SCAN TO VISIT OUR WEBSITE

Kremi

enjoy happy moments

ANNUAL REPORT 2021

CREATING Smiles

Through Challenging Times

Contents

Our Products

BULK ICE CREAM

Perfect for 'fudgies' (mobile vendors), parties, schools or large events, with 20 flavours including: Rum and Raisin, Grapenut, Orange-Pineapple, Stout, and Coffee Rum Cream.

ICE CREAM TUBS

Conveniently packaged for the entire family to enjoy at home! Our wide range of flavours are available in supermarkets and convenience stores island-wide.

FROZEN NOVELTIES

Our line of frosty treats are sweet and irresistible for both children and adults alike. Memorable moments are guaranteed every time you unwrap one of our: Grape, Sour Cherry, Kola Champagne, Green Apple, and Watermelon flavours!

ICE CREAM CAKES

Ideal for an individual treat or an on-the-go snack!

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting of CARIBBEAN CREAM LIMITED will be held at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, New Kingston on Tuesday, October 26, 2021, at 10 a.m. for the purpose of transacting the following business:

1. To receive the Audited Accounts for the year ended February 28, 2021, together with the reports of the Directors and Auditors thereon,

   The Company is asked to consider, and if thought fit, pass the following resolution:

   Resolution No. 1
   "That the Audited Accounts for the year ended February 28, 2021, together with the reports of the Directors and Auditors thereon, be and are hereby adopted."

2. To elect Directors.

   (i) The Directors retiring by rotation in accordance with Regulation 105 of the Company's Articles of Incorporation are Mrs. Carol Clarke Webster, Wayne Wray and Mark McKenzie, who being eligible for re-election, offer themselves for re-election.

   To consider, and if thought fit, pass the following resolutions:

   Resolution No. 2
   "That Carol Clarke Webster be and is hereby re-elected as a Director of the Company."

   Resolution No. 3
   "That Wayne Wray be and is hereby re-elected as a Director of the Company."

   Resolution No. 4
   "That Mark McKenzie be and is hereby re-elected as a Director of the Company."

3. To ratify interim dividends The Company is asked to consider, and if thought fit, to pass the following resolutions:

   Resolution No. 5
   "That the interim dividend of $0.029 paid on October 2, 2020 be and is hereby ratified and declared final for 2020."

   Resolution No. 6
   "That the interim dividend of $0.0694 paid on July 14, 2021 be and is hereby ratified and declared final for 2021."

4. To approve the remuneration of the Directors. The Company is asked to consider, and if thought fit, to pass the following resolution:

   Resolution No. 7
   "That the amount shown in the Audited Accounts of the Company for the year ended February 28, 2021 as fees of the Directors for their services as Directors, be and are hereby approved."

5. To appoint Auditors and to authorise the Directors to fix the remuneration of the Auditors.

   The Company is asked to consider, and if thought fit, pass the following resolution:

   Resolution No. 8
   "That the remuneration of the Auditors, KPMG, Chartered Accountants, who have signified their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors."

Special Resolution

6. To amend the Articles of Incorporation

The Company is asked to consider, and if thought fit, pass the following special resolution:

Resolution No. 9
"That the Articles of Incorporation of the Company be and are hereby amended by revisions to Schedule II as shown below":

Amending Article 1- Under the definition of "Electronic Means" to read:

Electronic Means - means any method of dispatch, or communication of video and audio, including live streams and broadcasts, documents, words, writing, maps, photography, graphs, plans or other data which involves the use of equipment or technology having electrical, digital, magnetic, wireless, optical, electromagnetic, photographic, or similar capabilities including, but not limited to, telephonic facilities, including facsimile machines, electronic mail sent via computers, mobile or scanning devices, instant messages via mobile devices, short message services or via the internet.

Wherein these Articles it is provided that members may attend a meeting of the company by electronic means or by way of live stream or broadcast, the relevant computer programme or software (including webcasting, video conferencing, teleconferencing, a combination of those and/or other electronic platforms), must allow members access to see and hear the proceedings; ask questions; vote electronically (including before and during the meeting and by proxy); and in all respects, fully participate and exercise such rights, subject to the Chairman's directions, for the orderly conduct of the meeting.

Insertion of new Articles numbered 55, 56 and 57 under the heading "General Meetings" to read:

55. The Company may hold its annual general meeting or any extraordinary general meeting in any of the following manners:
    (a) Members present at the same physical venue; or
    (b) Members present at a physical venue together with members in attendance by electronic means; or
    (c) Members in attendance entirely by electronic means.

56. A member who participated in a meeting in accordance with Article 55 shall (notwithstanding being absent from the Island or otherwise remote from the venue of the meeting), be deemed to be present in person at the meeting and shall be counted for in the quorum, and be entitled to vote at the meeting.

57. Any failure of technology or any failure or inability of a member to remain in any meeting convened, in accordance with Article 55, shall not invalidate any resolutions passed, or proceedings taken at such meeting, provided that a quorum is present at all times.

Amending Article 72 under the heading "Votes of Members" to read:

On a poll votes may be given either personally, by proxy or by the established electronic means (as communicated through the relevant notices, to include e-mail instructions and any other electronic means of instructions for any such meeting) but no member shall be entitled to appoint more than one proxy to attend the same meeting.

Amending Article 150 under the heading "Notices" to read:

Any notice to be given or any document required to be sent by the Company to any member may be:

1. (a) sent to him personally in writing or by electronic format;
   (b) sent by post to him or to his registered address, or (if he has no registered address within Jamaica) to the address if any, within Jamaica supplied by him to the Company for the giving of notice to him in writing or electronic format; or
   (c) sent to him by electronic means; or
   (d) sent to him by advertisement in a daily newspaper circulating in Jamaica; or

(e) sent to him by publishing such notice on the company's website and/or such other websites available to public companies from time to time for the dissemination of information.

PROVIDED HOWEVER that where such notice or document is specifically required by law or these Articles to be sent in writing (otherwise than in electronic format, by electronic means, by advertisement or on a website) the Company shall obtain the member's written consent prior to sending same to him/her in electronic format, by electronic means, by advertisement or on a website.

2. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of forty-eight (48) hours after the letter containing the same is posted, and in any other case at the time at which the letter would have been delivered in the ordinary course of post.

3. Where a notice or document is sent by electronic means service of the notice or document shall be deemed to be effected by properly dispatching the notice or document to the email address, any other electronic address or by facsimile, internet, or, by short message service to the number provided by the member, and is deemed to be received by the intended recipient at the expiration of twenty-four (24) hours after the notice, or document is so dispatched by the Company.

4. Where a notice is published in a daily newspaper it shall be deemed to be served on the date of publication.

5. Where a notice is published on the company's website or such other websites available to public companies from time to time for dissemination of information, the notice shall be deemed to be served on the date on which the notice is published, on such website.

<u>Renumbering of Existing Articles</u>

By renumbering of existing articles [55 to 154] (inclusive) as articles [58 to 157] respectively.

Dated July 19, 2021

By Order of the Board

Denise Douglas
Company Secretary
Registered Office
3 South Road
Kingston 10

NOTE:

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not be a member to attend, and so, on a poll, vote on his/her behalf. A suitable form of proxy is enclosed. Forms of Proxy must be lodged with the Registrar of The Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, not less than 48 hours before the time of the meeting.

2. A Corporate shareholder may (instead of appointing a proxy) appoint a representative in accordance with Regulation 75 of the Company's Articles of Incorporation. A copy of Regulation 75 is set out on the enclosed detachable proxy form.

Company Profile

Caribbean Cream Limited (CCL), through its brand Kremi, has grown significantly over the past 15 years since it first acquired and instaled an ice cream mix plant at 11 Derrymore Road, Kingston 10, under the leadership of Christopher Clarke, Chairman & CEO.

This continuous growth, primarily facilitated by an injection of capital from investors on the Jamaica Junior Stock Exchange eight years ago, has enabled the company to recruit and train personnel to operate and maintain our state-of-the-art machinery for greater efficiency and reliability.

CCL was born out of a need to supply the local market with a high quality, but less expensive, ice cream, other than the premium Devon House brand. So Scoops Un-Limited Limited, producers of Devon House ice cream, set up CCL to service that new market.

On his return to the island after studying abroad, Christopher Clarke spearheaded the development of a formula for an inexpensive, but superior ice cream mix, on behalf of Scoops Un-limited Limited. The response to the product from the local market was overwhelming and the Board of Scoops Un-limited Limited took the decision to separate the brands and start CCL to manufacture and market the Kremi standard product. Three years later, Caribbean Cream Limited outgrew its Derrymore Road premises and relocated to its current premises at 3 South Road in Kencot, Kingston 10.

Today, Kremi distributes most of its products, through wholesale, modern trade and retail outlets, as well as by mobile vendors, known locally as 'Fudgies'.

The vision of the company is to maintain the tasty tradition of success, by being the number one ice cream manufacturer in the caribbean. The journey to that goal continues to be carefully guided by a Board of Directors, comprising astute professionals, who seek to empower the management team and staff to grow beyond borders.

Chairman's Report

While global and local trade came to a halt in 2020 because of COVID-19, the year was a remarkable one for Caribbean Cream Limited in that we realised a significant increase in sales and profit.

During a national lockdown, aimed at curbing the spread of the deadly virus, the majority of Jamaicans were ordered by Government to work and study from home to maintain social distancing. However, we relieved the stress that came with the 'stay at home' order, as the demand for comfort food grew beyond expectation. The Kremi business model, where 'fudgies' sell our products from their motor bikes in communities off the beaten track, proved to be a major contributor to our sustainability as we were able to respond immediately to the demands for delivery of ice cream and novelties directly to our customers' doors.

During that time also, we were fortunate to have avoided any disruptions in our production levels or supplies schedule, due to good planning, sacrifice and some luck.

Amid the uncertainties, we also opened a new depot in Ocho Rios to increase our reach in that north coast town and the immediate surroundings. In addition, we began an ambitious project to install a combined heat and power plant to reduce CCL's utility expenses. We successfully negotiated and secured additional funding with appropriate terms for our major capital expenditure (CAPEX) projects, which will be implemented over two years.

Our management team and staff have been the heroes of our operation during what was considered a challenging time for the nation on a whole and the business sector in particular. We, therefore, want to publicly thank them for the support, which sometimes went beyond the call of duty, and look forward to growing Kremi to fulfill our dream of CCL being the leading ice cream manufacturer in the region.

Christopher Clarke
Chairman & CEO

While global and local trade came to a halt in 2020 because of COVID-19, the year was a remarkable one for Caribbean Cream Limited...

Directors' Report

The Directors are pleased to present their report for the financial year ended February 28, 2021. The following are highlights of the Audited Financial statements:

	Year ended Feb 2021 $'000	Year ended Feb 2020 $'000
Revenue	1,870,188	1,706,359
Gross Profit	625,139	545,612
Profit before taxation	118,500	62,172
Profit, being total comprehensive income for the year	100,681	54,569
Net Current Assets	223,490	73,635
Accumulated profits	722,521	632,819
Earnings per stock unit	$0.27	$0.14

The Directors as at February 28, 2021 were as follows:

Christopher Clarke
Carol Clarke Webster
Matthew Clarke
Wayne Wray
Mark McKenzie
Michael Vaccianna

In accordance with Regulation 105 of the Company's Articles of Incorporation, Directors Carol Clarke Webster, Wayne Wray and Mark McKenzie will retire by rotation and, being eligible, offer themselves for re-election.

Dividend

A dividend of $0.029 per share was paid on October 2, 2020 to shareholders registered at the close of business on September 16, 2020. A dividend of $0.0694 per share was paid on July 14, 2021 to shareholders registered at the close of business on June 29, 2021.

Auditors

The company auditors, KPMG, Chartered Accountants, have indicated a willingness to continue in office pursuant with the provisions of Section 154(2) of the Companies Act.

The Directors wish to place on record their appreciation and recognition of the dedicated efforts and hard work given by the officers and staff of the company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Christopher Clarke
Chairman & CEO

Company Data & Advisors

Registered Office
3 South Road, Kingston 10

Registrar and Secretarial Agents
Jamaica Central Securities Depository
40 Harbour Street, Kingston

Company Secretary
Denise Douglas

External Auditors
KPMG
Chartered Accountants
6 Duke Street, Kingston

Internal Auditors
Baker Tilly Strachan Lafayette
Chartered Accountants
14 Ruthven Road, Kingston 10

Attorneys-At-Law
Young Law, Attorneys-at-Law
Unit 14, Braemar Suites
1D-1E Braemar Avenue
Kingston 10

Bankers
Bank of Nova Scotia Jamaica Limited
CIBC FirstCaribbean International Bank

Management Discussion & Analysis

Seven Year Financial Review

For the years ended February-

	2015	2016	2017	2018	2019	2020	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Statement of Profit or Loss							
Revenue	1,102,861	1,134,933	1,213,549	1,373,279	1,552,905	1,706,359	1,870,188
Gross Profit	279,248	453,640	461,837	420,325	519,539	545,612	625,139
GP Margin	28%	40%	38%	31%	33%	32%	33%
Net Profit before tax	60,214	167,190	176,185	89,759	102, 646	62,172	118,500
NP Margin - before tax	6%	15%	15%	7%	7%	4%	6%
Profit, being total comprehensive income for the year	60,214	167,190	176,185	89,759	88,675	54,569	100,681
Earnings per stock unit	$0.16	$0.44	$0.47	$0.24	$0.23	$0.14	$0.27
Statement of Financial Position							
Property, plant and equipment	353,274	337,191	401,245	514,628	705,454	773,144	825,484
Cash and cash equivalents	1,757	152,523	176,182	174,735	129,995	129,197	217,284
Net Current Assets	18,555	178,240	250,846	185, 967	141,486	73,635	223,490
Total Borrowings	150,237	125,456	101,830	81,648	162,761	132,414	213,905
Number of shares	378,568	378,568	378,568	378,568	378,568	378,568	378,568
Stockholder's equity	245,999	413,189	570,446	637,491	707,832	744,230	833,933
Market Capitalisation	287,712	1,608,914	2,831,690	2,506,121	1,998,840	1,268,203	1,817,127
Dividend payment	-	-	18,928	22,714	18,171	18,171	10,978

Company Profile

Caribbean Cream Limited (CCL) is incorporated and domiciled in Jamaica and is listed on the Junior Market of the Jamaica Stock Exchange (JSE). CCL's registered office is located at 3 South Road, Kingston 10, Jamaica.

As of February 2021, Scoops Unlimited, Limited, a company incorporated and domiciled in Jamaica, and its Directors, controlled CCL by virtue of their direct holding of 78% of the issued shares.

CCL's principal activities are the manufacture and sale of ice cream and novelties under the Kremi brand and the importation and distribution of frozen novelties.

CCL's disclosure of financial information in the Management Discussion & Analysis (MD&A)

The Management of CCL is responsible for the integrity and reliability of the information contained in the MD&A. The financial information disclosed in the MD&A agrees with the requirements of the auditor's report included in the Audited financial Statement and which have been approved by the Audit Committee and Board of Directors.

The purpose of the MD&A is to provide all Stakeholders with valuable and constructive information regarding CCL's past year performance and outlook for the future. The amounts reported are in Jamaican dollars and were derived mainly from the enclosed Audited Financial Statements.

Economic Environment

At the beginning of our financial year, the world and the country were facing uncertain times with the very challenging effects of the COVID-19 pandemic. Like other organisations CCL complied with the protocols laid out by the Government of Jamaica and Ministry of Health & Wellness. Despite staffing challenges with community and self-quarantines, we managed to keep the market supplied with our products.

Jamaica, like all other countries around the world, grappled with the pandemic-induced shutdowns, quarantines, fear within the population, and a consequent dramatic fall in business revenues and consequently productivity, and of course, GDP. Jamaica and many Small Island Developing States (SIDS) and tourism dependent economies have felt that downturn right into Summer 2021. Despite this force majeure situation, everyone has sought a way to live and work. Our team members have sacrificed to keep our company in full operation, some even suffering the worst of the COVID-19 symptoms, while others covered for those who were in quarantine.

Depression has become a part of the environment in which we work and managing people in that mindset has presented new challenges for every leader. Tropical storms and weather events in August, October and November, the gun murder of one colleague just before he left for work, and power supply issues added to our challenges, and our team responded.

Despite all the above, interestingly, the demand for CCL products never abated, which has been a blessing for our company. Nonetheless, the increased demand has put our entire organisation under greater duress, and to their credit, our people responded, by delivering beyond our expectations.

CCL has worked to support our team members and customers by:

- Enforcing the COVID-19 protocols
- Issuing masks to every staff member
- Installing hand-wash stations
- Doing temperature checks
- Hiring additional transportation to move people to and from work during quarantines
- Utilising work from home arrangements by purchasing and allocating laptops for those working from home
- Holding online meetings with employees and customers, even when on site, to reduce gatherings

- Utilising WhatsApp groups to keep teams more readily informed
- Making extra deliveries of goods in smaller amounts to keep depots and mid-level customers supplied as we played catch-up at times
- Completing the planned opening of our Ocho Rios depot
- Formal and informal counselling
- Holding chats in smaller groups to keep personnel updated in the changing environment, to be followed in the new fiscal year by town hall meetings.

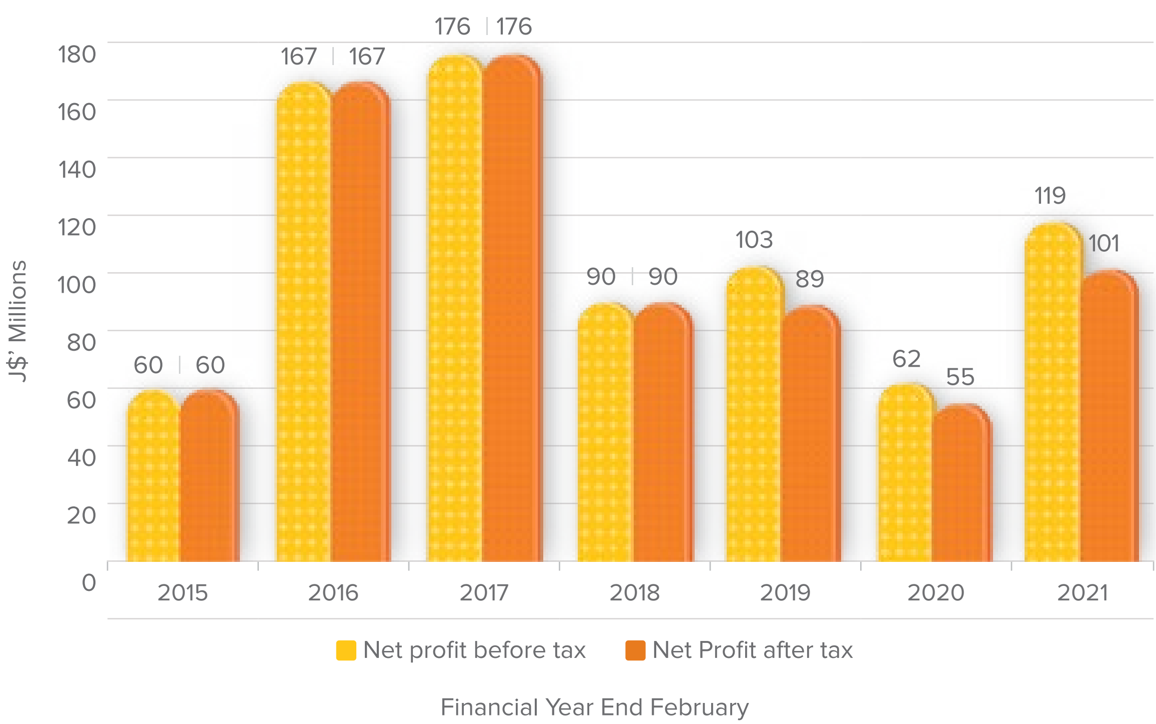
This year's journey has been both challenging and rewarding. Challenging, though no different to that of any other business, but also rewarding, because our customers remained with us throughout this unprecedented time, which provided our livelihood and resultant growth for CCL and its shareholders.

Financial Performance Overview

As indicated above, with the uncertainties of COVID-19, the strategy of CCL was to pursue key initiatives whilst being conscious of its environment.

CCL achieved Net Profit before tax totalling $118.5m, an increase of $56m or 91% above the previous year. Taxes for the year amounted to $17.8 million giving rise to Profit After Tax of $100.7m. Earnings per share for the year were $0.27.

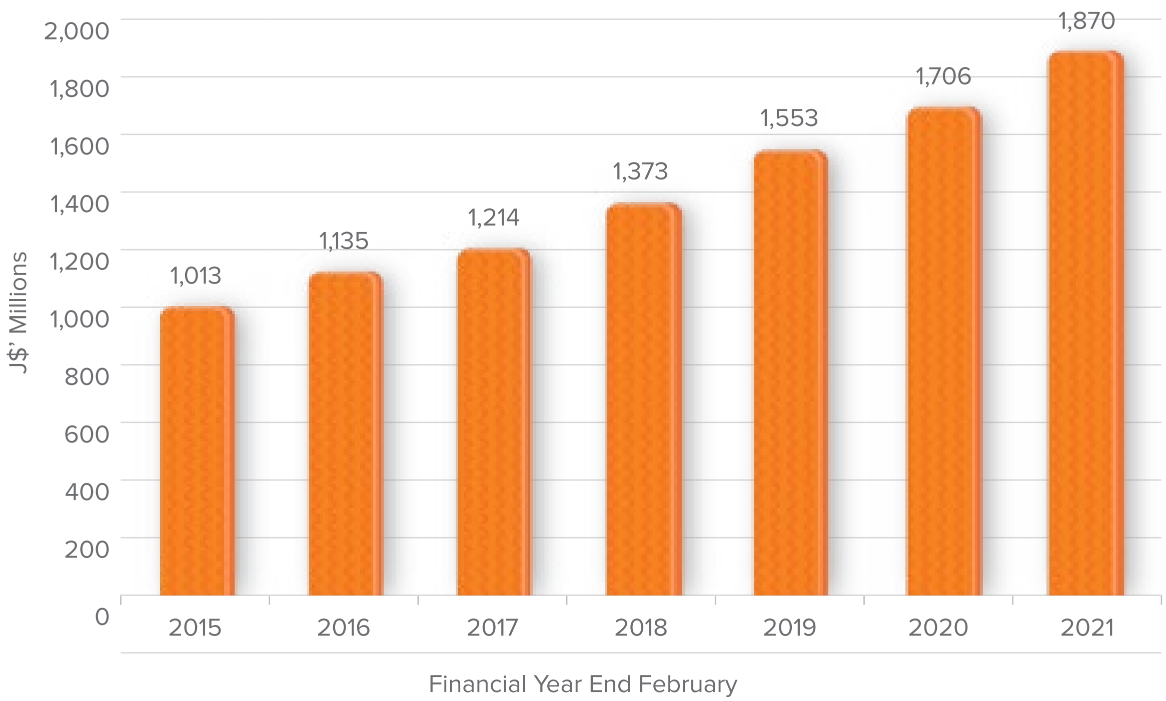
Net Profit before & after tax



Sales Revenue

Sales revenue for the year was $1,870 million, compared to the previous year's revenue of $1,706 million, representing an increase of $164 million or 10%. The company was able to increase sales during the pandemic due to our distribution model that delivers products directly to neighbourhoods and communities. There was an increase in demand for comfort food, including ice cream. Additionally, our Ocho Rios depot was opened in late September to serve the town and surrounding communities.

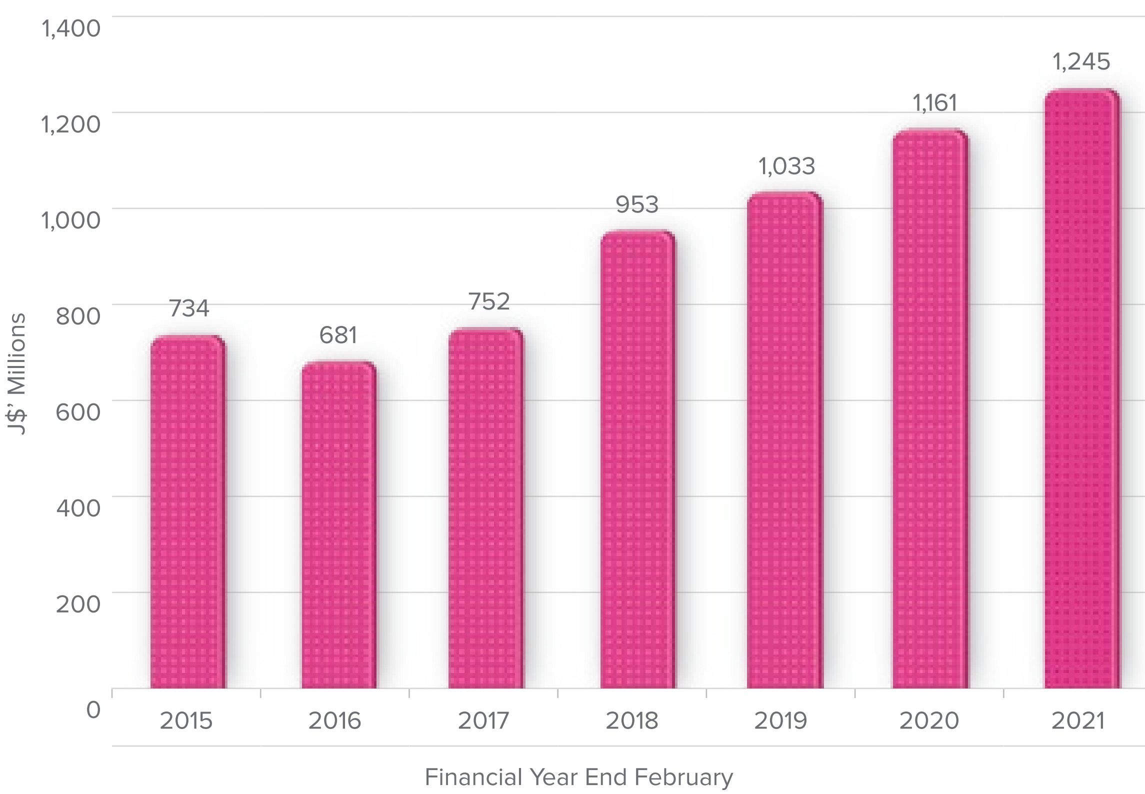
Sales Revenue



Cost of Operating Revenue (COR)

CCL continues the initiative of improving operational efficiencies, adding the Ocho Rios depot for greater sales revenue, outsourcing some of our workforce, to name a few. In the past year, the COR was $1,245 million, an increase of $84 million or 7% above the previous year and lower than our 10% sales increase. Major contributors were: (1) Raw materials and consumables by $34 million or 5%, due to local raw material and overseas purchases as well as an average 16% decline in the rate of the Jamaican dollar to the major currencies. (2) Utilities increased by $39 million or 34%. This was driven by higher production levels and a hike in the fuel and foreign exchange portions of the electricity bills. (3) Other costs increased by $48 million or 55% resulting from: (i) Reclassification of cost for disposal of waste and fats, which were from cleaning and sanitation, (ii) Outsourcing of general labour and (iii) Higher duties and storage costs due to higher volumes of imported novelties.

Cost of Operating Revenue (COR)



Operating Expenses

While managing our expenses despite the pandemic, total administrative and selling and distribution expenses were $488 million, an increase of $25 million or 5% over the previous year's expense of $464 million. The main contributors were: –

1. Utilities – Overall rate increase from JPS as well as volume driven utility costs for the new depot in Ocho Rios; and sub franchise in Portmore.
2. Professional fees – The implementation of the shared-service structure is expected to rationalise the cost of technical and professional staff resources over time.

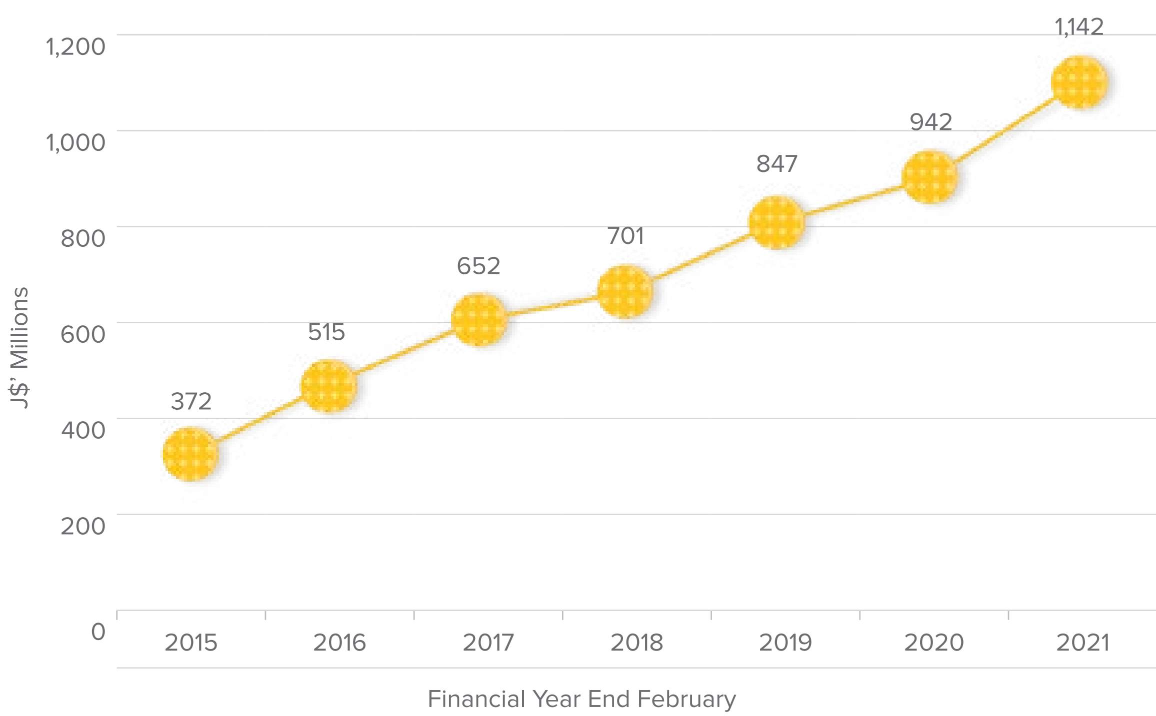
CCL's management continued its focus on improving efficiencies, cost containment and strategic alignment of operations with our long-term objectives, despite incurring new expenses in sanitation supplies and transportation costs for staff during the pandemic. With the impact of COVID-19, our priority was to ensure the health and safety of the employees whilst keeping our customers supplied and managing to maintain jobs.

Statement of Financial Position

Total Assets Less Current Liabilities

The company continues to maintain a positive financial position where Total Assets Less Current liabilities at the end of the year was $1,142 million, an increase of $200 million or 22% above the previous year. This came about by the continued expansion of capital investments and efficient working capital management.

Total Assets Less Current Liabilities



Liquidity

Cash and cash equivalents were $217 million, an increase of $29 million or 16% over last year. Trade and other receivables increased by $35 million or 61% as typically high weekend sales fell at the end of the financial year.

Financial Years end February

	2015	2016	2017	2018	2019	2020	2021
				J$' Thousands			
Cash & cash equivalents	1,757	152,523	176,182	174,735	129,995	129,197	217,284

Equity and Non-Current Liabilities

Total equity and non-current liabilities increased by $200 million or 22% and this was due to the following:

(i) Refinancing of long-term loans and additional funds acquired for major upcoming capital investments.

(ii) Increase in lease liability.

(iii) Accumulated Profits increased by $90 million or 15% which represented profit generated, but not distributed, that was retained and reinvested in CCL.

Risk Management and Internal Controls

The Board of Directors has overall responsibility for the establishment and oversight of CCL's risk management framework. The Audit Committee assists the Board with this function.

CCL's principal business activities – manufacture and sale of ice cream and novelties, are by their nature, highly competitive and subject to various risks. These include fraud, credit, liquidity, currency, and interest rates. An explanation of these risks is mentioned below. A more detailed report is included in the Audited Financial Statements.

The primary goal of CCL's risk management is to ensure that the outcomes of risk-taking activities are predictable and consistent with our strategies and objectives and that there is an appropriate balance between risk and reward to maximize shareholders' returns.

Fraud Risk

The organisational structure and reporting lines allow for separation of duties, which enables us to manage the process and prevent incidents of fraud. An ongoing adherence to accounting policies for reconciliations of cash and non-cash items and observance of standard operating procedures in the manufacturing process. Periodically, an accounting firm is contracted to conduct an internal audit of critical processes and the management of same.

Knowledgeable senior managers in the sales and manufacturing process provide hands on supervision over operations. The organisational structure and reporting lines allow for separation of duties.

Credit Risk

Credit Risk is the risk of financial loss to CCL if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers and cash and cash equivalents. CCL does not require collateral when providing credit to customers. Management has a credit policy in place to minimise exposure to credit risks. Credit evaluations are performed on all customers requiring credit.

CCL's exposure to Credit Risk is influenced mainly by the individual characteristics of each customer. The maximum exposure to Credit Risk is represented by the carrying amount of each financial asset at the reporting date.

Liquidity Risk

Liquidity Risk is the risk that CCL will not be able to meet its financial obligations as they fall due. Our approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid resources to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value.

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its financial instruments. The objective of Market Risk management is to manage and control Market Risk exposures within acceptable limits, while optimising the return on risk.

Currency Risk

Currency Risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. CCL is exposed to currency risk on transactions that are denominated in a currency other than its functional currency. The main currencies giving rise to this risk are the United States dollar (US$) and the Canadian dollar (CDN$).

CCL ensures that the risk is kept at an acceptable level by monitoring its risk exposure and by maintaining funds in US$ as a hedge against adverse fluctuations in exchange rates.

Interest Rate Risk

CCL minimises Interest Rate Risk by investing mainly in fixed rate instruments and contracting liabilities at fixed rates, where possible. CCL's Interest Rate Risk Arises mainly from bank loans.

Other Risks, Environment – Quality and Safety

The main goal of CCL is to ensure that CCL maintains a safe and healthy environment for our employees, customers and other stakeholders while maximizing shareholders' returns.

Human Resource Overview

The year ending February 2021 was a challenging, but rewarding, year for CCL and employees alike. The COVID-19 pandemic pushed us to be creative and flexible in managing performance and staffing to maintain operations and productivity amid the numerous curfews and COVID-19 protocols.

Accomplishments for the year included:

1. **Implementation of Performance linked Compensation system**

   We implemented the new Performance Management System (PMS) which is for building the High-Performance Culture necessary to achieve our vision of becoming the #1 ice cream company in the Caribbean.

2. **Implementation of a Shared Service Team**

   The Shared Service Team allows for the optimisation of resource between CCL and its parent company Scoops Unlimited in the areas of Finance, IT, HR, and Marketing. These resources provide services to both companies and realise efficiencies through economies of scale.

3. **Recruitment of Key Skills and Talent in Maintenance, Quality, & HR**

4. **Employee Rewards & Benefits**

   The excellent performance of the business, despite the challenges of the pandemic, allowed us to have employees share in the success, as we paid our very first performance-based bonus on the business exceeding its main financial targets.

Marketing Overview

With the onset of COVID-19 at the beginning of the Financial Year, the country was literally thrown into a tailspin, and for us to survive this pandemic, we had to learn "how to fly the plane, while building it".

To this end we adopted a "survival mode" and postponed our media and promotion expenditure, until we could determine our outlook. We did, however concentrate our efforts on social media platforms, which maintained our brand presence in the forefront of the consumer's mind for this period.

Based on the increase that we saw in at home consumption due to COVID-19, in the fourth quarter of the financial year, we launched our new one (1) gallon tub of ice cream in multiple flavours, targeted at the modern trade.

The upcoming financial year will see us continuing to introduce new and innovative ways of engaging both our customers and consumers.

Operations Overview

CCL continues to deliver profitability by managing ingredient unit costs and maintaining a reasonable pricing structure. Despite the ongoing challenges from the COVID-19 pandemic and the inclement weather conditions during October and November, we exceeded planned volume sales. While we over-delivered on bulk ice cream, we had difficulty with supplies of packaging for the smaller, but no less important, retail ice cream market due to the pandemic. This has carried into the current financial year.

Following the ongoing sanitisation guidelines, we added hand-washing stations, temperature checks and called in staff for additional hours to cover for those who had to quarantine, all to mitigate the effects of the pandemic, with increased expenditures.

Our newest line of locally produced icicles faced major stoppages due to equipment issues. The inability of technical personnel to come to our assistance during the pandemic kept equipment out of service for distressingly longer periods. With remote video links to our equipment supplier technicians and help from some Jamaican technicians who usually work overseas, we eventually resolved our equipment issues. We compensated with imported icicles until we came back online.

The Ocho Rios depot opened in late September. It both served the town and surrounding communities, and moreover reduced travel time for our major retailers in the area. Our Portmore franchise arrangement also brought in additional revenues and strengthened our brand presence.

Sadly, we lost two of our mid-level distributors due to COVID-19, and we note our deep appreciation for their many years of support, even as we mourn their passing.

Our Jamaican resilience remains the key to our company's performance in this time.

Capital Expenditures

The pandemic forced a dramatic cut in our capital projects, as the flow of technical resources and materials and supplies were curtailed by the pandemic. The postponed projects have been moved into the new financial year.

We spent just under $25million on our new Ocho Rios Depot, which began delivering to customers in late September.

Preparatory work began on an alternative energy project. This project is intended to lower electricity costs. Permits and lease arrangements are being put in place to allow the implementation to take place in the coming financial year.

Outlook

The 2021/22 financial year promises to be even more challenging than the prior year due to the knock-on effects of the pandemic on the global supply chain. Ingredient prices will be adversely affected, and supply chains will likely be interrupted. This will all put pressure on our prices to consumers and may even cause periodic short supplies. Our further concern is pressure on the ongoing consumer purchasing power.

Our team is working to minimise those possible supply chain disruptions, while we remain hopeful that consumer demand for our group of products will match prior year levels.

With some work underway to improve our retail packaging system and to "beef up" on novelty output, we expect improved sales in the smaller market segments of retail ice cream and novelties.

We are looking forward to the completion of our alternative energy project during this year and will be starting the installation of our new ERP system to strengthen our operation processes.

We are preparing for the installation of a new, larger, and more efficient cold room and blast Freezers in the succeeding financial year, as well as other critical investments.

These will include environmental and operational projects, to ensure that we are delivering quality products within a world-class infrastructure.

The Board and Executive of Caribbean Cream Limited wish to express our deepest gratitude to our employees who continue to perform at a high level while working through this pandemic. We are also thankful for the in-market efforts of our "fudgies", our mid-level distributors, and our smaller vendors, for remaining faithful to CCL, as we build Jamaica's capacity to provide ice cream and novelties to our country and the wider Caribbean.

Corporate Social Responsibility

Kremi Honoured by Early Childhood Commission

With business operators having been impeded in carrying out social intervention programmes due to the arrival of COVID-19 in 2020, Caribbean Cream Limited – through its Kremi brand – kept in contact with the Early Childhood Commission (ECC) – its major corporate social responsibility project. In addition, the significance of Kremi's contribution was recognised by the Commission at a virtual Awards Ceremony on May 17, 2021.

At the event, the ECC acknowledged the invaluable input of Kremi in promoting all 12 operating standards of the Commission, with a contribution of $3 million in August, 2018. The funds were to carry out improvements to a total of 27 early childhood institution across the island. So far 24 of the 27 have been upgraded to meet the standards.

Corporate Governance

The Board of Directors of Caribbean Cream Limited is responsible for CCL's system of corporate governance and ultimately accountable for it's activities, strategy, risk management and financial performance. The Board has the authority, and is accountable to shareholders, for ensuring that CCL is appropriately managed and achieves the strategic objectives it sets.

Board of Directors Composition

As of February 28, 2021, the Board of Directors is comprised of 3 independent directors, 2 non-executive directors and 1 executive director, who are qualified, objective, committed, and possess diverse skill sets and the background to effectively serve on the various committees of the board. The names of the directors and their qualifications are set out in the Directors' Profile section of this report. The definitions of these directors are:

- **An independent director** is a member of the board of directors who does not engage in the day to day management but may be involved in policy-making and planning exercises. They do not relate nor have any pecuniary relationship with CCL, senior management or affiliate companies. The independent directors do not own more than 3% of the voting shares of CCL.
- **A non-executive director** is a member of the Board of Directors who does not engage in the day to day management but may be involved in policy-making and planning exercises.
- **An executive director** is a member of the Board of Directors who is heavily involved in the day to day management of CCL.

The Board and its Committees -

Board of Directors

Christopher Clarke	**- Chairman & Executive Director**
Mark McKenzie	**- Independent Director**
Matthew Clarke	**- Non-executive Director**
Michael Vaccianna	**- Independent Director**
Carol Clarke Webster	**- Non-executive Director**
Wayne Wray	**- Independent Director**

Audit Committee

The Audit Committee is an operating committee of CCL's Board of Directors. It maintains direct communication with the organisation's financial controller. Its role includes the oversight of financial reporting, the monitoring of accounting policies, the oversight of any external auditors, regulatory compliance, and the discussion of risk management policies with management.

The Audit Committee consists of 4 directors:

Wayne Wray	**- Chairman and Independent Director**
Christopher Clarke	**- Executive Director**
Mark McKenzie	**- Independent Director**
Michael Vaccianna	**- Independent Director**

Compensation Committee

The Compensation Committee is a sub-committee of CCL's board of directors. It is mainly responsible for setting the compensation level of senior management. It also assists in providing oversight for all matters relating to compensation for all other staff and will make recommendations as are necessary to ensure that compensation is fair and equitable at all levels of the organisation. In addition, the Committee shall ensure that compensation levels are competitive within the industry and environment, in order to allow the company to attract and retain qualified, experienced and proficient persons.

The Compensation Committee consists of 3 directors:

Mark McKenzie	**- Chairman & Independent Director**
Carol Clarke Webster	**- Non-executive Director**
Wayne Wray	**- Independent Director**

Attendance At Meetings For The Year

The Members of the Committee and their attendance at the respective meetings for the 2021 financial year is reflected in the Table below:

	Annual General Meeting	Board of Directors' Meeting	Audit Committee Meeting	Compensation Committee Meeting
Number of meetings for the year	1	4	4	1
Christopher Clarke	1	4	4	1
Matthew Clarke	*	4	-	-
Carol Clarke Webster	*	3	-	1
Mark McKenzie	*	4	4	1
Michael Vaccianna	*	4	4	-
Wayne Wray	1	4	4	1

*Absent due to COVID-19 restrictions

Board and Committee Meeting Fees

The fee for each Board meeting attended is $50,000 and for each meeting attended of each committee of which the director is a member.

Travel Expense Reimbursement

All Directors will be reimbursed for reasonable travel expenses in connection with attendance at meetings of CCL's Board of Directors and its Committees.

Annual General Meetings

General meetings with shareholders are held annually and the meeting is structured to allow shareholders to give their input and have their queries answered.

Articles of Incorporation

The Company's Articles of Incorporation was not amended during the period under review.

The Corporate Governance Guidelines are available on CCL's website at www.caribcream.com.

Board of Directors

1

Mr. Christopher Clarke
Executive Director

2

Mrs. Carol Clarke Webster
Non-executive Director

3

Dr. Matthew Clarke
Non-executive Director

4

Mr. Mark McKenzie

Independent Director

5

Mr. Michael Vaccianna

Independent Director

6

Mr. Wayne Wray

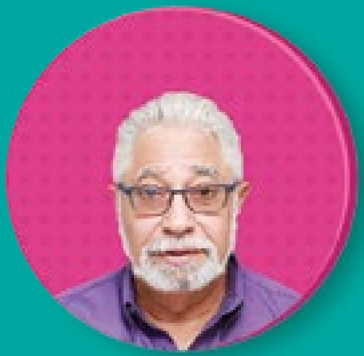
Independent Director

Senior Management

Christopher Clarke
Chairman & Executive Director

Ryan Peralto
General Manager

Karen M. Williams
Financial Controller



Dean Clarke
Chief Sales & Distribution Officer

David Radlein
Chief Marketing Officer

List of Top Ten (10) Largest Shareholders as at February 28, 2021

Shareholder	Units
1. Scoops Un-Limited Limited	122,535,449
2. Matthew G. Clarke	60,055,425
3. Carol Webster/Christopher Clarke	58,521,764
4. Christopher A. Clarke	35,133,399
5. Resource In Motion Limited	32,479,583
6. Everton J. Smith	10,350,000
7. JI Limited	5,000,000
8. Mayberry Jamaican Equities Limited	3,543,286
9. Everton A. Smith	2,775,153
10. Sagicor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution	2,321,508

Shareholdings of Directors, Officers and Connected Parties as at February 28, 2021

Director	Shareholdings	Connected Parties	Shareholdings
Carol Webster	58,521,764	Christopher Clarke	
		Scoops Un-Limited Limited	122,535,449
Matthew G. Clarke	60,055,425	Scoops Un-Limited Limited	122,535,449
Christopher A. Clarke	30,133,399		
Christopher A. Clarke	5,000,000	Kamoy S. Clarke (joint holder)	
		Scoops Un-Limited Limited	122,535,449
Mark McKenzie	1,487,558		
Wayne Wray	200,000		
	1,043,249	Christine Randle	
	6,835	Craig A. Singh	
Michael Vaccianna	0		
Denise Douglas	2,895	Ryan McCalla	

Shareholdings of Senior Management and Connected Parties as at February 28, 2021

Senior Manager	Shareholdings	Connected Parties	Shareholdings
David Radlein	100,000	Catherine Radlein	
Karen Williams	80,855	Vyris Williams	
Dean Alvery Clarke	200,100		

Audited Financial Statements

KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922-6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Cream Limited ("the company"), set out on pages 41 to 76, which comprise the statement of financial position as at February 28, 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at February 28, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Carrying amount of trade receivables

Key Audit Matter	How the matter was addressed in our audit
The carrying value of the company's trade receivables may not be recoverable due to changes in the business and economic environment in which specific customers operate. There is judgment involved in determining the levels of allowance for impairment on these balances, because of the uncertainty involved in estimating the timing and amount of future collections.	Our audit procedures in response to this matter, included: • Testing the company's recording and ageing of trade receivables. • Using the appropriate KPMG specialist, we reviewed the expected credit loss (ECL) model calculations and agreed the data inputs. • Comparing the definition of default for the ECL measurement, as outlined in the accounting policy, against the definition that management uses for credit risk arrangements. • Evaluating the appropriateness of economic parameters including the use of forward looking information.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

Carrying amount of trade receivables (continued)

Key Audit Matter	How the matter was addressed in our audit
	Our audit procedures in response to this matter, included (continued): • Testing the accuracy of the ECL calculation. • Evaluating the adequacy of the allowance for impairment recognized in respect of the company's trade receivables by assessing management's assumptions used including determining compliance with the requirements of IFRS 9, *Financial Instruments*. • Considering the adequacy of the disclosures about the degree of estimation involved in arriving at the allowance for impairment.

Other information

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

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

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

Other information (continued)

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 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 Financial Statements

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

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 39 to 40, forms part of our auditors' report.

Report on additional matters 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 maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Wilbert Spence.

KPMG

Chartered Accountants
Kingston, Jamaica
June 14, 2021

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Appendix to the Independent Auditors' report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Appendix to the Independent Auditors' report (continued)

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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the 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.

CARIBBEAN CREAM LIMITED

Statement of Financial Position
February 28, 2021

(Expressed in Jamaica dollar unless otherwise stated)

	Notes	2021	2020
NON-CURRENT ASSETS			
Property, plant and equipment	4	825,483,694	773,143,905
Right-of-use assets	5 (a)	93,044,425	95,435,877
Total non-current assets		918,528,119	868,579,782
CURRENT ASSETS			
Cash and cash equivalents	6	217,283,548	129,196,815
Trade and other receivables	7	93,514,369	58,211,081
Tax recoverable		-	779,621
Inventories	8	162,352,192	117,774,685
Total current assets		473,150,109	305,962,202
CURRENT LIABILITIES			
Trade and other payables	9	214,491,486	185,346,512
Taxation payable		10,734,482	-
Current portion of lease liabilities	5 (b)	17,456,686	19,539,121
Current portion of long-term loans	10	6,977,778	27,441,951
Total current liabilities		249,660,432	232,327,584
Net current assets		223,489,677	73,634,618
Total assets less current liabilities		1,142,017,796	942,214,400
NON-CURRENT LIABILITIES			
Long-term loans	10	206,927,474	104,972,207
Lease liabilities	5 (b)	86,580,789	79,622,207
Deferred tax liability	11	14,576,941	13,389,525
Total non-current liabilities		308,085,204	197,983,939
EQUITY			
Share capital	12	111,411,290	111,411,290
Accumulated profits		722,521,302	632,819,171
Total equity		833,932,592	744,230,461
Total non-current liabilities and equity		1,142,017,796	942,214,400

The financial statements on pages 41 to 76 were approved for issue by the Board of Directors on June 14, 2021 and signed on its behalf by:

C. Clarke

_____________________________________Chairman

Christopher Clarke

Carol Clarke Webster

_____________________________________Director

Carol Clarke Webster

The accompanying notes form an integral part of the financial statements.

CARIBBEAN CREAM LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended February 28, 2021

(Expressed in Jamaica dollar unless otherwise stated)

	Notes		2021	2020
Gross operating revenue	13		1,870,188,069	1,706,358,991
Cost of operating revenue	14	(a)	(1,245,049,430)	(1,160,747,229)
Gross profit			625,138,639	545,611,762
Other income			-	1,994,192
			625,138,639	547,605,954
Administrative, selling and distribution expenses:				
Administrative	14	(b)	(427,856,374)	(395,323,017)
Selling and distribution	14	(c)	(60,656,587)	(68,301,238)
			(488,512,961)	(463,624,255)
Impairment recovered/(loss) on trade receivables	7	(i)	1,804,151	(2,673,129)
Operating profit before finance costs and taxation			138,429,829	81,308,570
Finance income - interest			1,333,200	1,133,753
Finance costs	15		(21,262,694)	(20,270,767)
Profit before taxation			118,500,335	62,171,556
Taxation	16		(17,819,728)	(7,602,157)
Profit, being total comprehensive income for the year			100,680,607	54,569,399
Earnings per stock unit	17		0.27	0.14

The accompanying notes form an integral part of the financial statements.

CARIBBEAN CREAM LIMITED

Statement of Changes in Equity
Year ended February 28, 2021

(Expressed in Jamaica dollar unless otherwise stated)

	Share Capital (note 12)	Accumulated profits	Total
Balances at March 1, 2019	111,411,290	596,421,042	707,832,332
Total comprehensive income:			
Profit, being total comprehensive income for the year		54,569,399	54,569,399
Transaction with owners:	-		
Dividends (note 20)	-	(18,171,270)	(18,171,270)
Balances as at February 29, 2020	111,411,290	632,819,171	744,230,461
Total comprehensive income:			
Profit, being total comprehensive income for the year	-	100,680,607	100,680,607
Transaction with owners:			
Dividends (note 20)	-	(10,978,476)	(10,978,476)
Balances as at February 28, 2021	111,411,290	722,521,302	833,932,592

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows
Year Ended February 28, 2021

(Expressed in Jamaica dollar unless otherwise stated)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		100,680,607	54,569,399
Adjustments for:			
Depreciation	4	95,027,056	93,736,000
Depreciation – right-of-use assets	5 (a)	21,645,433	21,433,403
Lease interest expense	5 (c)	9,481,508	6,520,487
Interest expense	15	11,951,987	12,712,752
Gain on disposal of property, plant and equipment		-	(145,011)
Interest income		(1,333,200)	(1,133,753)
Taxation	16	17,819,728	7,602,157
Operating profit before changes in working capital		255,273,119	195,295,434
Trade and other receivables		(35,284,591)	8,017,291
Inventories		(44,577,507)	22,669,319
Trade and other payables		29,144,974	27,445,743
Taxation paid		(5,118,209)	(8,963,022)
Interest paid		(11,951,987)	(12,712,752)
Interest received		1,314,503	1,477,398
Net cash provided by operating activities		188,800,302	233,229,411
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(147,366,845)	(161,538,334)
Proceeds from sale of property, plant and equipment		-	257,511
Net cash used by investing activities		(147,366,845)	(161,280,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		258,905,252	-
Repayment of bank loans		(177,414,158)	(30,346,958)
Payment of lease liabilities, net	5 (d)	(23,859,342)	(24,228,439
Dividends	20	(10,978,476)	(18,171,270)
Net cash provided/(used) by financing activities		46,653,276	(72,746,667)
Net increase/(decrease) in cash and cash equivalents		88,086,733	(798,079)
Cash and cash equivalents at beginning of the year		129,196,815	129,994,894
Cash and cash equivalents at end of the year		217,283,548	129,196,815

The accompanying notes form an integral part of the financial statements.

(Expressed in Jamaica dollar unless otherwise stated)

1. Identification

   Caribbean Cream Limited (the company) is incorporated and domiciled in Jamaica and is listed on the Junior Market of the Jamaica Stock Exchange (JSE). The company's registered office is located at 3 South Road, Kingston 10, Jamaica.

   At the reporting date, Scoops Unlimited Limited, a company incorporated and domiciled in Jamaica, and its directors controlled the company by virtue of their direct holding of 78% of the issued shares of the company.

   The principal activities of the company are the manufacture and sale of ice cream and frozen novelties, under the 'Kremi' brand, and the importation and distribution of certain types of frozen novelties.

2. Basis of preparation

   (a) Statement of compliance:

   The financial statements as at and for the year ended February 28, 2021 (the reporting date) are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

   New and amended standards that became effective during the year

   Certain new and amended standards that were issued came into effect during the current financial year. The adoption of those new standards and amendments did not have any impact on the company's financial statements.

   New and amended standards issued that are not yet effective

   At the date of approval of the financial statements, there were certain new and amended standards which were in issue but were not yet effective and which the company has not early adopted. Those which management considered may be relevant to the company are as follows:

   - Amendments to IFRS 16 Leases is effective for annual reporting periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

     The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

(Expressed in Jamaica dollar unless otherwise stated)

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued that are not yet effective (continued)

- Amendments to IFRS 16 *Leases* is effective for annual reporting periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions (continued).

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before 30 June 2022; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose:

  - that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
  - the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

  No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent* Assets is effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

(Expressed in Jamaica dollar unless otherwise stated)

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued that are not yet effective (continued)

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS *9 Financial Instruments,* IFRS 16 *Leases*, IAS 41 *Agriculture,* and are effective for annual reporting periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the 10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  (iii) The amendments to IAS 41 *Agriculture* removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement.*

- Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The company is assessing the impact that these amendments will have on its financial statements when they become effective.

2. Basis of preparation (continued)

(b) Basis of measurement and functional currency:

The financial statements are prepared on the historical cost basis and are presented in Jamaica dollars, which is the functional currency of the company.

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

2. Basis of preparation (continued)

(c) Use of estimates and judgements (continued):

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

Allowance for impairment losses:

(d) In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimate the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates.

Net realisable value of inventories:

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

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

Residual value and useful life of property, plant and equipment:

The residual value and the useful life of each asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset's expected utility to the company.

3. Significant accounting policies

(a) Segment reporting:

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company's activities are limited to the manufacture and sale of ice cream products and frozen novelties to Jamaican consumers, operating in a single segment, therefore no additional segment information is provided.

(Expressed in Jamaica dollar unless otherwise stated)

3. Significant accounting policies (continued)

(b) Property, plant and equipment:

(i) Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the assets. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(ii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. No depreciation is charged on construction in progress. The depreciation rates are as follows:

Buildings	5%
Leasehold improvements	lease period
Motor vehicles	12.5%
Machinery and equipment	10%
Computer equipment	25%
Security systems	10%
Right of use assets	10%-20%

Depreciation methods, useful lives and residual values are reassessed annually.

(c) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and fixed deposits with maturity of three months or less from the date of placement and are at measured cost. For the purpose of the statement of cash flows, bank overdraft, if any, that is repayable on demand and form an integral part of cash management activities, is included as part of cash and cash equivalents.

(d) Trade and other receivables:

Trade and other receivables are measured at amortised cost less impairment losses [see note 3(m)].

(Expressed in Jamaica dollar unless otherwise stated)

3. Significant accounting policies (continued)

(e) Inventories:

Inventories are measured at the lower of cost, determined principally on a first-in-first-out (FIFO) basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

(f) Trade and other payables:

Trade and other payables are measured at amortised cost.

(g) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

(h) Share capital:

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the share issue.

(i) Revenue recognition:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15.*
Sale of Ice cream products	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognized at that point in time. Invoices are usually payable within 30 days.	Revenue is recognised when the goods are delivered and have been accepted by the customers, which is at a point in time.

3. Significant accounting policies (continued)

(j) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity” in this case the company).

(a) A person or a close member of that person’s family is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity 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).

(Expressed in Jamaica dollar unless otherwise stated)

3. Significant accounting policies (continued)

(k) Related parties (continued):

(b) An entity is related to the company if any of the following conditions applies (continued):

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

(c) Related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(l) Foreign currencies:

Foreign currency balances at the reporting date are translated at the exchange rates ruling at that date. Transactions in foreign currencies are converted at the exchange rates ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movement in the relevant balances.

(m) Impairment:

Financial assets

The company recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost; and
- contract assets

The company measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

(Expressed in Jamaica dollar unless otherwise stated)

3. Significant accounting policies (continued)

(m) Impairment (continued):

Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward looking information.

The company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The company recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by -the company to action such as realising security if any is held;
- or the financial asset is more than 90 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised costs are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(Expressed in Jamaica dollar unless otherwise stated)

3. Significant accounting policies (continued)

(m) Impairment (continued):

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Non- financial assets

The carrying amount of the company's non-financial assets (other than inventories and deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

3. Significant accounting policies (continued)

(m) Impairment (continued):

Non- financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

(n) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise cash and cash equivalents and trade and other receivables. Financial liabilities comprise trade and other payables and long-term loans.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Expressed in Jamaica dollar unless otherwise stated)

3. Significant accounting policies (continued)

(n) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables

Due to their short-term nature, the company initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

3. Significant accounting policies (continued)

(n) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The company's objective is to hold financial assets to collect contractual cash flows. In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The company's financial liabilities, which include trade and other payables and long-term loans are recognized initially at fair value.

Financial assets and liabilities – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

(Expressed in Jamaica dollar unless otherwise stated)

3. Significant accounting policies (continued)

(n) Financial instruments (continued):

(iii) Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(o) Leases:

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS16.

3. Significant accounting policies (continued)

(o) Leases (continued):

As a lessee

At commencement or modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The company recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Short-term leases and leases of low-value assets

For short-term leases and leases of low-value assets, the company has elected not to recognise right-of-use assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less and lease of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(p) Fair value measurement:

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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company has no financial instrument that is carried at fair value and where carrying value of financial instruments is a reasonable approximation of carrying value, no fair value computation is done.

The carrying value reflected in the financial statements for cash and cash equivalent, trade and other receivables, and trade and other payables are assumed to approximate fair value due to their relatively short-term nature.

The fair value of long-term loans is assumed to approximate carrying value as the loans bear interest at market rates and all other conditions are at market terms.

(Expressed in Jamaica dollar unless otherwise stated)

4. Property, plant and equipment

	Freehold land & buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Computer equipment	Construction in progress	systems	Total
Cost:								
February 28, 2019	119,490,169	18,924,895	5,682,189	551,753,470	25,344,581	278,679,448	3,727,233	1,003,601,985
Additions	3,597,595	12,735,110	-	60,290,611	6,461,928	76,779,062	1,674,028	161,538,334
Transfers	171,159,609	-	-	91,186,453	9,595,495	(271,941,557)	-	-
Disposals	-	-	(900,000)	-	-	-	-	(900,000)
February 29, 2020	294,247,373	31,660,005	4,782,189	703,230,534	41,402,004	83,516,953	5,401,261	1,164,240,319
Additions	6,199,963	14,486,020	3,500,000	29,908,969	4,835,052	87,402,024	1,034,817	147,366,845
February 28, 2021	300,447,336	46,146,025	8,282,189	733,139,503	46,237,056	170,918,977	6,436,078	1,311,607,164
Depreciation:								
February 28, 2019	42,640,367	6,987,319	3,072,774	226,987,581	16,938,915	-	1,520,958	298,147,914
Charge for the year	13,822,369	3,166,001	597,773	68,529,289	7,111,989	-	508,579	93,736,000
Disposals	-	-	(787,500)	-	-	-	-	(787,500)
February 29, 2020	56,462,736	10,153,320	2,883,047	295,516,870	24,050,904	-	2,029,537	391,096,414
Charge for the year	14,024,641	3,693,537	644,649	68,710,951	7,392,962	-	560,316	95,027,056
February 29, 2021	70,487,377	13,846,857	3,527,696	364,227,821	31,443,866	-	2,589,853	486,123,470
Net Book Values:								
February 28, 2021	229,959,959	32,299,168	4,754,493	368,911,682	14,793,190	170,918,977	3,846,225	825,483,694
February 29, 2020	237,784,637	21,506,685	1,899,142	407,713,664	17,351,100	83,516,953	3,371,724	773,143,905

Freehold land and buildings include land at cost of $17,800,000 (2020: $17,800,000).
Certain assets of the company are pledged as securities for bank overdraft and other loans (see note 10).

(Expressed in Jamaica dollar unless otherwise stated)

5. Leases

The company leases various properties to facilitate the sale of its products. The leases include an option to renew after the lease periods have ended. It is expected that in the normal course of business leases that expire generally will be renewed or replaced by similar leases. Lease payments are renegotiated after the end of the contract period to reflect market rentals.

Information about leases for which the company as a lessee is presented below.

(a) Right-of-use assets - Property

	2021	2020
Balance at beginning of year	95,435,877	77,928,358
Additions	-	38,940,922
Adjustment due to exercise of lease extensions	19,253,981	-
Depreciation charge for the year	(21,645,433)	(21,433,403)
Balance as at year end	93,044,425	95,435,877

Lease liabilities

Maturities analysis- contractual undiscounted cash flows:

	2021	2020
Less than one year	24,488,228	27,011,214
Two to five years	81,878,103	77,740,306
Over five years	21,364,624	14,723,448
Total undiscounted lease liabilities at February 28, 2021	127,730,956	119,474,968
Less: Discount	(23,693,480)	(20,313,640)
	104,037,475	99,161,328

Lease liabilities included in the statement of financial position:

	2021	2020
Current	17,456,686	19,539,121
Non-current	86,580,789	79,622,207
	104,037,475	99,161,328

(b) Amount recognised in profit or loss

Interest on lease liabilities	9,481,508	6,520,487
Depreciation of right -of-use assets	21,645,433	21,433,403

(c) Amount recognised in the statement of cash flows

Total cash outflow for leases	(23,859,342)	(24,228,439)

(Expressed in Jamaica dollar unless otherwise stated)

6. Cash and cash equivalents

	2021	2020
Bank balances	163,988,173	59,988,236
Cash in hand	320,902	105,882
	164,308,805	60,094,118
Fixed deposits	52,974,473	69,102,697
	217,283,548	129,196,815

7. Trade and other receivables

	2021	2020
Trade receivables	73,559,380	46,000,580
Less provision for impairment losses (i)	(1,637,976)	(3,442,127)
	71,921,404	42,558,453
Prepayments and deposits	18,840,560	11,830,728
Other receivables	2,752,405	3,821,900
	93,514,369	58,211,081

Included in trade receivables is $33,925,593 (2020: $12,021,049) due from a related party in the ordinary course of business (see note 18).

Under the ECL model, the company uses accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. A weighted average ECL rate is used as at February 28, 2021 to apply against the accounts receivable balance [note 21(a)(i)].

(i) Movement in impairment losses for trade receivables is as follows:

	2021	2020
Balance as at beginning of year	3,442,127	768,998
Reversal of impairment	(1,804,151)	-
Impairment loss recognised	-	2,673,129
Balance as at end of year	1,637,976	3,442,127

(Expressed in Jamaica dollar unless otherwise stated)

8. Inventories

	2021	2020
Raw materials	87,659,699	71,924,548
Finished goods	25,657,634	44,998,663
Goods in transit	49,034,859	851,474
	162,352,192	117,774,685

9. Trade and other payables

	2021	2020
Trade payables	126,574,862	104,126,048
Other payables	87,916,624	81,220,464
	214,491,486	185,346,512

Other payables include $Nil (2020: $779,222) payable to a director for vacation leave (see note 18).

10. Long-term loans

	2021	2020
(i) BNS term loan – cold room construction	-	12,222,215
(ii) BNS mortgage – Suthermere Road and South Road	-	31,288,803
(iii) BNS term loan – novelty line	-	63,518,520
(iv) BNS term loan – ammonia compressor	-	25,384,620
(v) CIBC term loan	157,000,000	-
(vi) CIBC demand instalment loan	56,905,252	-
	213,905,252	132,414,158
Less current portion	(6,977,778)	(27,441,951)
	206,927,474	104,972,207

(i) This loan was repayable in monthly installments with fixed interest rate at 9.5% per annum. The loan was paid out during the year.

(ii) The mortgage was repayable in monthly installments with fixed interest rate at 7.49% per annum. The mortgage was paid out during the year.

(iii) This loan was repayable in monthly installments with fixed interest rate at 7.45% per annum. The loan was paid out during the year.

(Expressed in Jamaica dollar unless otherwise stated)

10. Long-term loans (continued)

(iv) This loan was repayable in monthly installments with fixed interest rate at 7.45% per annum. The loan was paid out during the year.

(v) The purpose of this loan is to refinance debts with Bank of Nova Scotia Jamaica. The loan is repayable within a 60-month term with a balloon payment at the end of the term. Interest is at floating 6 months weighted average treasury bill yield plus 4.80% per annum, reset quarterly. Interest rate is subject to a cap of 6.50% and all in floor rate of 5.80%.

(vi) The purpose of the loan is to the provide funding for capital expenditure. The loan attracts fixed interest at 5.80% per annum and is payable quarterly.

The CIBC facilities are secured as follows:

(i) First fixed and floating charge debenture stamped for J$737,000,000 with power to upstamp giving CIBC FirstCaribbean a first ranking floating charge over all other present and future property and assets.

(ii) First priority right of mortgage stamped for J$61,750,000 with power to upstamp giving CIBC FirstCaribbean a first fixed mortgage and charge over the property located at 2A and 2D Suthermere Road, Kingston 10, registered at Volume 1288 and 1293 and Folios 348 and 575.

(iii) First priority right of mortgage stamped for J$104,000,000 with power to upstamp giving CIBC FirstCaribbean a first fixed mortgage and charge over the property located at 3 South Road, Kencot Park, Kingston 10, registered at Volume 1101 and Folio 714.

11. Deferred tax liability

Deferred tax liability is attributable to the following:

	2019	Recognised in income (note 16)	2020	Recognised in income (note 16)	2021
Property plant and equipment	(7,613,554)	(7,115,195)	(14,728,749)	(1,729,830)	(16,458,579)
Accounts receivable	(48,385)	42,956	(5,429)	(2,337)	(7,766)
Unrealized foreign exchange loss/gain	13,233	100,672	113,905	(368,900)	(254,995)
Leases, net	-	465,682	465,682	908,450	1,374,132
Accounts payable	743,367	21,699	765,066	5,201	770,267
	(6,905,339)	(6,484,186)	(13,389,525)	(1,187,416)	(14,576,941)

(Expressed in Jamaica dollar unless otherwise stated)

12. Share capital

	2021	2020
Authorised:		
5,100,000,000 ordinary shares of no par value		
Issued and fully paid:		
378,568,115 ordinary shares of no par value	111,411,290	111,411,290

13. Gross operating revenue

Gross operating revenue represents the invoiced value of sales, after deduction of returns, discounts allowed, and General Consumption Tax.

14. Expenses by nature

	2021	2020
(a) Cost of operating revenue:		
Depreciation	61,839,499	61,605,368
Depreciation right of use assets	3,960,209	5,005,222
Other costs of operating revenue	136,000,280	88,052,451
Raw materials and consumables	754,640,226	720,655,361
Repairs and maintenance	37,461,780	58,312,941
Staff costs (note 19)	96,236,710	111,449,047
Utilities	154,910,726	115,666,839
	1,245,049,430	1,160,747,229
(b) Administrative:		
Accounting fees	4,800,000	4,813,750
Audit fees	3,200,000	2,400,000
Cleaning and sanitation	30,026,310	40,622,788
Depreciation	33,187,557	32,130,633
Depreciation right of use assets	17,685,224	16,428,180
Directors' emoluments		
- Fees	2,128,833	2,161,542
- Management remuneration	8,043,919	11,546,767
General insurance	11,018,524	8,789,944
Lease interest	9,481,508	6,520,487
Other administrative expenses	9,062,291	7,633,925
Professional fees	41,465,095	11,082,694
Rent	1,478,150	717,500
Repairs and maintenance	27,491,440	20,935,582
Security	28,015,115	26,424,135
Staff costs (note 19)	150,622,568	169,523,394
Utilities	50,149,840	33,591,696
	427,856,374	395,323,017

(Expressed in Jamaica dollar unless otherwise stated)

14. Expenses by nature (cont'd)

	2021	2020
(c) Selling and distribution:		
Advertising and promotion	16,766,235	27,667,706
Licenses and permits	394,147	512,717
Motor vehicle expenses	7,513,498	6,046,744
Travelling and entertainment	939,824	1,868,110
Subsistence allowance	204,491	50,000
Transportation and delivery	34,838,392	32,155,961
	60,656,587	68,301,238
Total administrative and selling and distribution expenses	488,512,961	463,624,255

15. Finance costs

	2021	2020
Bank and other charges	6,340,401	4,701,661
Interest expense	11,951,987	12,712,752
Net foreign exchange loss	2,970,306	2,856,354
	21,262,694	20,270,767

16. Taxation

(a) The expense is based on the profit for the year adjusted for tax purposes and is made up as follows:

	2021	2020
Current tax expense:		
Income tax	16,632,312	1,117,971
Deferred tax expense:		
Origination and reversal of temporary differences (note 11)	1,187,416	6,484,186
Total taxation expense	17,819,728	7,602,157

(Expressed in Jamaica dollar unless otherwise stated)

16. Taxation (cont'd)

(b) Reconciliation of actual tax charge:

	2021	2020
Profit before taxation	118,500,335	62,171,556
Computed 'expected' tax at 25% (2020: 25%)	29,625,084	15,542,889
Difference between profit for financial statements		
and tax reporting purposes on:		
Depreciation and capital allowances	7,870,440	(3,757,528)
Expenses not deductible for tax purposes	(4,442,194)	(3,660,151)
Understatement of prior year tax expense	699,355	297,459
Remission of income taxes [note 16(c)]	(15,932,957)	(820,512)
Actual tax charge	17,819,728	7,602,157

(c) Tax remission

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on May 17, 2013. Consequently, the company is eligible for remission of income taxes for a period of ten years, provided the following conditions are met:

(i) The company's shares remain listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.

(ii) The subscribed participating voting share capital of the company does not exceed $500 million.

(iii) The company has at least 50 participating voting shareholders.

The remission will apply in the following proportions:

(a) Years 1 to 5 (May 17, 2013 – May 16, 2018) – 100%

(b) Years 6 to 10 (May 17, 2018 – May 16, 2023) – 50%

At the reporting date, the financial statements have been prepared on the basis that the company will have the benefit of tax remissions of 50%.

17. Earnings per share

Earnings per share is computed by dividing the profit for the year by the number of shares of 378,518,115 (2020: 378,518,115) in issue for the year.

(Expressed in Jamaica dollar unless otherwise stated)

18. Related party balances and transactions

The statements of financial position, and profit or loss and other comprehensive income include balances and transactions arising in the ordinary course of business during the year, with related parties as follows:

	2021	2020
Balances with related parties:		
(i) Due to director (note 9)	-	779,222
(ii) Due from related party, Scoops Unlimited Limited (note 7)	33,925,593	12,021,049
Transactions with related parties:		
(iii) Staff loan, net	1,147,482	628,567
(iv) Sale of ice cream mix	144,515,700	177,059,500
(v) Sale of ice cream	18,636,700	37,653,100

19. Staff costs

	2021	2020
Employer's statutory contributions	19,915,231	23,658,450
Salaries, wages and other staff benefits	226,944,047	257,313,991
	246,859,278	280,972,441
Included in profit or loss as follows		
Administrative	150,622,568	169,523,394
Direct labour	96,236,710	111,449,047
	246,859,278	280,972,441

20. Dividends

During the year, dividends of $0.029 (2020: $0.048) per share were declared and paid to the shareholders on records at September 16, 2020 (2020: September 6, 2019).

21. Financial instruments

(a) Financial risk management

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

- credit risk
- liquidity risk
- market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

21. Financial instruments (continued)

(a) Financial risk management (continued)

(i) 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, and arises principally from the company's receivables from customers and cash and cash equivalents. The company generally does not require collateral in respect of financial assets, materially trade receivables. Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Cash and cash equivalents

The company manages credit risk on cash and cash equivalents by maintaining cash resources with financial institutions that are appropriately licensed and regulated; and have high credit rating therefore, management believes that exposure to credit risk is minimal.

Impairment on cash and cash equivalents have been measured at 12 months expected loss basis and reflects the short maturities of the exposures. The company considered that cash and cash equivalents have low credit risk. No impairment allowances were recognised as at February 28, 2021 and February 29, 2020.

Trade receivables

Management has established a credit policy under which its customers are analysed for creditworthiness prior to being offered a credit facility. This includes credit evaluations on new customers and procedures for the recovery of amounts owed by defaulting customers. Management has procedures in place to restrict customer service if the customers have not cleared outstanding debts within the credit period. In monitoring customer credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or company, or aging profile and existence of previous financial difficulties.

The company's average credit period on the sale of its products is 30-60 days. Some trade receivables are provided for based on the estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries. Management also considers the factors that may influence the credit risk of the customer base, including the default risk associated with the industry and country in which the customers operate. The customer is allowed up to 90 days after each invoice date to submit payment of amounts owing to the company.

Trade receivables also includes amounts receivable from a related party. The risk is managed on a group basis, by off-setting balances where necessary.

(Expressed in Jamaica dollar unless otherwise stated)

21. Financial instruments (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued):

Exposure to credit risk (continued):

Trade receivables (continued)

Expected credit loss assessment

The company allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about its customers) and applying experienced credit judgement.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit ratings, where available. Exposure within each credit risk grade and an ECL rate is calculated for the company's customer based on delinquency status and actual historical credit loss experience.

The company uses an allowance matrix to measure ECLs of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the reporting date:

	2021			
Age categories	Weighted Average loss rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
Current (not past due)	0.06%	69,371,841	44,474	No
Past due 31 - 60 days	1.25%	2,626,875	32,838	No
Past due 61- 90 days	2.50%	-	-	No
More than 90 days	100%	1,560,664	1,560,664	Yes
		73,559,380	1,637,976	

(Expressed in Jamaica dollar unless otherwise stated)

21. Financial instruments (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued):

Exposure to credit risk (continued):

Trade receivables (continued)

Expected credit loss assessment (continued)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the reporting period (continued):

2020				
Age categories	Weighted Average loss rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
Current (not past due)	0.09%	42,516,481	37,118	No
Past due 31 - 60 days	1.25%	55,676	696	No
Past due 61- 90 days	2.50%	24,728	618	No
More than 90 days	100%	3,403,695	3,403,695	Yes
		46,000,580	3,442,127	

(ii) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid resources to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value.

(Expressed in Jamaica dollar unless otherwise stated)

21. Financial instruments (continued)

(a) Financial risk management (continued)

(ii) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities measured at amortised cost. The tables show the undiscounted cash flows of non-derivative financial liabilities, including interest payments, based on the earliest date on which the company can be required to pay.

	2021				
	Carrying amount	Contractual cash flows	Less than 1 year	2 to 5 years	Over 5 years
Loans	213,905,252	270,038,127	15,909,142	121,225,071	132,903,914
Trade and other payables	214,191,486	214,191,486	214,191,486	-	-
Lease liabilities	104,037,475	127,730,956	24,488,288	81,878,103	21,364,624
	532,134,213	611,960,569	254,588,916	203,103,174	154,268,538

	2020				
	Carrying amount	Contractual cash flows	Less than 1 year	2 to 5 years	Over 5 years
Loans	132,414,158	156,763,463	36,426,017	120,337,446	-
Trade and other payables	185,346,512	185,346,512	185,346,512	-	-
Lease liabilities	99,161,328	119,474,968	27,011,214	77,740,306	14,723,448
	416,921,998	461,584,943	248,783,743	198,077,752	14,723,448

There was no change to the company's exposure to liquidity risk during the year, or the manner in which it measures and manages the risk.

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk.

(Expressed in Jamaica dollar unless otherwise stated)

21. Financial instruments (continued)

(a) Financial risk management (continued)

(iii) Market risk (continued):

(i) Currency risk:

Currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company is exposed to currency risk on transactions that are denominated in a currency other than its functional currency. The main currencies giving rise to this risk are the United States dollar (US$) and the Canadian dollar (CDN$).

The company ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in US$ as a hedge against adverse fluctuations in exchange rates.

Exposure to currency risk:

The company's exposure to foreign currency risk at the reporting date was as follows:

	2021			2020		
	J$ Equivalent	US$	CDN$	J$ Equivalent	US$	CDN$
Financial assets	46,596,307	298,603	15,854	46,419,957	293,458	66,014
Financial liabilities	(62,419,015)	(413,613)	(4,464)	(84,814,566)	(329,175)	(402,843)
Net position	(15,822,708)	(115,010)	11,390	(38,394,609)	(35,717)	(336,829)

Exchange rates in terms of the Jamaica dollar as at the reporting date were US$1: J$149.60 (2020: US$1: J$135.86) and CDN$1: J$120.96 (2020: CDN$1: J$99.59).

Sensitivity analysis:

A 6% (2020: 6%) weakening of the US$ and CDN$ against the J$ would increase profit for the year by $952,333 (2020: increase profit by $2,303,676).

A 2% (2020: 4%) strengthening of the US$ and CDN$ against the J$ would increase profit for the year by $ 317,444 (2020: decrease profit by $1,535,718).

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2020.

(ii) Interest rate risk:

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rate.

(Expressed in Jamaica dollar unless otherwise stated)

21. Financial instruments (continued)

(a) Financial risk management (continued)

(iii) Market risk (continued):

(ii) Interest rate risk (continued):

The company minimises interest rate risk by investing mainly in fixed rate instruments and contracting liabilities at fixed rates, where possible. The company's interest rate risk arises mainly from bank loans.

At the reporting date, the interest profile of the company's interest-bearing financial instruments was:

	Carrying amount	
	2021	2020
Fixed rate:		
Financial assets	79,045,976	88,157,059
Financial liabilities	(213,905,252)	(231,575,486)
	(134,859,276)	(143,418,427)

Fair value sensitivity analysis for financial instruments:

The company does not account for any financial instrument at fair value, therefore a change in interest rates at the reporting date would not affect the carrying value of the company's financial instruments.

Cash flow sensitivity analysis for financial instruments:

The company does not have any significant cash flow exposure to changes in rates because the majority of the loans and cash and cash equivalents are at fixed rates of interest and those at variable rates are insignificant.

(b) Capital management:

The Board seeks to maintain a strong capital base to maintain stakeholders' confidence. The company defines capital as total equity. There were no changes in the company's approach to capital management during the year.

The company is not subject to any externally-imposed capital requirements, except as shown in note 16(c).

(Expressed in Jamaica dollar unless otherwise stated)

22. Impact of COVID-19

The World Health Organisation declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. This could have significant negative financial effects on the company, depending on factors such as (i) the duration and spread of the outbreak, (ii) the restrictions and advisories from Governments, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be estimated reliably.

The company has assessed the situation, as part of its business continuity and contingency planning. While the pandemic has affected the operations of the company, the effects are not considered significant as the company continues to generate revenue and cash flows at the pre-pandemic levels.

FORM OF PROXY

CARIBBEAN CREAM LIMITED
3 South Road
Kingston 10, Jamaica (West Indies)

I/We_______________________________________of___________________________________ in the Parish of _____________________________________being Member/members of the above named company hereby appoint_____________________________________ of ___________________________________or failing him/her_____________________________ of _______________________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, New Kingston on Tuesday, October 26, 2021 at 10 a.m. and at any adjournment thereof.

Resolutions		For	Against
Resolution No. 1	Adoption of Directors and Auditors Report, Financial Statement for year ended February 28, 2021		
Resolution No. 2	Election of Director retiring by rotation - Carol Clarke Webster		
Resolution No. 3	Election of Directors retiring by rotation - Wayne Wray		
Resolution No. 4	Election of Directors retiring by rotation - Mark McKenzie		
Resolution No. 5	Ratify interim Dividends paid on October 2, 2020		
Resolution No. 6	Ratify interim Dividends paid on July 14, 2021		
Resolution No. 7	Remuneration of Directors		
Resolution No. 8	To appoint Auditors and to authorise the Directors to fix the remuneration of the Auditors		
Resolution No. 9	To amend the Articles of Incorporation		

Signed this __________________day of _________________________________2021

Signature ____

Notes:

(1) An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.

(2) If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorised in writing.

(3) In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.

(4) To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

(5) The proxy form should bear stamp duty of One Hundred dollars ($100.00) which may be in the form of adhesive stamp duly canceled by the person signing the proxy form.

REGISTRAR AND TRANSFER AGENTS
Jamaica Central Securities Depository Limited
40 Harbour Street, Kingston

Caribbean Cream Ltd. | 3 South Road, Kingston 10, Jamaica W.I.
Tel. (876) 906-1127 | (876) 906-1128 | www.caribcream.com | info@kremija.com