adjustments	-	-	382	-	-	382
At 31 December 2020	-	585,693	3,522,414	87,088	-	4,195,195
Net Book Value -						
At 31 December 2020	733,037	1,875,652	3,939,275	131,555	278,814	6,958,333
			2019			
Cost -						
At 1 January 2019	752,718	2,251,251	7,488,981	571,392	847,683	11,912,025
Change in accounting policy (Note 15)	-	-	-	(183,956)	-	(183,956)
Transfer to assets held for sale	(13,000)	(91,528)	(1,156,974)	(183,561)	-	(1,445,063)
Additions	-	148,809	380,353	60,369	588,769	1,178,300
Disposals	(3,118)	(36,265)	(452,531)	(110,292)	-	(602,206)
Write-offs/Adjustments	-	-	-	-	(8,373)	(8,373)
Transfers	-	297,308	162,950	-	(460,258)	-
At 31 December 2019	736,600	2,569,575	6,422,779	153,952	967,821	10,850,727
Accumulated Depreciation -						
At 1 January 2019	-	636,452	3,490,172	358,142	-	4,484,766
Change in accounting policy (Note 15)	-	-	-	(40,874)	-	(40,874)
Transfer to assets held for sale	-	(20,424)	(901,837)	(183,561)	-	(1,105,822)
Charge for the year	-	51,299	643,014	34,670	-	728,983
On disposals	-	(9,208)	(298,707)	(105,770)	-	(413,685)
Write-offs/Adjustments	-	-	(76)	-	-	(76)
At 31 December 2019	-	658,199	2,932,566	62,607	-	3,653,292
Net Book Value -						
At 31 December 2019	736,600	1,911,456	3,490,213	91,345	967,821	7,197,435

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14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements $'000	Buildings $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
			2020			
Cost -						
At 1 January 2020	160,081	571,909	284,821	59,766	5,976	1,082,553
Additions	-	-	8,154	12,821	137,989	158,964
Disposals	(3,563)	(152,491)	(30,371)	-	-	(186,425)
Write-offs/Adjustments	-	-	-	-	(13,251)	(13,251)
Transfers	-	2,505	6,320	-	(8,825)	-
At 31 December 2020	156,518	421,923	268,924	72,587	121,889	1,041,841
Accumulated Depreciation -						
At 1 January 2020	-	229,054	184,529	33,195	-	446,778
Charge for the year	-	9,776	24,621	15,501	-	49,898
Relieved on disposals	-	(129,731)	(30,371)	-	-	(160,102)
At 31 December 2020	-	109,099	178,779	48,696	-	336,574
Net Book Value -						
At 31 December 2020	156,518	312,824	90,145	23,891	121,889	705,267
			2019			
Cost -						
At 1 January 2019	163,199	514,460	236,002	53,674	23,157	990,492
Additions	-	-	13,742	12,775	115,806	142,323
Disposals	(3,118)	(35,860)	-	(6,683)	-	(45,661)
Write-offs/Adjustments	-	-	-	-	(4,601)	(4,601)
Transfers	-	93,309	35,077	-	(128,386)	-
At 31 December 2019	160,081	571,909	284,821	59,766	5,976	1,082,553
Accumulated Depreciation -						
At 1 January 2019	-	229,226	163,485	25,726	-	418,437
Charge for the year	-	8,942	21,120	14,152	-	44,214
Relieved on disposals	-	(9,114)	-	(6,683)	-	(15,797)
Adjustments	-	-	(76)	-	-	(76)
At 31 December 2019	-	229,054	184,529	33,195	-	446,778
Net Book Value -						
At 31 December 2019	160,081	342,855	100,292	26,571	5,976	635,775

Certain of the Group’s property, plant and equipment have been pledged as security for its borrowings (Note 28).

During 2019, the Group’s motor vehicles acquired under lease arrangements with a net book value of $143,082,000 were reclassified as right of use assets (Note 15) following a change in accounting policy for leases on adoption of IFRS 16.

During 2019, property, plant and equipment for the Group with a net book value of $339,241,000 were reclassified as assets held for sale (Note 34) following the closure of the sugar manufacturing operations and subsequent advertising of said assets for sale. Depreciation charge for the year on these assets, prior to their reclassification, amounted to $96,813,000. This depreciation charge is included in the loss from discontinued operations in the statement of comprehensive income.

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15. Right of Use Assets and Related Lease Obligation

The movement in the right of use assets is as follows:

	The Group		
	Buildings $'000	Motor Vehicles $'000	Total $'000
	2020		
Gross amount –			
At 1 January 2020	1,387,718	180,093	1,567,811
Additions	304,697	-	304,697
Modification	(653,508)	-	(653,508)
Disposals	-	(3,245)	(3,245)
At 31 December 2020	1,038,907	176,848	1,215,755
Accumulated Depreciation –			
At 1 January 2020	450,807	76,270	527,077
Charge for the year	107,361	32,829	140,190
Modification	152,298	-	152,298
On disposals	-	(1,299)	(1,299)
At 31 December 2020	710,466	107,800	818,266
Net Book Value –			
At 31 December 2020	328,441	69,048	397,489
	2019		
Gross amount –			
Transferred from property, plant and equipment (Note 14)	-	183,956	183,956
Assets recognized on change in accounting policy	1,342,214	-	1,342,214
Additions	45,504	-	45,504
Disposals	-	(3,863)	(3,863)
At 31 December 2019	1,387,718	180,093	1,567,811
Accumulated Depreciation –			
Transferred from property, plant and equipment (Note 14)	-	40,874	40,874
On assets recognized on change in accounting policy	314,554	-	314,554
Charge for the year	136,253	35,590	171,843
On disposals	-	(194)	(194)
At 31 December 2019	450,807	76,270	527,077
Net Book Value –			
At 31 December 2019	936,911	103,823	1,040,734

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15. Right of Use Assets and Related Lease Obligation (Continued)

The related lease obligation recognised in the statement of financial position is as follows:

	The Group	
	2020 **$'000**	**2019** **$'000**
Current obligations	168,399	67,731
Non-current obligations	239,901	1,105,372
	408,300	1,173,103

The movement in the lease obligation is as follows:

	The Group	
	2020 **$'000**	**2019** **$'000**
Balance at start of year	1,173,103	-
Liabilities recognized on change in accounting policy	-	1,130,149
Transfer from long term liabilities	-	130,373
Additions	304,697	45,504
Modification	(978,155)	-
Foreign exchange gains and losses	3,626	(1,559)
Interest charged and expensed (Note 9)	106,354	100,240
Lease payments	(201,325)	(231,604)
Balance at end of year	408,300	1,173,103

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16. Intangible Assets

	The Group					
	Goodwill $'000	Distribution network $'000	Supplier relationships $'000	Trade name $'000	Brands $'000	Total $'000
Cost -						
At 31 December 2019 and 31 December 2020	4,794,911	2,090,000	1,340,000	404,000	1,233,277	9,862,188
Accumulated Amortisation -						
At 1 January 2019	-	-	26,875	4,388	173,161	204,424
Charge for the year	-	-	112,632	20,848	109,547	243,027
At 31 December 2019	-	-	139,507	25,236	282,708	447,451
Charge for the year	-	-	111,972	20,256	109,887	242,115
At 31 December 2020	-	-	251,479	45,492	392,595	689,566
Net Book Value -						
At 31 December 2020	4,794,911	2,090,000	1,088,521	358,508	840,682	9,172,622
At 31 December 2019	4,794,911	2,090,000	1,200,493	378,764	950,569	9,414,737

Goodwill of $330,459,000 is allocated to Musson Holdings Limited, and $4,464,452,000 to Facey Commodity Company Limited. Musson Holdings Limited is in the manufacturing segment, while Facey Commodity Company Limited is in the Distribution segment.

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. The cash flow projections are based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates (which do not exceed the long-term average growth rate for the business in which the CGU operates). The key assumptions used for value in use calculations are as follows:

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Musson Holdings Limited	10%	16.2%	6%	20%
Facey Commodity Company Limited	7%	7%	1%	16%

17. Investments

	The Group & The Company	
	2020 $'000	2019 $'000
Quoted equity securities denominated in Jamaican dollars	18,258	28,492
Unquoted equity securities denominated in US dollars	1,685,002	1,471,718
	1,703,260	1,500,210

Unquoted equity securities denominated in US dollars
The Company owns 42,214 (11.6%) of the issued ordinary shares and 20,486 (34.1%) of the issued preference shares of Facey Group Limited, a related company over which the Company does not exercise significant influence. As the shares are unlisted, fair values were determined using cash flows discounted using a rate based on market interest rate and a risk premium specific to the unlisted security.

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18. Investment in Subsidiaries

	2020 $'000	2019 $'000
Balance at 1 January	7,863,313	10,137,630
Acquisition of non-controlling interests	-	25,941
Transfer of subsidiaries under Group restructuring	-	(2,300,258)
Balance at 31 December	7,863,313	7,863,313

All subsidiaries are included in the consolidation. The proportion of the voting rights in each subsidiary does not differ from the proportion of ordinary shares held.

The balance for investment in subsidiaries was affected by the following Group restructuring activities during 2019:

- The Company, then a 71.2% shareholder in Golden Grove Sugar Company Limited, acquired the remaining 28.8% shareholding in Golden Grove Sugar Company Limited from non-controlling interests for a consideration of $25,941,000;
- The Company then transferred the entire shareholding of Golden Grove Sugar Company Limited to Caribbean Products Company Limited for a consideration equivalent to the nominal value of the original investment; and
- The Company transferred the entire shareholdings of Serge Island Dairies Limited and Serge Island Farms Limited to Musson Holdings Limited for a consideration equivalent to the nominal value of the original investment.

The non-controlling interest for 2019 up to its acquisition by the Company is entirely in respect of Golden Grove Sugar Company Limited. Summarised financial information (before intercompany eliminations) for Golden Grove Sugar Company Limited up to the acquisition by the Company of non-controlling interests in June 2019, is as follows:

Summarised statement of comprehensive income for the 6-months ending 30 June 2019:

	June 2019 $'000
Revenue	1,089,014
Depreciation	(64,963)
Net loss	(326,510)

Summarised statement of financial position as at 30 June 2019:

	June 2019 $'000
Non-current assets	646,393
Current assets	1,095,794
Non-current liabilities	(60,984)
Intercompany balance owed to the Company	(883,113)
Other current liabilities	(514,838)
Net Assets	283,252

Summarised statement of cash flows for the 6-months ending 30 June 2019:

	June 2019 $'000
Cash flows from operating activities	244,807
Cash flows from investing activities	9,940
Intercompany financing provided by the Company	(108,862)
Other cash flows from financing activities	(57,772)
Cash and cash equivalents at end of period	90,972

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19. Investment in Joint Venture

The Group owns 50% of Jamaica Grain and Cereals Limited, a former subsidiary that manufactures and sells corn and wheat products and cereals. The carrying value of the investment approximates 50% of the carrying value of the net assets of the joint venture entity.

The movement in investment in joint venture is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	454,070	402,936	434,114	434,114
Effect of adoption of a new accounting policy	-	(6,571)	-	-
Share of results	(5,239)	57,705	-	-
Balance at the end of the year	448,831	454,070	434,114	434,114

The summarised financial information for the joint venture is as follows:
Summarised statement of comprehensive income

	2020	2019
	$'000	$'000
Revenue	4,224,474	3,768,874
Depreciation	140,642	141,707
Net profit	(10,478)	115,410

Summarised statement of financial position

	2020	2019
	$'000	$'000
Property, plant and equipment and other non-current assets	3,007,716	3,111,822
Current assets:		
Inventories	815,389	1,063,998
Cash and cash equivalents	389,424	228,316
Receivables and other current assets	505,094	556,498
	1,709,907	1,848,812
Non-current liabilities:		
Due to joint venture partners	(1,226,784)	(1,140,092)
Long term loan	(1,537,359)	(1,668,475)
Other non-current liabilities	(158,961)	(148,922)
	(2,923,104)	(2,957,489)
Current liabilities:		
Due to joint venture partners	(693,972)	(880,781)
Current portion of long term loan	(136,533)	(136,533)
Payables and other current liabilities	(72,100)	(83,439)
	(902,605)	(1,100,753)
Net assets	891,914	902,392

Summarised statement of cash flows

	2020	2019
	$'000	$'000
Cash flows from operating activities	555,832	387,273
Cash flows from investing activities	(32,513)	(31,163)
Cash flows from financing activities	(362,211)	(266,578)

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20. Long Term Receivables

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(a) Facey Commodity Company Limited	-	-	922,212	922,212
(b) Musson International Dairies Limited	-	-	2,252,003	2,106,081
(c) Golden Grove Funding Limited	-	-	-	93,636
(d) Jamaica Grain and Cereals Limited	605,305	558,074	605,305	558,074
(e) Musson (Jamaica) Limited	383,875	-	383,875	-
(f) Employee loans	139,732	155,741	75,421	77,761
(g) Bercyn Farms Limited –				
(i) Mobilisation loan for farming operations	-	-	-	-
(ii) Advance for replanting and farming operations	-	-	-	-
	1,128,912	713,815	4,238,816	3,757,764
Interest receivable	-	17,500	1,110,261	919,074
	1,128,912	731,315	5,349,077	4,676,838
Less: Current portion	(408,050)	(17,500)	(1,505,449)	(3,118,881)
	720,862	713,815	3,843,628	1,557,957

(a) This related party receivable of J$922,212,000 is scheduled to be received at maturity on 26 September 2024. The agreement attracts interest of 8% per annum, payable monthly.

(b) This related party receivable of US$15,892,000 was initially repayable on 23 September 2020. During the year, the maturity date was extended to 31 December 2025. The agreement attracts interest of 6% per annum.

(c) This related party receivable was in respect of a bank loan that was originally payable by Golden Grove Funding Limited, but the liability was restructured and the direct obligation transferred to the Company.

Resulting from the debt restructuring, Golden Grove Funding Limited now has a liability to the Company (originally, with a balance of J$140,455,000 at the point of restructuring) and the Company has the direct obligation to the bank (Note 28(d)). The agreement attracted interest of 6% per annum, payable quarterly, with the last payment due on 30 September 2020.

(d) This receivable from joint venture of US$4,300,000 is repayable at maturity on 31 December 2027. The agreement attracts interest of 3.07% per annum, payable annually.

(e) This related party receivable is denominated in US dollars and scheduled to be received in 2021. The agreement attracts interest of 8% per annum, payable monthly.

(f) This receivable represents loans granted to employees as part of a scheme to assist employees in purchasing shares in the Company. The receivable is due on 31 October 2025 and attracts interest at 7.5%, payable monthly.

(g) (i) This loan was granted as part of the farm management contract for Golden Grove Sugar Company Limited. The principal is repayable in periodic discretionary installments until maturity in November 2019. The agreement attracts interest of 10% per annum.

(ii) This represents crop advances, as well as balance receivable from the sale of spares, farming equipment and other supplies. The principal is repayable in periodic discretionary installments until maturity in November 2020. The agreement does not attract interest.

The outstanding balances on these receivables from Bercyn Farms Limited were deemed fully impaired on discontinuation of the sugar manufacturing operations in July 2019 (Note 34). At the date of discontinuation, the carrying values of these receivables amounted to $132,538,000.

During the year, $14,312,000 of these receivables were recovered.

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21. Post-employment Benefits

	The Group & The Company	
	2020	**2019**
	$'000	**$'000**
Asset/(Liability) recognised in the statement of financial position –		
Pension scheme	25,100	35,100
Medical benefits	(134,300)	(148,300)
Expense recognised in profit or loss –		
Pension scheme	5,300	3,400
Medical benefits	10,900	9,300
Gains and losses recognised in other comprehensive income –		
Pension scheme	(5,400)	1,400
Medical benefits	14,300	(14,200)

Pension schemes
In addition to the defined benefit pension scheme described below, employees of the Group hired on or after 1 January 2002 participate in an Individual Retirement Scheme operated by an independent insurance company. Employees participating in the scheme contribute up to 15% of pensionable earnings while the Company contributes 5%. The Group's and the Company's contribution for the year amounted to $83,104,000 (2019 – $68,917,000) and $13,538,000 (2019 – $8,993,000), respectively (Note 8).

On 1 January 2015, the fortnightly sugarcane employees of Golden Grove Sugar Company Limited commenced contributing to a defined contribution pension scheme. The pension scheme is administered by an independent insurance company. The subsidiary contributes 2% of the employee's basic salary. The subsidiary's contribution up to the discontinuation of the operations in July 2019 amounted to $1,921,000.

Defined benefit plan
The Group operates a defined benefit scheme for employees hired prior to 1 January 2002. The scheme is administered by NCB Insurance Company Limited. The plan provides benefits to members based on average earnings for the final year of service, with the Group and employees each contributing 5% of pensionable salaries. Employee may contribute additional voluntary contribution up to 5%. The scheme was closed to new members as at 31 December 2001. As the subsidiaries make fixed contributions to the pension scheme and have no further legal or constructive obligations under the scheme, the pension asset and obligations are accounted for in the financial statements of the Company. The subsidiaries recognise a cost equal to their contributions payable in respect of each accounting period in profit or loss. Any plan surplus or funding deficiency is absorbed by the Company.

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2020.

The Board of the pension fund is composed of an equal number of representatives from both employer and employees. The Board of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by NCB Insurance Company Limited which administers the Fund and manages the investment portfolio under management agreement.

The amounts recognised in the statement of financial position are determined as follows:

	2020	**2019**
	$'000	**$'000**
Present value of funded obligations	(874,900)	(881,100)
Fair value of plan assets	1,003,900	1,158,700
Asset in the statement of financial position	129,000	277,600
Unrecognised asset due to limitation	(103,900)	(242,500)
	25,100	35,100

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21. Post-employment Benefits (Continued)

Pension schemes (continued)
The movement in the amounts recognised in the statement of financial position is as follows:

	2020 $'000	2019 $'000
Asset at beginning of year	35,100	36,000
Amounts recognised in profit or loss in the statement of comprehensive income	(5,300)	(3,400)
Amounts recognised in other comprehensive income	(5,400)	1,400
Contributions paid	700	1,100
Asset at end of year	25,100	35,100

The movement in the defined benefit obligation over the year is as follows:

	2020 $'000	2019 $'000
Balance at beginning of year	(881,100)	(906,500)
Current service cost	(4,900)	(4,100)
Interest cost	(63,600)	(61,600)
Re-measurements – experience gains and losses	(900)	28,400
Members' contributions	(1,100)	(2,000)
Benefits paid	76,700	64,700
Balance at end of year	(874,900)	(881,100)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $53,166,000 (2019 – $162,600,000) relating to active employees, and $522,578,000 (2019 – $718,500,000) relating to members in retirement.

The movement in the defined benefit asset during the year is as follows:

	2020 $'000	2019 $'000
Balance at beginning of year	1,158,700	998,300
Interest income	81,400	66,200
Re-measurement – return on plan assets, excluding amounts included in interest income	(161,300)	155,800
Employer's contributions	700	1,100
Members' contributions	1,100	2,000
Benefits paid	(76,700)	(64,700)
Balance at end of year	1,003,900	1,158,700

The amounts recognised in profit or loss in the statement of comprehensive income is as follows:

	2020 $'000	2019 $'000
Current service cost	4,900	4,100
Interest costs	63,600	61,600
Interest income	(81,400)	(66,200)
Interest on effect of unrecognised asset due to limitation	18,200	3,900
Total, included in staff costs (Note 8)	5,300	3,400

Expected employer contributions to the post-employment pension plan for the year ending 31 December 2021 amount to $700,000.

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21. Post-employment Benefits (Continued)

Pension schemes (continued)
Plan assets are comprised as follows:

	Quoted $'000	Unquoted $'000	Total $'000	%
		2020		
Government of Jamaica debt securities	-	237,071	237,071	24
Corporate debt securities	-	162,354	162,354	16
Real estate	-	45,731	45,731	5
Ordinary shares	424,120	6,724	430,844	42
Preference shares	-	64,169	64,169	6
Repurchase agreements	-	17,108	17,108	2
Other	-	46,623	46,623	5
	424,120	579,780	1,003,900	100
		2019		
Government of Jamaica debt securities	-	264,556	264,556	23
Corporate debt securities	-	136,863	136,863	12
Real estate	-	39,925	39,925	3
Ordinary shares	546,880	150	547,030	47
Preference shares	-	69,670	69,670	6
Repurchase agreements	-	64,565	64,565	6
Other	-	36,091	36,091	3
	546,880	611,820	1,158,700	100

Ordinary shares include shares in the Company with a fair value of $75,769,000 (2019 - $60,461,000).

The significant actuarial assumptions used were a discount rate of 9% (2019 – 7.5%); future salary increases of 7% (2019 – 5.0%); and future pension increases of 3% (2019 – 1.75%). The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2020		2019	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(38,900)	42,500	(40,400)	44,100
Future salary increases	0.5%	2,700	(2,400)	3,600	(3,600)
Expected pension increase	0.5%	39,800	(36,600)	40,400	37,200

Further, assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. If the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $17,900,000/($18,100,000) (2019 – $16,600,000/($16,900,000)).

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

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21. Post-employment Benefits (Continued)

Other post-employment benefits
In addition to pension benefits, the Company offers retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The obligations under the medical benefit scheme are unfunded. The method of accounting and frequency of valuations are similar to those used for the pension scheme. Obligations under the medical scheme are payable by, and accounted for, by the Company as the subsidiaries do not have any legal or constructive obligations under the scheme.

The movement in the defined benefit obligation over the year is as follows:

	2020 $'000	2019 $'000
Balance at beginning of year	(148,300)	(136,200)
Current service cost	(200)	(100)
Interest expense	(10,700)	(9,200)
Re-measurements – experience gains and losses	14,300	(14,200)
Benefits paid	10,600	11,400
Balance at end of year	(134,300)	(148,300)

The amounts recognised in the profit or loss in the statement of comprehensive income are as follows:

	2020 $'000	2019 $'000
Current service cost	200	100
Interest cost	10,700	9,200
Total, included in staff costs (Note 8)	10,900	9,300

The movement in the amounts recognised in the statement of financial position is as follows:

	2020 $'000	2019 $'000
Liability at beginning of year	148,300	136,200
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	10,900	9,300
Amounts recognised in other comprehensive income	(14,300)	14,200
Contributions by employer	(10,600)	(11,400)
Liability at end of year	134,300	148,300

Expected employer contributions to the post-employment plan for the year ending 31 December 2021 amount to $11,000,000.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 8.5% (2019 – 6.5%) per annum. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2020		2019	
	Change in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000	$'000	$'000
Discount rate	0.5%	(6,000)	6,600	(7,400)	8,100
Medical cost	0.5%	6,600	(6,000)	8,100	(7,400)

Further, if the assumption for life expectancy was increased/(decreased) by 1 year, the effect on the defined benefit obligation would be an increase/(decrease) of $6,100,000/($5,900,000) (2019 – $6,400,000/($6,200,000)).

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21. Post-employment Benefits (Continued)

Risks associated with pension plans and post-employment plans
Through its defined benefit pension plans and post-employment medical plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform this yield, this will create a deficit. As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Company believes that, due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

Changes in bond yields
A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk
Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds; meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and NCB Insurance Company Limited representatives who are the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries. The next triennial valuation is due to be completed as at 31 August 2023. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 10.2 years for the pension fund and 10.1 years for the post-employment medical benefits.

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22. Biological Assets

Livestock – classified as non-current assets in the statement of financial position

	The Group	
	2020	**2019**
	$'000	**$'000**
Dairy livestock –		
2,597 (2019 – 2,886) Cows able to produce milk	208,038	222,115
2,092 (2019 – 2,138) Heifers being raised to produce milk in the future	190,250	165,597
Other livestock –		
83 (2019 – 97) Bulls raised for sale and reproduction	3,927	4,358
2 (2019 – 4) Horses	60	120
Plant – 733 (2019 – 614) acres of hay field	8,945	17,180
	411,220	409,370

7,182,000 litres (2019 – 7,690,379 litres) of milk with a fair value (less estimated point-of-sale costs) of $641,773,000 (2019 – $692,734,000) were produced during the period.

Forage – classified as current assets in the statement of financial position
At year end, the Group had 32,887 tonnes (2019 – 79,955 tonnes) of sugar cane with a value of $276,185,000 (2019 – $286,549,000).

23. Inventories

	The Group	
	2020	**2019**
	$'000	**$'000**
Raw and packaging materials	2,078,812	1,699,022
Work in progress	106,231	51,440
Finished goods	363,999	606,753
Merchandise for resale	3,262,390	2,854,422
Goods in transit	1,078,141	1,141,582
Other	674,115	561,093
	7,563,688	6,914,312

24. Trade and Other Receivables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	4,373,508	3,829,194	-	-
Less: Provision for impairment	(387,473)	(356,459)	-	-
	3,986,035	3,472,735	-	-
Advances and prepayments	450,177	445,441	133,295	125,449
Due from affiliates	602,123	795,644	80,097	3,064
Other	480,028	525,400	-	-
	5,518,363	5,239,220	213,392	128,513

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25. Payables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	4,237,253	4,385,162	-	-
Accruals	638,699	911,433	80,695	197,243
Due to affiliates	395,828	205,492	-	89,429
Dividends payable	-	366,778	-	366,778
Other	461,239	452,355	331,850	213,178
	5,733,019	6,321,220	412,545	866,628

26. Share Capital

	2020	**2019**	**2020**	**2019**
	'000	**'000**	**$'000**	**$'000**
Authorised – ordinary shares	780,000	780,000	780,000	780,000
Issued and fully paid –				
Ordinary stock units	733,547	733,547	5,769,457	5,769,457
Treasury shares	(59)	(59)	(899)	(899)
	733,488	733,488	5,768,558	5,768,558

27. Capital Reserves

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Revaluation surplus on assets carried at deemed cost	312,600	312,600	105,340	105,340
Fair value gains and losses on investments	470,548	267,498	470,548	267,498
Profits of subsidiaries capitalised	336,537	336,537	-	-
Redemption reserve	14,800	14,800	-	-
Realised gains on sale of investments	120,855	120,855	120,855	120,855
Currency translation gains and losses	(91,299)	22,680	-	-
Other realised surplus	22,230	22,230	20,289	20,289
	1,186,271	1,097,200	717,032	513,982

Included in capital reserves are fair value gains on investments representing the accumulated unrealised gains and losses on the revaluation of these investments. The movement in this reserve during the year is recognised in other comprehensive income.

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28. Long Term Liabilities

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(a) Sugar Industry Authority – 5%	-	18,981	-	-
(b) National Commercial Bank (Jamaica) Limited – 6%	-	140,455	-	140,455
(c) National Commercial Bank (Jamaica) Limited – 7%	1,329,640	1,506,361	-	-
(d) National Commercial Bank (Jamaica) Limited – 8.5%	307,382	363,188	-	-
(e) JMMB Merchant Bank Limited – 8.5%	195,542	249,711	195,542	249,711
(f) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	1,013,211	1,109,721	-	-
(g) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 4%	-	1,077,722	-	-
(h) CIBC FirstCaribbean International Bank Jamaica Limited – 8.25%	1,102,748	-	-	-
(i) Bonds – 7.5%	1,600,000	1,600,000	1,600,000	1,600,000
(j) Bonds – 8.25% for first 3 years, then WATBY + 2.25%	1,200,000	1,200,000	1,200,000	1,200,000
(k) Bonds – 7.25%	2,000,000	2,000,000	2,000,000	2,000,000
(l) Bonds – 7.25%	2,200,000	2,200,000	2,200,000	2,200,000
(m) Bonds – 10.5% for first 2 years, then WATBY + 2.75%	854,350	854,350	-	-
(n) CIBC FirstCaribbean International Bank Jamaica Limited – LIBOR + 3%	456,478	-	456,478	-
(o) CitiBank – 4.25%	713,247	-	713,247	-
(p) JMMB Merchant Bank Limited – 8.75%	185,000	-	185,000	-
Deferred financing costs	(125,297)	(159,345)	(60,965)	(95,337)
	13,032,301	12,161,144	8,489,302	7,294,829
Interest payable	31,981	62,232	31,981	38,164
	13,064,282	12,223,376	8,521,283	7,332,993
Less: Current portion	(3,664,323)	(829,438)	(3,023,730)	(198,981)
	9,399,959	11,393,938	5,497,553	7,134,012

The movement in long term liabilities is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at start of year	12,223,376	12,379,477	7,332,993	5,873,115
Transfer to lease obligation	-	(130,373)	-	-
Loans received	3,221,787	2,744,424	1,681,499	2,447,105
Loan principal repayments	(2,518,468)	(2,928,435)	(524,026)	(1,003,899)
Foreign exchange gains and losses	126,385	133,068	2,628	27,712
Discount on early repayment	(9,310)	-	-	-
Deferred fees amortised (Note 9)	48,759	42,017	34,372	29,127
Interest charged and capitalised (Note 9)	-	38,333	-	-
Interest charged and expensed (Note 9)	883,450	1,137,049	543,814	450,410
Interest paid	(911,697)	(1,192,184)	(549,997)	(490,577)
Balance at end of year	13,064,282	12,223,376	8,521,283	7,332,993

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28. Long Term Liabilities (Continued)

A summary of the terms of the long term liabilities is as follows:

(a) Jamaican dollar denominated loan facility of $33,156,000 repayable over 10 years commencing in 2013 by way of annual deductions from proceeds of cane sales, contract work and earnings from harvesting operations, where applicable.

(b) Jamaican dollar denominated loan facility of $608,637,000, repayable in 13 quarterly installments of $46,818,000 commencing June 2017 and secured by the fixed and floating assets of Golden Grove Sugar Company Limited. Obligation transferred from Golden Grove Sugar Company Limited to the Company during the year.

(c) Unsecured Jamaican dollar denominated loan facility of $1,755,000,000, repayable in 13 quarterly installments of $41,440,000 commencing June 2018.

(d) Jamaican dollar denominated financing agreement repayable in 32 quarterly installments of $13,969,000 commencing September 2018 and secured by property, plant and equipment acquired under the financing agreement.

(e) Unsecured Jamaican dollar denominated loan facility of $300,000,000, repayable in 60 monthly installments of $6,155,000 (inclusive of interest) commencing January 2019.

(f) Jamaican dollar denominated loan facility repayable in 28 quarterly installments of $48,237,000 commencing December 2018 and secured by a first debenture/charge over all present and future assets and property of Facey Commodity Company Limited.

(g) US dollar denominated loan facility repayable in 28 quarterly installments of US$357,000 commencing December 2018 and secured by a first debenture/charge over all present and future assets and property of Facey Commodity Company Limited.

In July 2020, the facility was refinanced to a Jamaican dollar denominated facility (Note 28(h)).

(h) Jamaican dollar denominated loan facility repayable in 22 quarterly installments of $52,500,000 commencing December 2020 and secured by a first debenture/charge over all present and future assets and property of Facey Commodity Company Limited.

(i) Unsecured Jamaican dollar denominated Bonds issued in July 2018 for a period of 3 years, due in full at maturity.

(j) Unsecured Jamaican dollar denominated Bonds issued in November 2017 for a period of 5 years, due in full at maturity.

(k) Unsecured Jamaican dollar denominated Bonds issued in October 2019 for a period of 5 years, due in full at maturity.

(l) Unsecured Jamaican dollar denominated Bonds issued in November 2018 for a period of 7 years, due in full at maturity.

(m) Jamaican dollar denominated Bonds issued in February 2016 for a period of 10 years, due in full at maturity and secured by the fixed and floating assets of Musson International Dairies Limited and Musson Holdings Limited.

(n) Unsecured US dollar denominated short term facility repayable 23 September 2021. There was a breach of the debt servicing ratio covenant specifically relating to this facility. The breach did not impact the classification of the facility in the statement of financial position as the total amount owing under the facility is already classified in current liabilities.

(o) Unsecured US dollar denominated short term facility repayable 12 April 2021.

(p) Unsecured Jamaican dollar denominated short term facility repayable 3 September 2021.

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29. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25%. Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	1,202,975	1,299,895	37,218	27,548
Deferred tax liabilities	(1,533,501)	(1,427,019)	-	-
Net liabilities	(330,526)	(127,124)	37,218	27,548

These amounts include deferred tax assets/liabilities to be recovered within 12 months of $117,691,000/$31,290,000 (2019 – $126,909,000/$39,414,000) for the Group, and deferred tax assets of $14,890,000 (2019 – $10,503,000) for the Company.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	(127,124)	(820,729)	27,548	(132,006)
Effect of adoption of new accounting policy	-	25,623	-	-
(Charged)/credited to profit or loss (Note 10)	(201,177)	664,832	11,895	156,404
(Charged)/credited to other comprehensive income (Note 10)	(2,225)	3,150	(2,225)	3,150
Balance at end of year	(330,526)	(127,124)	37,218	27,548

The deferred tax (charged)/credited to profit or loss comprises the following temporary differences:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(48,671)	(15,439)	6,283	5,720
Right of use assets, net of related lease obligation	(30,389)	7,469	-	-
Post-employment benefits	1,225	100	1,225	100
Tax losses carried forward	(115,791)	529,026	-	(25,378)
Interest receivable	(3,260)	(5,603)	(3,260)	184,748
Other	(4,291)	149,279	7,647	(8,786)
	(201,177)	664,832	11,895	156,404

The deferred tax assets and liabilities in the statement of financial position comprise the following temporary differences:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	(374,570)	(325,899)	(4,972)	(11,255)
Right of use assets, net of related lease obligation	2,703	33,092	-	-
Post-employment benefits	27,300	28,300	27,300	28,300
Tax losses carried forward	1,176,107	1,291,898	-	-
Interest receivable	(9,219)	(5,959)	(9,219)	(5,959)
Intangible assets recognised on business combinations	(1,248,467)	(1,248,467)	-	-
Other	95,620	99,911	24,109	16,462
	(330,526)	(127,124)	37,218	27,548

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29. Deferred Taxation (Continued)

Subject to agreement with the Tax Administration Jamaica, losses available for offset against future profits of the Group amount to $6,579,639,000 (2019 – $7,512,662,000).

This includes tax losses of a subsidiary amounting to $4,292,770,000 (2019 – $4,595,791,000) in respect of which, historically, no deferred tax assets have been created due to the Group's uncertainty regarding its ability to utilize those losses in the future. Following the Group restructuring during 2019 as outlined in Note 1, this subsidiary that was previously unprofitable commenced earning profits and is projected to earn profits in the future. Consequently and based on its annually updated 5-year horizon forecasts following the restructuring, the Group recognized deferred tax assets of $604,389,000 (2019 – $562,680,000) at the rate of 25% in respect of a portion of the subsidiary's total tax losses brought forward as at the date of the statement of financial position.

At 31 December 2020, no deferred tax assets have been created in respect of the remaining tax losses of the subsidiary amounting to $1,875,214,000 (2019 – $2,297,895,000).

30. Cash Generated from Operations

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net profit	2,871,916	973,334	722,123	3,542,169
Items not affecting cash resources:				
Amortisation of intangible assets	242,115	243,027	-	-
Depreciation	863,701	900,826	49,898	44,214
Net foreign exchange gain and losses	(68,004)	73,609	(229,334)	(137,250)
Net gains and losses on disposal of property, plant and equipment	(753,939)	(17,272)	(747,812)	(19,474)
Property, plant and equipment written off	16,989	8,297	13,251	4,525
Gain on Group restructuring	-	-	-	(3,688,214)
Impairment of assets held for sale	-	50,000	-	-
Net impairment of long term receivables	(14,312)	132,538	-	-
Interest income	(75,936)	(33,394)	(334,999)	(204,808)
Gain on lease modification	(172,349)	-	-	-
Discount on early loan repayment	(9,310)	-	-	-
Amortisation of deferred fees	48,759	42,017	34,372	29,127
Share of results of joint venture	5,239	(57,705)	-	-
Interest expense	1,080,152	1,385,327	564,728	495,655
Post-employment benefits	4,900	200	4,900	200
Dividend income	(40)	(337)	(40)	(337)
Taxation	560,976	(318,255)	(11,895)	(48,246)
	4,600,857	3,382,212	65,192	17,561
Changes in operating assets and liabilities:				
Inventories	(649,376)	(366,207)	-	-
Trade and other receivables	(279,143)	(195,894)	(84,879)	441,366
Biological assets	8,514	85,948	-	-
Due from subsidiaries	-	-	(7,107,543)	(3,834,313)
Due to subsidiaries	-	-	8,304,274	2,944,878
Payables	(221,423)	(71,481)	(87,305)	231,979
	3,459,429	2,834,578	1,089,739	(198,529)
Taxation paid	(272,718)	(308,398)	(93,833)	3,018
Cash provided by/(used in) operating activities	3,186,711	2,526,180	995,906	(195,511)

Significant non-cash transactions
During the year, the Company disposed of property valued at $800 million, which was paid by way of shares issued to the Company by the purchaser. The Group then declared these shares as a non-cash dividend (Note 13).

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31. Contingencies and Commitments

(a) A subsidiary has leased sugar cane lands from the Government of Jamaica for a period of 50 years with an option to renew for a further period of 25 years. The lease is fixed at a rate of US$53 per hectare per annum for the first 5 years, after which it will be renegotiated in accordance with the provisions of the lease contract. Based on the current rate of US$60 per hectare per annum, the annual lease cost to the subsidiary is US$92,000.

(b) At 31 December 2020, capital commitments for the Group amounted to $919,000,000 (2019 – $Nil).

32. Litigation, Claims, Assessments and Provisions

The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated. In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both the financial position and results of operations.

33. Related Party Transactions

Sales and purchases of goods and services
During the year, the Group had sales of $152,012,000 (2019 – $150,480,000) to and purchases of $1,521,503,000 (2019 – $1,240,159,000) from Musson (Jamaica) Limited, T.Geddes Grant (Distributors) Limited and Jamaica Grain and Cereals Limited. The resulting receivables and payables in respect of these and other transactions are included in Notes 24 and 25, respectively.

A subsidiary paid cess of $10,122,000 (2019 – $15,935,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

Key management compensation

	2020 $'000	2019 $'000
Wages and salaries	428,040	406,021
Statutory contributions	32,438	26,968
Other	17,707	26,955
	478,185	459,944
Directors' emoluments –		
Fees	13,333	8,377
Medical insurance premiums	9,671	6,704
Management remuneration (included above)	198,605	159,387

Advances and loans
Loans to related parties are disclosed in Note 19. Interest earned on these loans by the Group amounted to $18,208,000 (2019 – $27,283,000).

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34. Assets Held for Sale and Discontinued Operations

In July 2019, the Group discontinued the sugar manufacturing operations carried on by Golden Grove Sugar Company Limited and advertised for sale certain assets directly for use in sugar manufacturing. The associated assets were reclassified from property, plant and equipment to assets held for sale in the statement of financial position (Note 14). The movement in assets held for sale was as follows:

	2020 $'000	2019 $'000
Balance at start of year	289,241	-
Net book value transferred from property plant and equipment	-	339,241
Disposal	(3,480)	-
Impairment charge	-	(50,000)
Balance at end of year	285,761	289,241

The results of the sugar manufacturing operations have been presented as a single item on the statement of comprehensive income as a net loss from discontinued operation. The details of the net loss from discontinued operation is as follows:

	2020 $'000	2019 $'000
Revenue	-	1,200,084
Change in the fair value of sugar cane	25,902	27,050
Direct expenses	-	(1,488,064)
Gross profit/(loss)	25,902	(260,930)
Other operating income	52,526	16,596
Impairment charge –		
Assets held for sale	-	(50,000)
Long term receivables	4,065	(132,538)
Trade and other receivables		-
Administration and other operating expenses	(59,467)	(305,442)
Operating profit/(loss)	23,026	(732,314)
Finance costs	-	-
Profit/(loss) before taxation	23,026	(732,314)
Taxation	-	-
Net profit/(loss) from discontinued operations	23,026	(732,314)

The cash flows from the discontinued operations is as follows:

	2020 $'000	2019 $'000
Net cashflow from operating activities	(14,171)	(596,489)
Net cashflow from investing activities	17,375	22,000
Net cashflow from financing activities	-	-
Net cashflow from discontinued operations	3,204	(574,489)

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35. Impact of the COVID-19 Pandemic

Jamaica identified its first case of the novel coronavirus, COVID-19, in March 2020, not long before the World Health Organization (WHO) declared the impact of the virus a global pandemic. Measures taken by both local and foreign governments to contain the virus have affected global economic activity. In response to this threat, the Group has taken several measures to protect its employees, customers and other stakeholders. The Group has established a cross-functional team comprising of senior management from various areas of the business, reporting to the Chief Executive Officer, to implement measures to mitigate the impact of the pandemic; which included safety and health protocols for employees, securitization of the Group's supply chain and distribution network, liquidity risk assessment and diversification, and close monitoring of the Group's receivables.

Currently, the production, sales and distribution teams have generally met or exceeded their amended sales targets for the period. This is primarily due to the diversity of the Group's product portfolio, the increase in demand for the Group's key products (basic food items and pharmaceutical items) as well as the Group's far-reaching sales and distribution network across the island and in its export markets. The Group currently has a positive liquidity position with an increase in its cash and cash equivalents and ended the financial year with an improvement in the relative ageing portfolio of its trade receivables when compared to the prior year. The Group will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue operations in the best and safest way possible, without jeopardizing the health of its employees, customers and other stakeholders.

36. Post Balance Sheet Event

At a meeting of the Board of Directors on 22 February 2021, the Company declared an interim dividend of thirty cents ($0.30) per share be paid to all shareholders on record as at 10 March 2021. The dividend was paid on 15 March 2021.

FORM **OF PROXY**

I..of.. being a member of Seprod Limited,

hereby appoint .... of ....

or failing him .... of ....

as my proxy to vote for me on my behalf at the Annual General Meeting of the Company to be held on the 20th day of September 2021 and at any adjournment thereof.

....

Signature

Note: 1) If the appointer is a corporation, this form must be under its common seal and under the hand of an officer or attorney duly authorised.

2) To be valid, this proxy must be lodged with the Secretary of the Company, 3 Felix Fox Boulevard, Kingston, not less than 48 hours before the time appointed for holding the meeting. A proxy need not be a member of the Company.

$100.00 stamp to be affixed

SEPROD

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