JETCON CORPORATION LIMITED
Financial Statements
31 December 2023

McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS
"Continuous Improvement and Innovation are our Duties......"

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& ASSOCIATES
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Independent Auditor's Report

To the Members of
Jetcon Corporation Limited

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jetcon Corporation Limited (the Company) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023
- the statement of comprehensive income for the year then ended
- the statement of cash flows for the year then ended
- the statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include significant accounting policies and explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International 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.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatements in the financial statements. In particular, we considered where management made subjective judgments; 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 or error.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole and informing our opinion thereon. We do not provide a separate opinion on these matters. During our work, we encountered no key audit matter that required disclosure.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor’s Responsibility for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient 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 to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- We are not responsible for the direction, supervision, and performance of the Company. We remain solely responsible for our audit opinion.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors of the Company 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 the Board of Directors 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, related safeguards.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report inclusive of the Director's, Chairman of the Board and the Chief Executive Officer Reports but does not include the financial statements and the Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appear 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.

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 our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying 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 Wilfred McKenley.

McKenley + Associates

Chartered Accountants
May 16, 2024
Kingston, Jamaica

JETCON CORPORATION LIMITED
Statement of Financial Position
31 December 2023

	Note	2023 $	2022 $
Assets			
Non-current assets			
Property, plant and equipment	13	158,082,908	148,101,017
Right-of-use asset	21	-	13,270,209
Investments	14	50,492	86,472
Current assets			
Inventories	15	417,804,990	392,706,022
Related parties	16	20,345,639	20,345,639
Receivables	17	57,838,858	59,233,312
Taxation recoverable		3,965,695	1,554,918
Cash and cash equivalents	18	9,476,090	6,535,346
		509,431,272	480,375,237
Current liabilities			
Payables	19	90,365,472	47,504,314
Taxation		-	4,003,475
Bank overdraft	18	2,196,110	1,296,542
Right of use liabilities	21	-	9,475,144
		92,561,582	62,279,475
Net current assets		416,869,690	418,095,762
Total assets less current liabilities		575,003,090	579,553,460
Equity			
Share capital	22	88,817,218	88,817,218
Capital reserves	23	16,761,002	16,796,982
Retained earnings		469,424,870	473,939,260
Total equity		575,003,090	579,553,460

Approved for issue by the Board of Directors on May 16, 2024 and signed on its behalf by:

Executive Chairman- Andrew B. Jackson

Secretary- Andrew J Jackson

JETCON CORPORATION LIMITED
Statement of Comprehensive Income
Year Ended 31 December 2023

	Note	2023 $	2022 $
Revenue		672,516,164	1,032,324,701
Cost of sales	9	(591,361,365)	(891,951,183)
Gross profit		81,154,799	140,373,518
Other income	8	1,367,474	4,875,933
		82,522,273	145,249,451
Administration and other expenses	9	(70,669,917)	(85,525,277)
Selling & marketing	9	(10,454,948)	(25,688,607)
		(81,124,865)	(111,213,884)
Operating profit		1,397,408	34,035,567
Finance costs	10	(5,911,798)	(5,276,108)
(Loss) / profit before taxation		(4,514,390)	28,759,459
Taxation	11	-	(4,003,475)
Net (loss) / profit		(4,514,390)	24,755,984
Other comprehensive income -			
Item that will be reclassified to profit or loss -			
Fair value investment (loss) / gain	13	(35,980)	9,643
Total comprehensive (loss) / income		(4,550,370)	24,765,627
		$	$
Earnings per share	12	(0.008)	0.042

JETCON CORPORATION LIMITED
Statement of Cash Flows
Year Ended 31 December 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Net (loss) / profit after taxation		(4,514,390)	24,755,984
Prior year adjustment (in retained earnings)		-	(1,223,380)
Adjustments for:			
Amortization - right of use asset	21	13,270,208	13,270,208
Depreciation	13	5,518,090	5,243,998
Interest income	8	(540,822)	(697,628)
Interest expense	10	-	29,314
Interest on lease liabilities	21	4,488,324	3,483,124
Income tax expense	11	-	4,003,475
Operating cash flows before movements in working capital		18,221,410	48,865,095
Changes in operating assets and liabilities:			
Inventories		(25,098,968)	54,390,593
Receivables		1,394,454	4,242,803
Payables		42,861,158	(119,936,042)
Taxation recoverable		(2,410,777)	(1,554,918)
Taxation payable		(4,003,475)	(1,131,832)
		12,742,392	(63,989,396)
Net cash flow provided by / (used in) operating activities		30,963,798	(15,124,301)
Cash flows from investing activities:			
Purchase of property, plant & equipment	13	(15,499,979)	(6,928,053)
Parent company, net payment		-	(10,000,000)
Interest income	8	540,822	697,628
Net cash used in investing activities		(14,959,157)	(16,230,425)
Cash flows from financing activities:			
Lease liabilities	21	(9,475,144)	(12,890,250)
Interest paid		(4,488,324)	(3,512,438)
Loans repaid		-	(325,710)
Net cash used in financing activities		(13,963,468)	(16,728,398)
Net increase / (decrease) in cash resources		2,041,176	(48,083,123)
Cash resources at the beginning of the year		5,238,804	53,321,927
Cash resources at the end of year		7,279,980	5,238,804
Represented by:			
Bank overdraft	18	(2,196,110)	(1,296,542)
Cash and cash equivalents	18	9,476,090)	6,535,346
		7,279,980	5,238,804

JETCON CORPORATION LIMITED
Statement of Changes in Equity
Year ended 31 December 2023

	Note	Share Capital	Capital Reserves $	Retained Earnings $	Total $
Balances at 31 December 2020		88,817,218	16,776,645	434,983,866	540,577,729
Profit for the year		-	-	15,422,156	15,422,156
Prior year adjustment		-	-	633	633
Other Comprehensive income:					
Increase in fair value of investments	13	-	10,694	-	10,694
Balances at 31 December 2021		88,817,218	16,787,339	450,406,656	556,011,213
Profit for the year		-	-	24,755,984	24,755,984
Prior year adjustment		-	-	(1,223,380)	(1,223,380)
Other Comprehensive income:					
Increase in fair value of investments	13	-	9,643	-	9,643
Balances at 31 December 2022		88,817,218	16,796,982	473,939,260	579,553,460
Loss for the year		-	-	(4,514,390)	(4,514,390)
Other comprehensive Income:					
Decrease in fair value of investments	13	-	(35,980)	-	(35,980)
Balances at 31 December 2023		88,817,218	16,761,002	469,424,870	575,003,090

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Jetcon Corporation Limited (the “Company”) was incorporated in 1991 and domiciled in Jamaica. In 2016, the company was converted to a public entity and the shares were listed on the Junior Market of the Jamaica Stock Exchange effective March 24, 2016, following a public share issue. The registered office of the Company is located at 2 Sandringham Avenue, Kingston 10.

The Company's principal activity is the importation and sale of motor vehicles, spare parts and servicing of vehicles sold to third parties.

The Company is a subsidiary of St. Andrew Investments Limited a private company domiciled in Jamaica that holds 60.78% of the issued shares.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

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

A summary of significant accounting policies is included in note 25.

(b) Basis of measurement

The financial statements are presented on the historical cost basis, except for quoted investments at fair value and certain properties at revaluation amounts.

(c) Accounting estimates and judgment

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(c) Accounting estimates and judgments (Continued)

Key sources of estimation uncertainty:

Revenue from contract with customers

Judgment – is required in (i) identifying performance obligations and determining the timing of the satisfaction of the performance obligations and (ii) the transaction price and the amount allocated to the performance obligations.

Estimation – if the consideration promised in a contract includes a variable amount, the company is required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer.

Financial assets

Judgment – financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on (i) the company's business model for managing the financial assets and (ii) the contractual cash flow characteristic of the financial assets. Judgment is required in determining the business model and its objective.

Impairment of assets

At each reporting date, judgment has been used in determining whether there has been an indication of impairment in the carrying amounts of the Company's tangible and intangible assets, which would require impairment testing to determine whether there is any indication that those assets have suffered impairment losses.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of an asset is the higher of fair value, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in comprehensive income. This is reversed only if there has been a change in the estimates used to determine the recoverable amount and not to exceed the original carrying amount before its impairment. The reversal is also recognized in the statement of comprehensive income.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(c) Accounting estimates and judgements (continued)

Income and other taxes

Judgment – Income and other taxes are subject to Government policies. In calculating current and recoverable income and other taxes, management uses judgment when interpreting the tax rules and determining the tax position. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business

Estimation – Income and other taxes are subject to Government policies, and estimates are required in determining the provision. Management recognizes liabilities for possible tax issues based on estimates of whether additional taxes may be due.

Receivables – allowance for impairment losses on trade receivables

Estimation

Allowances are determined upon the origination of the trade accounts receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables. Under the ECL model, the Company segments its accounts receivable in a matrix by the days due. It determines for each age bracket an average rate of ECL, taken into account history, actual credit loss experience over the last 60 months and analysis of potential future delinquency of each customer balance.

The average ECL rate increases in each segment of “days past due” as the days outstanding on the receivable balance increase and is reclassified to another age bracket. The use of future assumptions, based on experience that is applied to the balance makes uncertainty inherent in these estimates.

Inventories – net realisable value

Estimates of net realisable value are based on the most realisable evidence at the time the estimates are made of the amount the inventories are expected to realise. These estimates take into consideration fluctuation in price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at 31 December 2023.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

Others

Estimation – Other estimates include determining the useful lives of property, plant and equipment for depreciation; in accounting for and measuring payables and accruals and in measuring fair values of financial instruments.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and comprehensive income and the statement of financial position are prepared on the assumption that there is no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis. Management believes that the preparation of the financial statements on the going concern basis continues to be appropriate.

(e) Revenues and expenses

Revenues and expenses are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

3. REVENUE

(i) Revenue is derived from the sale of motor cars, accessories, motor vehicle parts and allied services and is recorded net of General Consumption Tax (GCT).

(ii) Interest income

This income represents interest earned on financial instruments and other investments during the year.

4. FUNCTIONAL AMD PRESENTATION CURRENCY

The financial statements are stated in Jamaica dollars, which is the functional currency of the Company.

5. DIVIDENDS

The Company did not declare a dividend for the financial year ended 31 December 2023.

6. OPERATING PROFIT BEFORE TAXATION

The following have been charged in arriving at operating profit:

	2023 $	2022 $
Professional fees, including auditors' remuneration	2,500,000	1,493,750
Directors': remuneration	13,832,307	14,344,615
: fees	2,750,000	2,350,000
Bad debts expensed	23,406	-
Depreciation	5,518,090	5,243,998
Depreciation: right of use asset	13,270,208	13,270,208
Staff costs (including management remuneration)	30,262,901	31,685,481

7. STAFF COSTS

	2023 $	2022 $
Wages and associated cost (included in cost of sales)	6,750,645	8,928,286
Salaries and statutory contributions - sales and marketing	4,770,732	15,772,482
Salaries and statutory contributions - administrative	7,644,028	8,623,759
Directors' remuneration	13,832,307	14,344,615
Staff benefits	8,235,433	8,717,107
	29,711,768	31,685,481
	41,233,145	56,386,250

The average number of persons employed full-time by the Company during the year was 15 (2022 – 28)

8. OTHER OPERATING INCOME

	2023 $	2022 $
Interest income	540,822	697,628
Miscellaneous	826,652	4,178,305
	1,367,474	4,875,933

JETCON CORPORATION LIMITED
Notes to the Financial Statements
31 December 2022

9. EXPENSES BY NATURE

	2023 $	2022 $
Cost of Sales -		
Cost of inventories recognized as expense	547,141,944	812,494,533
Motor vehicle parts and servicing	37,468,776	70,528,363
Other direct costs	6,750,645	8,928,287
	591,361,365	891,951,183
Administrative -		
Staff costs	29,711,768	31,685,481
Directors' fees	2,750,000	2,350,000
Security and insurance	7,070,787	6,957,403
Repairs and maintenance	3,183,884	1,168,030
Audit fee	2,500,000	2,500,000
Rent, utility and general office expenses	2,624,650	4,724,974
Traveling, transportation and entertainment	4,040,530	5,420,740
Depreciation – on own assets	5,518,090	5,243,998
Amortization - right of use asset	13,270,208	13,270,208
Other expenses	-	12,204,443
	70,669,917	85,525,277
Selling and marketing -		
Salaries and statutory contributions	4,770,732	15,772,482
Advertising, sponsorship and promotion	2,534,216	6,766,125
Annual report	3,150,000	3,150,000
	10,454,948	25,688,607

10. FINANCE INCOME AND EXPENSES

	2023 $	2022 $
Finance expenses -		
Loan interest	-	29,314
Bank charges and credit card commission	1,180,966	1,367,458
Overdraft interest	219,102	396,212
Interest on lease liability	4,488,324	3,483,124
Bad debt expense	23,406	-
	5,911,798	5,276,108

11. TAXATION

(a) Taxation is based on profit for the year adjusted for taxation purposes and comprises income tax at 25% (2022 – 25%).

	2023	2022
	$	$
Taxation for the year comprises -		
Current tax expense	-	4,003,475
	-	4,003,475

Effective 24 March 2021, the 100% tax remission for the first five (5) years after listing on the Junior Market (JM) of the Jamaican Stock Exchange (JSE) expired, and the Company was subject to income tax on 50% of its chargeable income for the year ended 31 December 2023.

(b) The tax on the Company's profit differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2023	2022
	$	$
(Loss) / profit before taxation	(4,514,390)	28,759,459
Tax calculation @ 25% (2022 – 25%)	(1,128,975)	7,189,865
Adjustment for difference in treatment of:		-
Depreciation and capital allowances	3,732,793	4,004,219
Net effect of other charges for tax purposes	(2,368,786)	(3,187,134)
Adjustment for the effect of remission of tax.	(235,032)	(4,003,475)
Tax charged for the year	-	4,003,475

11. TAXATION (CONTINUED)

(c) Remission of income tax:

By notice dated 13th August 2009, the Minister of Finance and the Public Service issued and gazette the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMJSE) if certain conditions were achieved after the date of initial admission.

Effective 24 March 2016, the Company's shares were listed on the Junior Market of the JSE. Consequently, the Company is entitled to a remission of income taxes for ten years in the proportion set out below;

Years 1 - 05: 24 March 2016 - 23 March 2021 – 100%

Years 6 -10: 24 March 2021 - 23 March 2026 – 50%

To qualify for these remissions, the following conditions should be met:

(i) The Company should remain listed for at least 15 years and should not be suspended from the JSE for any breaches of its rules.
(ii) The Subscribed Participating Voting Share Capital of the Company should not exceed J$500 million.
(iii) The Company should have at least 50 Participating Voting Shareholders

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

12. EARNINGS PER SHARE

Basic earnings per ordinary stock unit is computed by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue for the year.

	2023 $	2022 $
Net (loss) / profit attributable to shareholders	(4,550,370)	24,765,627
Weighted average number of ordinary shares in issue	583,500,000	583,500,000
Basic earnings per share	(0.008)	0.042

JETCON CORPORATION LIMITED
Notes to the Financial Statements
31 December 2023

13. PROPERTY, PLANT, AND EQUIPMENT

2023	Construction in Progress	Freehold property	Leasehold property	Computer Systems	Motor Vehicles	Plant, Machinery, Furniture & Fixtures	Total
	$	$	$	$	$	$	$
At cost:							
1 January 2023	-	139,005,770	3,950,000	6,502,683	10,336,621	19,460,759	179,255,833
Additions	-	14,147,321	-	549,338	-	803,320	15,499,979
31 December 2023	-	153,153,091	3,950,000	7,052,021	10,336,621	20,264,079	194,755,812
Depreciation:							
1 January 2023	-	5,434,029	-	4,950,458	9,188,883	11,581,444	31,154,814
Charge for the year	-	1,828,571	-	1,410,404	603,773	1,675,342	5,518,090
31 December 2023	-	7,262,600	-	6,360,862	9,792,656	13,256,786	36,672,904
Net book value							
31 December 2023	-	145,890,491	3,950,000	691,159	543,965	7,007,293	158,082,908

Freehold properties:

Freehold properties include land and buildings, comprising three {3} parcels of land. The Company's freehold land and building were revalued in 2009 by independent valuators, Allison Pitter & Company. The valuation was done on the basis of open market value and the valuation surplus was credited to capital reserves.

Subsequent to that date, the building was modified and two (2) additional parcels of land were acquired. The directors have assessed the values of land and building based on recent sales of similar properties in the same location and have determined that the fair value of the sum of the three parcels of freehold properties is one hundred and fifty million dollars ($150,000,000) as at 31 December 2020.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2022						
	Construction in Progress	**Freehold property**	**Leasehold property**	**Computer Systems**	**Motor Vehicles**	**Plant, Machinery, Furniture & Fixtures**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
At cost:							
1 January 2022	4,758,430	128,689,390	3,950,000	5,192,313	10,336,621	19,401,026	172,327,780
Additions	-	5,557,950	-	1,310,370	-	59,733	6,928,053
Transferred	(4,758,430)	4,758,430	-	-	-	-	-
31 December 2022		139,005,770	3,950,000	6,502,683	10,336,621	19,460,759	179,255,833
Depreciation:							
1 January 2022	-	5,197,310	-	3,702,184	8,653,112	8,358,210	25,910,816
Charge for the year	-	236,719	-	1,248,274	535,771	3,223,234	5,243,998
31 December 2022	-	5,434,029	-	4,950,458	9,188,883	11,581,444	31,154,814
Net book value							
31 December 2022	-	133,571,742	3,950,000	1,552,225	1,147,738	7,879,314	148,101,017

14. INVESTMENTS

	2023	2022
Investments comprise quoted shares at fair value -	$	$
Investment securities at the beginning of the year	86,472	76,829
Fair value adjustment to investment instruments.	(35,980)	9,643
	50,492	86,472

15. INVENTORIES

	2023 $	2022 $
Used motor vehicles	114,272,165	192,506,504
New motor vehicles	33,569,532	-
Used motor vehicles – Special Economic Zone (SEZ)	52,920,700	125,947,158
Used motor vehicles – bonded warehouse	135,319,111	26,995,418
Motor vehicle spare parts	16,746,724	47,256,942
Solar Panels	64,976,758	-
	417,804,990	392,706,022

The Special Economic Zone (SEZ) serves as a logistic hub, where vehicles held at designated SEZ locations are not cleared by the customs office but are subject to trans-shipment to other countries. As part of its strategic plan, the Company, for the first time, went into importation and distribution of solar panels.

16. RELATED PARTIES

Transactions

Except for advances made by the Company on behalf of St. Andrew Investments Limited, its Parent, the Company had no transactions with other related parties during the year.

17. RECEIVABLES

	2023 $	2022 $
Trade receivables	18,093,136	15,291,766
Prepayments	1,140,860	1,058,813
Deposit with suppliers	29,839,494	16,396,119
Related party balances	7,631,591	7,631,591
Recoverable taxes deducted at the wharf	1,737,841	13,908,610
Other receivables	364,828	5,891,899
	58,807,750	60,178,798
Less provision for bad debts	(968,892)	(945,486)
	57,838,858	59,233,312

Trade receivables are stated net of provision for impairment. The provision has been computed in compliance with the provisions of IFRS 9.

18. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash in hand	-	10,000
Cash equivalents – US$ bank accounts	3,393,240	3,173,622
Cash equivalents – JA $ bank accounts	6,082,850	3,351,724
	9,476,090	6,535,346

Cash and bank balances represent amounts held in saving and current accounts denominated in Jamaican and United States Dollars.

BANK OVERDRAFT

	2023 $	2022 $
FCIB J$ bank account	2,196,110	1,296,542

19. PAYABLES

	2023 $	2022 $
Trade payables	25,945,742	11,436,095
Deposits – other	5,032,457	15,350,526
Statutory liabilities	969,144	-
Credit cards	54,629,666	13,012,355
Accruals	3,788,463	7,705,338
	90,365,472	47,504,314

20. LONG-TERM BORROWINGS

During the prior year, the Company repaid all loan balances and did not acquire any long-term capital loan during the year.

21. RIGHT-OF- USE ASSET

The Company leases a property to conduct its operations over a term of three (3) years. The arrangement was previously classified as an operating lease under IAS 17, however under IFRS 16, the transaction was adjusted and treated as a finance lease. The lease rental payments over the next three years have been computed based on changes in local price indices.

	2023 $	2022 $
i. Right-of-use asset:		
Leasehold property	13,270,209	26,540,417
Depreciation charge for the year	(13,270,209)	(13,270,208)
Balance at end of year	-	13,270,209
ii. Lease liabilities		
Lease liabilities	9,475,144	22,365,395
Recognized in the year	(9,475,144)	(12,890,251)
Amount recognized in the statement of financial position	-	9,475,144
Maturity analysis -contractual undiscounted cash flows:		
Due within one year	-	9,475,144
	-	9,475,144
iii. Amount recognized in the statement of comprehensive income:		
Interest on lease liability	4,488,324	3,483,124
Depreciation charge for right-of-use asset	13,270,208	13,270,208

Right-of-use asset is measured at cost based on the amount of the initial measurement of the lease liability. The asset is subsequently depreciated using the straight-line method from the commencement date of the lease term.

iv. Amount recognized in the statement of cash flows:

	2023 $	2022 $
Total cash outflows for lease	13,963,468	16,373,374

22. SHARE CAPITAL

	2023 $	2022 $
Authorized:		
900,000,000 (2022 – 900,000,000) shares of no-par value		
Issued and fully paid:		
583,500,000 (2022 – 583,500,000) shares of no-par value	88,817,218	88,817,218

23. CAPITAL RESERVE

	2023 $	2022 $
Unrealized surplus arising from revaluation of freehold property and investment securities	16,761,002	16,796,982

24. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

(i) Sale of goods

Revenue is recognized when the performance obligation, satisfied at a point-in-time to transfer goods and services to the customer, is complete. The completion is assessed when the customer takes control and or obtains the benefits of the goods and /or services, and the company has a present right to payment as evidence by an invoice or the right to invoice.

(ii) Finance income

Finance income comprises interest-earned on invested funds. Interest income is recognised in profit or loss as it accrues on a time basis, taking into account the effective yield on the asset

(iii) Other operating income

Other operating income includes gains on disposal of assets, recognized when the asset is sold, foreign exchange gains and miscellaneous inflows recognized when received.

(b) Foreign currency transactions and balances

Foreign currency transactions that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities measured at historical cost denominated in currencies other than Jamaican dollars are translated at the exchange rate in effect at the date of the transactions or initial recognition. Non-monetary items in a foreign currency measured at fair value are translated using the exchange rates when the fair value was determined.

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences resulting from the translation of equity investments are recognised in other comprehensive income, except on impairment. The foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Consolidation

A subsidiary is an enterprise controlled by the Company. Control exists when the company has the power, directly or indirectly, to govern an enterprise's financial and operating policies to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements of companies from the date control commences until the date that control ceases.

At the reporting date, 31 December 2023, the Company remains a subsidiary of St. Andrew Investments Limited but the Company has no subsidiaries.

(d) Property, plant, and equipment

Property, plant, and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. The land is carried at cost and is not depreciated.

Depreciation is calculated on a straight-line method at such rates as it will write off the carrying value of the assets over the period of their expected useful lives. Current annual rates of depreciation are:

Buildings	2 ½ %
Plant, machinery, equipment and furniture	10% - 20%
Computer systems and motor vehicles	20%

The assets' residual values and useful lives are reviewed periodically for impairment. Where the assets' carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant, and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of comprehensive income.

Repairs and maintenance expenditures are included in the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that the future economic benefits in excess of the initially assessed standard of performance of the existing asset will flow to the Company.

The cost of self-constructed assets includes the cost of materials, direct labour, and related cost to put the asset into service. Borrowing costs, including but not limited to interest on borrowings and exchange differences arising on such borrowings that are directly attributable to the acquisition and/or construction of a qualifying asset, are capitalized as part of the cost of that asset.

Capitalization of borrowing costs cease when substantially all the activities necessary to prepare the qualifying asset for its use are complete. Thereafter, borrowing costs are recognised in profit or loss when they are incurred.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Inventories

Inventories are stated at the lower of cost, determined consistently on the same bases, and net realizable value. The cost of inventories is determined based on unit cost and includes costs incurred in bringing the inventories to their present location and condition. Inventories comprised motor cars for resale, spare parts other motor vehicle accessories.

Net realizable value is the estimated selling price of inventory during the normal course of business, less estimated selling expenses.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at the bank and short-term deposits, where the original maturities of such instruments usually do not exceed three (3) months. Cash and cash equivalents are recorded at cost.

(g) Financial instruments – recognition and measurement

A financial instrument is any contract that gives rise to a receipt or payment in cash or its equivalents and a financial asset of one party, and a financial liability or equity instrument of another party. Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Subsequent measurement of these assets and liabilities is based on fair value or amortized cost using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit or loss (FVTPL), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

Classification and subsequent measurement.

Financial instruments – assets

The Company classifies financial assets according to its business model for managing the financial assets and the contractual terms of the cash flows. Classification choices for financial assets are:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Classification choices for financial liabilities are:

- Amortized cost
- FVTPL

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments – recognition and measurement (continued)

Amortized cost

Financial assets are classified as amortized cost because the financial assets are held within a business model with the objective to hold financial assets to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Fair value through other comprehensive income (FVTOCI)

Financial assets are classified as FVTOCI because the financial assets are held with a business model with the objective to hold financial assets to collect contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely principal and interest payments on the principal amount outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently transferred to profit or loss on derecognition.

Fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL unless they are classified as amortized cost or fair value through other comprehensive income. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently transferred to profit or loss or derecognition.

Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flow from the assets expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the contractual obligations are discharged, cancelled or expires.

(h) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recorded at amortized cost.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Trade receivables

Trade and other receivables are carried at anticipated realizable value. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in bad debt expense in the statement of comprehensive income. When a trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are
recognized as recovery and credited to bad debt expense in the statement of comprehensive income.

Credit risk and expected loss

The Company is primarily exposed to credit risk on its trade receivables, and as such, does not provide for any lifetime expected credit loss (LECL). It applies the practical experience of not adjusting the promised consideration receivable because the period is less than 12 months. The Company recognizes a loss allowance on a forward-looking basis at an amount equal to its expected credit model (ECL) that was developed during the year in regards to its financial assets measured at amortized cost.

(j) Debt: borrowings and borrowing costs

Debt is classified as current when the Company primarily expects to settle the liability in its normal operating 12 months cycle. Otherwise, it is classified as long-term. After initial recognition, Debt is measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of these assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases

Leases of property, plant and equipment where the Company has substantially taken over all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to profit or loss over the lease period.

Property, plant, and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life or the lease term.

From June 2019, the company has adopted IFRS 16 and recognized in the Statement of Financial Position right of use assets and lease liabilities.

Right of use assets is measured at cost comprising the following:

(1) The amount of initial measurement of the lease liability
(2) Any lease payments made at or before the commencement date less any lease incentives received.
(3) Any initial direct cost, and
(4) Restoration cost

Right of use assets are generally depreciated over the shorter of the asset useful life and the lease term on a straight-line basis.

(l) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to profit or loss net of any reimbursement.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating units fair value less costs to sell and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

(n) Pension and employee benefits

The Company does not have a pension plan. Employee's entitlements to annul leave are recognized when they accrue to employees at the year end of the Company.

Employees' benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation and sick leave, non-monetary benefits such as medical care. Entitlement to annual leave and other benefits are recognized when they accrue to employees.

(o) Investments

Certificate of Deposits, quoted shares and other investments are recognized at fair value. Realized incomes from these investments are accounted for based on the accrual basis. Unrealized appreciation or depreciation in value at the reporting dates are recognized in capital reserves in the equity account.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Related party disclosure

Related parties are identified and disclosed to allow users of the financial statements to be aware of the possibilities that the financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the "reporting entity")

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

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:

- The Company and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One company is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both companies are joint ventures of the same third party.
- One company is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The company is a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.
- The company is controlled or jointly controlled by a person identified in (a) above.
- A person identified in ((a) (i)) above has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the company).

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

(q) Share capital

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income taxes

The income tax expense for the year comprises a current and deferred tax. Income tax expense is recognized in net income, except to the extent that it relates to items recognized either in OCI or directly in equity.

I. Current taxation

Current tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at balance sheet date. Current and deferred taxes are recognized as income tax expense or benefit in the profit or loss account except, to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

II. Deferred taxation

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences, which will result in deductible amounts in future periods, but only to the extent, it is probable that sufficient taxable profits will be available against which these differences can be utilized.
Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized, or the liability will be settled based on enacted rates.

III. Expiration of 100% tax exemption

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on March 24, 2016. Under the Junior Market of the JSE incentive regime, the 100% income tax-free status expired March 23, 2021 and the Company is now subject to income tax at 50% of its taxable income until March 23, 2026.`. As a consequence of the expiration of the 100% tax relief regime and the unlikely crystalisation of any deferred tax in the short term, management does not consider it prudent to account for deferred taxation in the financial statements for the year ended 31 December 2023.

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Management considers the Company to only have one (1) strategic business unit, which offer different branded cars and services that does not require different technology and marketing strategies.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Expenses

(i) Expenses are recognised on the accrual basis.
(ii) Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses and bank-related charges.
(iii) Payments under leases are recognised in profit or loss on the straight-line basis over the term of the lease.

(u) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

25. CAPITAL MANAGEMENT

The Company's objectives when managing capital is:

- Ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and access to capital;
- Optimizing the cost of capital while taking into consideration current and future industry, market, and economic risks and conditions; and
- To safeguard its ability to continue as a going concern in order to provide returns for its stockholders and benefits for other stakeholders.

The definition of capital varies from company to company, industry to industry, and for different purposes. Management considers the definition of the Company's capital as long-term debt plus total equity.

The Company has a policy in place to manage capital. As part of the overall management of capital, management and the Audit Committee of the Board of Directors review the Company's compliance with and performance against the policy. In addition, periodic review of the policy is performed to ensure consistency with the risk tolerance.

The Company monitors its capital structure by measuring the gearing ratio. This ratio is calculated as total long-term debt divided by total capital under management. During the year, this ratio was reduced as the Company repaid its long-term liabilities.

During 2023, the Company's overall capital management policies remained unchanged from 2022.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview and risk management framework

The Company's overall risk management policies are established to identify and analyze the company's risks and set appropriate risk levels and controls and monitor risk and adherence to limits. Derivative financial instruments are not used to reduce exposure to any of the risks.

The Board of Directors is ultimately responsible for the oversight of the Company's risk management and has established committees such as finance and audit committees to monitor risks. The Company seeks to minimize potential adverse effects on the Company's financial performance and manage these risks by closely monitoring each risk factor as noted below.

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

- Market risk (including foreign currency and interest rate risk)
- Credit risk;
- Liquidity risk; and

The Company has exposure to the following risks from its operations:

- Operational risk; and
- Reputational risk

The following presents information about the Company's exposure to each of the above risks and the Company's objectives, policies, and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the financial statements and notes thereof.

(a) Financial risk management

(i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimizing the return. The Company's financial risk management policy establishes guidelines on how the Company is to manage the market risk inherent in the business and provides mechanisms to ensure business transactions are executed in accordance with established limits, processes and procedures.

All such transactions are carried out within the established guidelines. The Company does not use derivatives to manage the volatility of market risk.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (Continued)

(i) Market risk

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company conducts business globally and is exposed to these risks arising from various transactions denominated in foreign currencies, primarily the United States (US$) dollar.

The Company 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 Company further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

The Company's statement of financial position as at December 31, 2023, includes aggregate net foreign liabilities of approximately US$149,061 (2022 - US$66,196) in respect of transactions arising in the ordinary course of business which was subject to foreign exchange rate changes as follows:

The concentration of currency risks:

	2023 US$	2022 US$
Financial assets:		
Cash and cash equivalents	39,225	20,938
Financial liabilities:		
Payables and accruals	(188,286)	(87,134)
Net total liabilities	US$(149,061)	US$(66,196)
Equivalent to Jamaican dollars	J$(23,116,380)	J$(10,065,102)

The above assets/ (liabilities) are receivable/ (payable) in United States dollars. The average of the Bank of Jamaica (BOJ) buying and selling rate of exchange applicable at December 31, 2023, is J$155.08 to US$1 (2022- J$152.05 to US$), respectively.

Foreign currency sensitivity

A 6% (2022-6%) weakening of the Jamaican dollar would have increased the loss for 2023 by approximately ($1.38M) while a 6% weakening for 2022 would have decreased profit for the year by approximately $603,400 , assuming all other variables, particularly interest rates, remain constant.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (Continued)

(i) Market risk (continued)

- **Interest rate risk**

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in market interest rates. Interest–bearing financial assets are primarily cash and cash equivalent, securities purchased under resale agreements and investments. Loans and bank overdrafts represent interest-bearing financial liabilities.

The Company attempts to manage the risk relating to financial liabilities by procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible. A financial asset is primarily managed by investing excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions.

Cash flow sensitivity analysis for variable rate instruments:

At the reporting date, a 4% increase in interest rate would increase the loss by approximately $180,556 while in 2022 a 4% increase in interest rates would have decreased profits by approximately $990,948), assuming that all other variables, in particular, foreign currency rates, in both the current and prior years remained constant.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company faces credit risk principally in respect of its receivables from customers and, to a lesser extent, cash at bank and short-term deposits held with financial institutions. There is no significant concentration of credit risk, and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

There were no significant changes in the Company's approach to managing credit risk during the year.

Cash and cash equivalent

Cash and cash equivalent and investments are managed by maintaining these balances with licensed financial institutions considered to be stable and are deemed to have a low risk of default.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (Continued)

(i) Market risk (continued)

- **Interest rate risk (continued)**

Trade receivables credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base is wide and principally includes individual customers with different levels of spending power; there is no significant concentration of credit risk in any one category of customers.

Credit risk for receivables is mitigated by a policy that requires deposit payments and final payments when the vehicles are legally transferred but before they leave the Company's premises. In rare circumstances, credit is extended to select individuals and companies after stringent credit reviews and approval of limits by top management.

Impairment:

The Company establishes a provision for impairment that represents its estimate of possible incurred losses in respect of trade receivables. Impairment is assessed for each customer balance over 90 days. The Company's exposure to this risk is low because approximately 48% (2022 - 77%) of its trade debtors are under 90 days as the Company's policy is not to grant direct credit to customers but refer them to various financial institutions to obtain credit.

Maximum exposure to trade receivables credit risk

	2023 $	2022 $
Credit risk exposures are as follows:		
Trade receivables	18,093,136	15,291,766

Exposure to credit risk by customer sector

The Company's receivables balance principally represents amounts due from individual customers.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (Continued)

(ii) Credit risk (continued)

Movement on the provision for impairment of trade receivables

The movement on the provision for impairment of trade receivables was as follows:

	2023 $	2022 $
Balance at 1 January 2023	945,487	3,977,593
Increase in provision for receivables impairment	23,405	-
Bad debts recovered	-	(3,032,107)
Balance at 31 December 2023	968,892	945,487

The creation of a provision for impaired receivables has been included in expenses in the profit or loss account. Amounts charged to the allowance account are written off when there is no expectation of recovering the additional cash.

Expected credit loss assessment

The Company allocates a credit risk grade based on data that is determined to be predictive of the risk of loss. Factors that are considered in assessing customers include experience based on historical data and review of their management accounts, cash flow projections, audited financial statements and available creditable press information.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and is calculated for the Company’s customer based on delinquency status and actual historical credit loss experience and any possible “future-looking” estimates especially within the current uncertain COVID-19 environment.

The following table provides information about the exposure to credit risk and Expected Credit Loss (ECL) for trade receivables as at December 31 2023.

2023				
Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Current (not past due)	0.96%	5,767,000	55,363	No
Past due 31-60 days	1.0%	187,079	1,871	No
Past due 61-90 days	2.24%	2,749,328	61,585	No
More than 90 days	9.05%	9,389,729	850,073	Yes
		18,093,136	968,892	

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management (Continued)

(ii) Credit risk (continued)

Expected credit loss assessment (continued)

2022				
Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Current (not past due)	1.96%	11,528,407	225,957	No
Past due 31-60 days	5.00%	60	3	No
Past due 61-90 days	11.45%	296,309	33,927	No
More than 90 days	19.775%	3,466,992	685,600	Yes
		15,291,768	945,487	

Financial instruments counterparty credit risk: cash and equivalents and investments

The Company exposure to financial instruments counterparty credit risk is related to its activities with cash and cash equivalent balances and investments. The Company manages this exposure by maintaining these balances with licensed and regulated financial institutions considered to be stable and are deemed to have a low risk of default. Transactions are only undertaken with highly rated counterparties.

Maximum exposure to financial instruments counterparty credit risk

	2023 $	2022 $
Credit risk exposures are as follows:		
Investments	50,492	86,472
Cash and short-term equivalents	9,476,090	6,535,346
	9,526,582	6,621,818

The impairment on cash and cash equivalent and investments has been measured on the 12 months expected credit loss basis and reflects the short maturities of the exposures. The Company consider that cash and cash equivalents have low credit risk. No impairment allowances were recognized on adoption of IFRS 9, and there has been no change during the year.

Due from related parties

At the reporting date, there were no significant concentrations in respect of amounts due from related parties.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management (Continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Company might encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. The Company maintains cash and short-term deposits for up to 90 -day periods to meet its liquidity requirements.

The Company's liquidity management process, as carried out within the Company and monitored by the Treasury function, includes:

i. Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows
ii. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
iii. Maintaining committed lines of credit
iv. Managing the concentration and profile of debt maturities
v. Optimizing cash returns on investments.

Cash flows of financial liabilities

The Company's financial liabilities comprise payables, and accruals. The table below shows the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to settle its liabilities. These amounts are due as follows:

	2023				
	Carrying amount $	Contractual cash flows $	1 year or less $	1-2 yrs $	2-5 yrs $
Accounts payable	90,365,472	90,365,472	90,365,472	-	-
Total financial liabilities	90,365,472	90,365,472	90,365,472	-	-

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management (Continued)

(iii) Liquidity risk (continued)

	2022				
	Carrying amount	Contractual cash flows	1 year or less	1-2 yrs	2-5 yrs
	$	$	$	$	$
Accounts payable	47,504,314	47,504,314	47,504,314	-	-
Long-term liabilities	-	-	-	-	-
Total financial liabilities	47,504,314	47,504,314	47,504,314	-	-

(b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes such as personnel, technology, and infrastructure, as well as from external factors, other than financial risks, such as those arising from legal, regulatory requirements and natural disasters.

The management of the Company is responsible for managing operational risk to avoid financial loss and damage to the Company's reputation while at the same time balancing the control procedures to allow innovation and creativity to facilitate the growth of the Company. Management is aware of the many operational risks, especially within the used car industry, and continues to implement the necessary strategies to mitigate the negative impact of the different risks associated with the operation of the Company.

(c) Reputational risk

The Company is engaged in a business that sells used motor cars and provides service and spares principally to cars sold to individual customers. Its reputation is critical within the marketplace, and the Company's management endeavors to be ethical and adopt international best practices in managing the sales and servicing of its products. Its policy is to sell only premium used cars.

In the current covid 19 pandemic, the Company also ensures that the necessary sanitary and quality standards are maintained and aligned to the protocols of the respective public health Government Departments.

Rigorous quality checks are integrated into the Company's receiving and delivery processes of its used cars, thereby reducing customer complaints. Management considers the Company's reputation secured as events that may damage the Company's reputation are immediately investigated and the appropriate action taken in a manner that satisfies the complainant.

27. INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following that related to its operations.

Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases

Unless stated otherwise, the adoption of these new standards, amendments to existing standards or interpretations to published standards did not have a material impact on the operations of the Company.

27. INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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

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

- Amendments to IAS 1, Non-current liabilities with covenants (deferred until accounting periods starting not earlier than 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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

- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

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

Management has determined that the impact of the changes, will not be significant to the financial statements. There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Company.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The market price is used to determine fair value where an active market, such as a recognized stock exchange, exists, as it is the best evidence of the fair value of a financial instrument. Where a quoted market price is not available, fair value is computed using alternative techniques making use of observable data as far as possible. Fair values are categorized into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable.

The different levels in the 3 - tier hierarchy have been defined as follows:

- Level 1 fair value measurements are derived from quoted prices (unadjusted) in an active market for identical instruments. The FVTPL and FVOCI instruments recorded as investments are classified as level 1 as quoted price are published by established and reputable financial entities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company held no financial instruments in this category.

- Level 3 fair value measurements are derived from valuation techniques that include inputs for the instruments that are not based on observable market data (unobservable inputs). The Company held no financial instruments in this category.

The following methods have been used in preparing the financial statements at the reporting date:

(i) The carrying value of cash and cash equivalents accounts receivable and accounts payable are assumed to approximate to their carrying values due to their short-term nature

(ii) Long-term liabilities carrying values approximate fair values as the loans are carried at an amortised cost reflecting their contractual obligations, and the interest rates are reflective of market rates for similar loans

(iii) Related party balances are carried at their contracted settlement values due to their short-term nature.

(iv) Investments are measured at fair value by reference to price quotes as published by established financial institutions.

29. CONTINGENCIES AND COMMITMENTS

The Company's attorneys reported as follows in their letter dated January 29, 2024 that for the year ended and as of 31 December 2023;

> "*To the best of our knowledge, information and belief, there are no claims or possible claims pending or outstanding, that we are aware of as at the date of this letter. There are no liabilities to us for fees or disbursements, both billed and unbilled; no guarantees of indebtedness; nor no amounts of any trust monies held on behalf of Jetcon Corporation Limited as at December 31, 2023".*

30. IMPACT OF COVID 19

During the year, the Company experienced no significant disruption due to the waning coronavirus (COVID-19) pandemic.

Management has considered the long-term consequences of the COVID-19 pandemic and has determined that the level of business activity should not be disrupted after the year-end as it is not anticipated that there will be any further curtailment and restriction of the movement of people by the government.

31. SUBSEQUENT EVENTS

(i) In anticipation of the rapid change within the used car industry, to electric and hybrid and solar-powered vehicles, the Company has done the necessary research and started to strategically balance the importation of these type of vehicles. Although the change of preference by customers away from internal combustion engines is becoming significant, management does not consider this change to be a material risk factor to the long-term viability of the Company. Furthermore, there is no pronouncement by the government that there will be any sudden change in the regulations that may negatively impact the industry.

(ii) Subsequent to the year end, the first quarter results of the Company, reflected a downturn in the number of vehicles sold, resulting in a loss being generated over the three (3) month period ended 31 March 2024. As a consequence, management has implemented innovative discount strategies to increase the level of unit sales and anticipates satisfactory operating results for the balance of the financial year.

(iii) Apart from the global uncertainties and risks associated with the geo-political warlike global environment, management is not aware of any other potential disruptive event that require disclosure up to the date of approving and signing the financial statements. The used car industry is subject to certain technological risks including gradual discontinuation of the internal combustion engine in favor of electric, hybrid and solar-powered vehicles, but management is not aware of any other current or pending governmental regulations or changes that may suddenly and materially impact the used car industry within the short term.