Kremi

Sweeter things are Coming

ANNUAL REPORT 2022

SCAN TO VISIT OUR WEBSITE

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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

1. To receive the Audited Accounts for the year ended February 28, 2022 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, 2022, together with the reports of the Directors and Auditors thereon be and are hereby adopted."

2. To elect Directors.

   The Directors retiring by rotation in accordance with Regulation 105 of the company's Articles of Incorporation are Messrs. Christopher Clarke, Matthew Clarke and Michael Vaccianna 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 the Directors, retiring by rotation, be re-elected by a Single Resolution."

   Resolution No. 3

   "That Messrs. Christopher Clarke, Matthew Clarke and Michael Vaccianna be and are hereby re-elected as Directors of the company."

3. To approve the Remuneration of the Directors.

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

   Resolution No. 4

   "That the amount shown in the Audited Accounts of the company for the year ended February 28, 2022 as fees of the Directors for their services as Directors, be and are hereby approved."

4. To appoint Auditors and to authorize 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. 5

   "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."

Dated June 30, 2022

By Order of the Board

Denise Douglas
Company Secretary

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 16 years since it first acquired and installed an ice cream mix plant at 11 Derrymore Road, Kingston 10, under the leadership of Christopher Clarke, Chairman and Carol Clarke-Webster, Non-Executive Director.

This continuous growth, primarily facilitated by an injection of capital from investors on the Jamaica Junior Stock Exchange nine 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 Unlimited Limited, producers of Devon House ice cream, set up CCL to serve that 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 Unlimited Limited. The response to the product from the local market was overwhelming and the Board of Scoops Unlimited Limited took the decision to separate the brands and start CCL to manufacture and market the Kremi standard product. Three years later, CCL 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 Message

The year under review was a very challenging one for Caribbean Cream (trading as Kremi). This stemmed from the impact of the Covid-19 pandemic on the global economy, resulting in supply chain uncertainties and delays, as well as high inflation which drove up the costs of fuel, energy and commodities.

However, our Kremi products survived the economic downturn and we were able to record sales of over J$2 billion, primarily because of brand loyalty and strong demand for our high quality products. The lockdowns, work-from-home arrangements and school closures helped to drive demand, with this year's revenue showing an 11.5 per cent increase over the previous year of J$1.87 billion.

However, in spite of the fact that we held our market share and sales went up, our net profit went down, because our costs moved up at a faster rate than we were able to pass on to our consumers, without affecting our sales volumes. We shall continue to monitor the situation in an attempt to prevent any recurrence in the future.

The hike in revenue this year resulted from enhanced marketing strategies, mainly through the utilisation of social media, to keep Kremi products at 'top of mind', coupled with on-the-ground promotions and consistent hard work at 'back of house' to ensure that the items moved seamlessly from inventory to the consumer.

We are excited about the future of Caribbean Cream and we continue to invest in upgrading our infrastructure for greater efficiency and gains to our shareholders. With this in mind we plan to commission a Liquefied Natural Gas Plant in the 3rd quarter of 2022, to supply 70 per cent of the manufacturing plant's power requirements. In addition, we started construction of a new Cold Room and Blast Freezer in April, 2022, set to be commissioned by January, 2023. This will provide more room to store finished goods coming off the production lines and increase the gallonage per hour that can be hardened. So we are on track with our plan to realise our vision of being the No. 1 ice cream company in the Caribbean.

As we celebrate another year, let me use this opportunity to thank our Directors, management team, employees and vendors for their resilience, tenacity and creativity, as we work together to find solutions to overcome the economic and social challenges that we face on a daily basis.

C. Clarke

Christopher Clarke
Chairman

Directors' Report

The Directors are pleased to present their report for the financial year ended February 28, 2022. The following are highlights of the Audited Financial statements:

	Year ended Feb 2022 '000	Year ended Feb 2021 '000
Revenue	2,085,409	1,870,188
Gross Profit	592,889	625,139
Profit before taxation	(13,690)	118,500
Profit, being total comprehensive income for the year	(9,153)	100,681
Net Current Assets	212,775	223,490
Accumulated profits	687,096	722,521
(Loss)/Earnings per stock unit	($0.02)	$0.27

The Directors as at February 28, 2022 were as follows:

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

In accordance with Regulation 105 of the company's Articles of Incorporation, Directors Christopher Clarke, Matthew Clarke and Michael Vaccianna will retire by rotation and, being eligible, offer themselves for re-election.

Dividend

There were no dividend discussions held for the financial year ended February 2022.

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

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

	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000
Statement of Profit or Loss							
Revenue	1,134,933	1,213,549	1,373,279	1,552,905	1,706,539	1,870,188	2,085,409
Gross Profit	453,640	461,837	420,325	519,539	545,612	625,139	592,889
Net Profit/(Loss) before tax	167,190	176,185	89,759	102,646	62,172	118,500	(13,690)
Profit/(Loss), being total comprehensive income for the year	1671,90	176,185	89,759	88,675	54,569	100,681	(9,153)
Earnings/(Loss) per stock unit	0.44	0.47	0.24	0.23	0.14	0.27	(0.02)
Statement of Financial Position							
Property, plant and equipment	337,191	401,245	514,628	705,454	773,144	825,484	1,109,888
Cash and cash equivalents	152,523	176,182	174,735	129,995	129,197	217,284	145,701
Net Current Assets	178,240	250,846	185,967	141,486	73,635	233,490	212,775
Total Borrowings	125,456	101,830	81,645	162,761	132,414	213,905	560,474
Number of shares	378,568	378,568	378,568	378,568	378,568	378,568	378,568
Stockholder's equity	413,189	570,446	637,491	707,832	744,230	833,933	798,507
Market Capitalisation	1,608,914	2,831,690	2,506,121	1,998,840	1,268,203	1,817,127	1,995,054
Dividend payment	-	18,928	22,714	18,171	18,171	10,978	26,273

Company Overview

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.

Company's Disclosure of Financial Information

The company's management 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 Statements 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 the company'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 Jamaica continued to be faced with uncertain times and the effects of the COVID-19 pandemic. Escalated prices, locally and internationally, have become a 'new norm' in the current environment. The country continued with pandemic shut downs, quarantines, fear within the population, and a consequent dramatic fall in business revenues, productivity, and GDP. Jamaica's tourism felt that downturn right into the summer towards the end of the year 2021. By the end of the financial year, the war in Ukraine broke out, and almost instantaneously the increase in fuel prices affected the logistic industry.

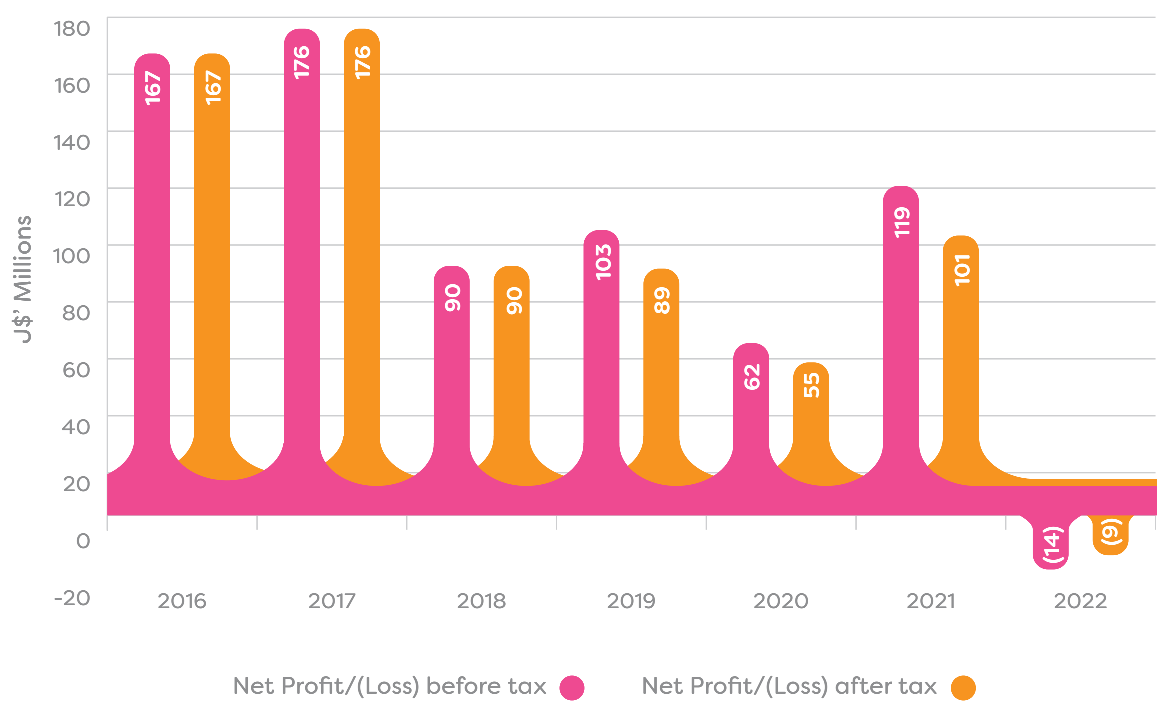
Caribbean Cream Ltd. (CCL), like any other organization, had to be more open and creative with the environmental changes whilst ensuring that our consumers were satisfied. CCL was deeply impacted in the latter half of the year as we were unable to get overseas technical assistance to address the breakdown of key equipment. This impacted the company's output and gross margin. Additionally, personnel within the company were being infected by COVID-19 and we lost a key member of the CCL family to this virus.

The year's journey has been 'bitter-sweet,' bitter in terms of the major pandemic-related challenges which required us to re-evaluate things and pivot, and yet sweet in terms of customers' understanding and faithfulness.

Financial Performance Overview

The company recorded a net loss before tax of ($13.7m). Tax credit for the year amounted to $4.5m which led to net loss after tax of ($9m). Loss per share for the year were ($0.02).

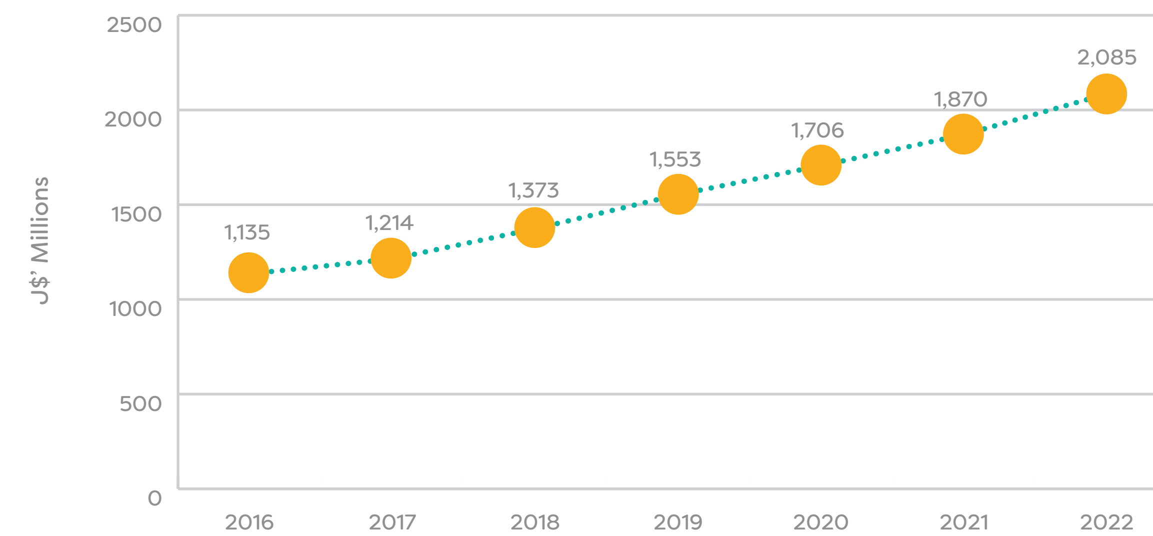
Net Profit/(loss) before & after tax



Financial Years ended February

Gross Operating Revenue

Gross Operating Revenue for the year was $2,085m, compared to the previous year's revenue of $1,870m, representing an increase of $215m or 12%. The company was able to increase sales during the period because of our distribution model that delivers products directly to neighbourhoods and communities, increased visibility on social media, and on the ground promotions.

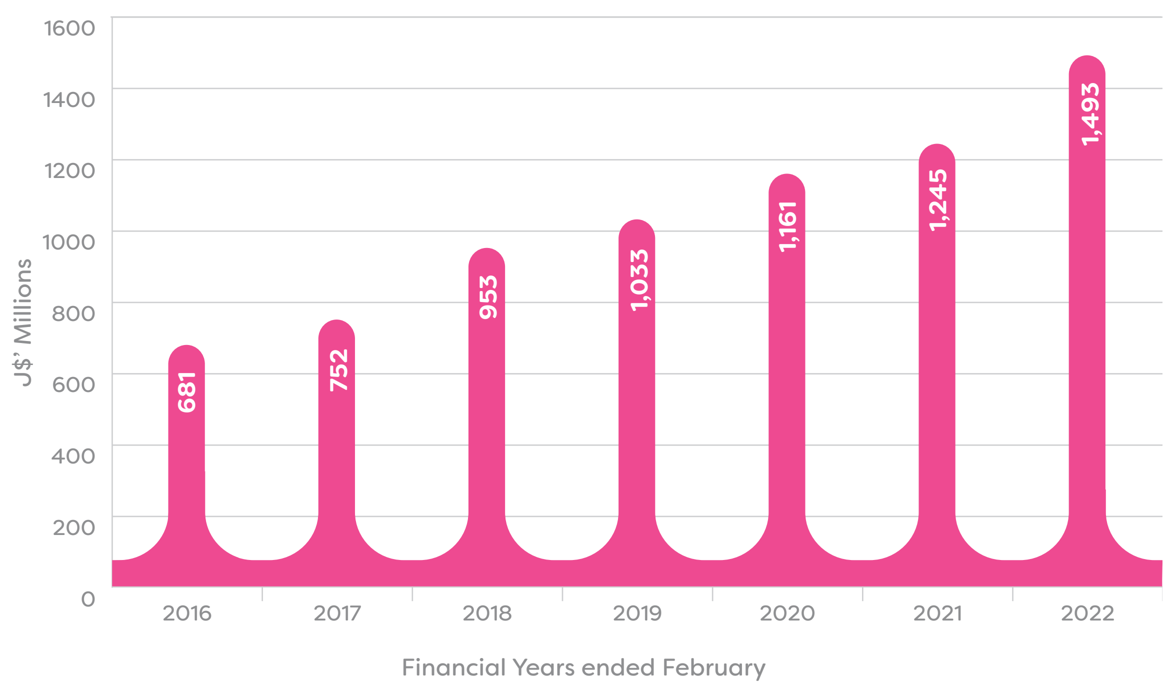


Financial Years ended February

Cost of Operating Revenue (COR)

The COR was $1,493m, an increase of $247m or 20% above the previous year, which was higher than our 12% sales increase. This was due mainly to rapidly increasing ingredient (raw material) prices which we could not fully pass on to our consumers. We also faced higher electricity and overseas finished goods costs.

Cost of Operating Revenue



Operating Expenses

While managing our expenses despite the pandemic, total operating expenses were $607m, an increase of $98m or 19% over the previous year's expense of $510m. The main contributors were: –

(1) Utilities due to rate increase from JPS across all locations.

(2) Staff costs were increased due to:

- additional staffing and/or overtime pay to cover for personnel in quarantine
- additional transportation costs during lockdowns
- additional meal allowances during lockdowns

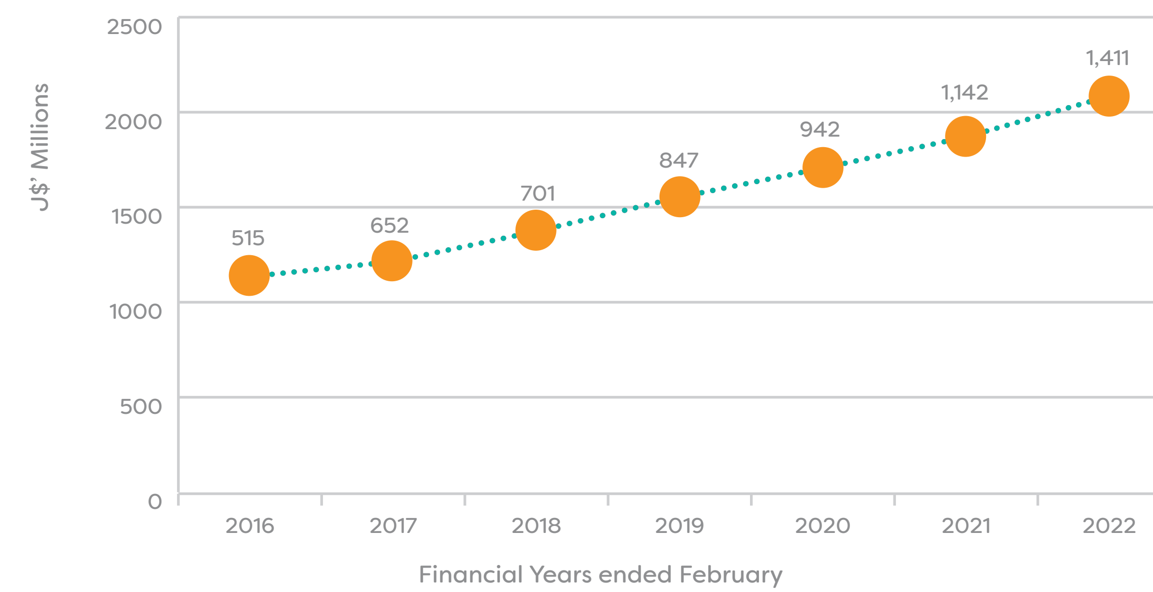
(3) Higher repairs and maintenance to the depot electrical system for both May Pen and Montego Bay, which were severely affected by local power supply issues.

(4) Financing costs increased to facilitate our CAPEX programme, particularly the Combined Heat and Power (CHP) plant.

Statement of Financial Position

Total Assets Less Current Liabilities

The company remains strong. Total Assets less Current Liabilities at the end of the year was $1,411m; this was an increase of $270m or 24% above the previous year. This came about by the continued expansion of capital investments and working capital control.



Liquidity

We maintained strong liquidity. Cash and cash equivalents were $146m despite a decrease of $72m or 33% over last year. This was due to –

(1) Increase of Trade and other receivables by $26m to $120m, in support of our customers during the pandemic.

(2) Increase of Inventory by $85m to $247m as we built up raw material inventories, especially certain packaging, to mitigate against supply chain uncertainties.

	Financial Years ended February						
	2016	2017	2018	2019	2020	2021	2020
				J$' Thousands			
Cash and Cash equivalents	152,523	176,182	174,735	129,995	129,197	217,284	145,710

Equity and Non-current liabilities

Total equity and non-current liabilities decreased by $90m or 12% and this was mainly due to the reduction of accumulated profits.

Marketing Overview

With the continuation of the COVID-19 pandemic in this financial year, and the resultant global issues which accompanied this problem, marketing maintained a conservative approach regarding our levels of expenditure.

This, however, did not dampen our aggressive approach to the market, and to engaging our loyal and new consumers.

To this end, we enhanced our utilisation of social media platforms to ensure that we maintained/ increased our "top of mind" awareness with our consumers. This, coupled with our on-the-ground promotions, and consistent hard work at the back of house, ensured that goods moved seamlessly from inventory to the consumer, thus gaining us another year of increased revenues.

Operations Overview

Rapidly rising packaging and ingredient unit costs, as well as our inability to move prices to match, hit our bottom line this year. While we beat the previous year's sales, we had aimed for higher volumes which we could not deliver as two key pieces of equipment suffered major down time. Recovery was particularly challenging as we were unable to secure timely in-person overseas technical and spares support. We continued to experience difficulties with supplies of packaging for the smaller but no less important retail ice cream market until we found a resolution in late 2021.

The Ocho Rios depot continues to deliver good sales volumes and margins. Despite challenges, our Portmore franchisee also brought in additional revenues and strengthened our brand presence.

Sadly, we lost one key staff member and two of our mid-level distributors due to COVID-19. We offer our deep appreciation for their many years of loyal support, even as we mourn their passing.

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

Capital Expenditures

We brought in and installed an additional ice cream freezer and added two compressed air pieces. This further improves our system redundancy so as to withstand down time on a single unit. We will continue building out that redundancy. We also brought in an electric pallet loader to reduce employee strain. We ordered new filling equipment and a new ingredient feeder. We have started the design phase of our new Enterprise Resource Planning (ERP) IT software and preparations of #1 South Road for our new Cold Room project which are planned for completion and to go live by 2023. The ERP system will deliver speedier transactions and reporting along with much improved inventory information and costing data. The Cold Room project will deliver increased blast freezing throughput, as well as larger holding space for finished goods.

While the pandemic brought delays to capital projects such as the Clean in Place (CIP) sanitisation equipment and in particular the CHP plant, the benefits of both will be realized by the end of the coming financial year.

Human Resource Overview

A highly competent, motivated and engaged team

This is critical to the success of any organisation and was the strategic imperative for Human Resources for the year 2021-2022.

Key initiatives to deliver this outcome included implementing a robust capability development programme, ensuring a fit for purpose organisational structure, having the right people, in the right roles and embedding a culture of high performance.

Implementing a robust capability programme

We made gains especially in Operations, where employees were trained in forklift operations and Good Manufacturing Practices (GMP), which are critical to us maintaining high quality and food safety standards.

From our performance management process, we identified the need to build management capability and therefore many of our supervisors, depot managers and team leaders were trained in supervisory management and leadership. While we are in a highly competitive labour market, we also invested in and improved the calibre of key supervisory and technical personnel, as we change our ways of working.

Ensuring a fit for purpose organisation

We are always on a quest to increase efficiencies and effectiveness in our operations and as such structural changes were implemented across the organisation. One example was moving to 12-hour shifts to achieve longer production runs and minimise shutdowns between shifts thus increasing our output.

A review of the Shared Services Team (SST) that was implemented in 2020 was conducted. The survey showed that 76.5% of respondents agreed that the SST helped them to achieve their goals and targets; 71% were in favour of the continuation of the Shared Service.

An informed workforce

Keeping our workforce informed and engaged is a proven way to increase employee motivation and productivity. This year several town hall—type meetings were held to both engage and inform employees about our strategy and business performance. We also introduced a quarterly newsletter, which was well received by staff. Our Employee Council remains an important channel to inform and engage our employees. Important staff feedback and recommendations come out of these meetings.

More could have been done throughout the year to keep employees focused on the business performance but it's a learning experience we will address in the new year.

The right people, in the right roles

We continue our thrust to attract and retain the best talent. We were able to maintain a low turnover rate among our top talents and critical roles. However, we had difficulty attracting talent for some senior positions in the existing highly competitive labour market.

Our people continue to be our biggest assets and as such we will continue our drive to build a highly competent, motivated and engaged team.

Risk Management and Internal Controls

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

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

The primary goal of the company'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 maximise shareholder returns.

Credit Risk

Credit risk is the possibility of a loss to the company if a customer to a financial instrument fails to meet its contractual obligations. It arises principally from the company's receivables from customers. Management is guided by its credit policy and evaluations to minimise exposure to credit risk.

Liquidity Risk

This is the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become 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.

Other Risks: Environment – Quality and Safety

This risk is the potential for losses due to quality that fails to meet the company's goals. Rigorous quality testing continues to be applied as we raise the calibre of our quality personnel and prepare ourselves for international certifications.

Corporate Social Responsibility

Our Corporate Social Responsibility activities were severely curtailed due to the reduction of face-to-face contact during the pandemic. Nevertheless, we achieved significant outreach.

Early Childhood Commission of Jamaica

We received an Outstanding Partner Award, dated May 2021, for our service in this sphere of Jamaican life. We look forward to deeper involvement in the coming years.

Solid Waste Disposal Assistance

Partnering with Sign Xpress, we converted drums used to ship food ingredients, into properly labelled garbage disposal drums - with lids - for the health of The Huddersfield community in St. Mary.

Education – Online Learning

We provided $2m in computer tablets to children of our staff, to assist their family with the cost of online school classes.

Outlook

While the 2021/22 financial year was decidedly more challenging than the prior year due to the knock-on effects of the pandemic on the global supply chain for a range of inputs and equipment, we were able to build up our Plant & Equipment by $284m.

Beefed up local novelty production will bring more sales and good returns and, over time, other stick novelties. We also expect to improve our sales of co-packed (contract packed) mix and ice cream, and Bulkans (biodegradable scooping buckets). Our concern continues to be the increasing pressure on consumer purchasing power.

Our team did well to minimise supply chain disruptions and should be able to do more in the coming year. We will have to exercise some patience and further innovation with the market given cost pressures, but we are seeking less costly quality options where we can.

Overhead expenses are being more tightly managed as we maintain their ratio to sales. Electricity will prove challenging due to the high-rate increases. The completion of our CHP plant during this year to save on energy costs and going live with the installation of our new ERP system to improve our IT capacity, should help us to deliver on some overhead savings.

We are preparing for the installation of a new, larger, and more efficient Cold Room and Blast Freezers in the coming year, as well as other critical investments to improve our resilience in the face of mechanical issues. These will enhance our ability to deliver quality products within a world-class infrastructure.

The Board and Management of Caribbean Cream would like to express its deepest gratitude to our employees who continue to perform at a high level while working through the personal pressures of this pandemic. We thank our "fudgies", our mid-level distributors, wholesalers, our supply chain partners and smaller vendors, for their ongoing efforts to promote and provide our products to the society, as we build Kremi's capacity to provide ice cream and novelties to our country and the wider Caribbean.

Corporate Governance

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

Board of Directors Composition
As of February 28, 2022, the board of directors was comprised of 3 independent directors, 2 non-executive directors and 1 executive director, who are qualified, objective, committed, 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 are not related nor have any pecuniary relationship with the company, senior management or affiliate companies. The independent director does not own more than 3% of the voting shares of the company.
- **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 the company.

The Board and its Committees
- Board of Directors

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

Audit & Risk Management Committee
The audit & risk management committee is an operating committee of the company's board of directors. It maintains direct communication with the company'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 & Risk Management Committee consists of 4 directors**:**

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

Compensation/Nominations/Corporate Governance Committee

The compensation/nominations/corporate governance committee is a sub-committee of the company's board of directors. It is mainly responsible for setting the compensation level of senior management, making recommendations to the board on the composition and qualifications of directors and making recommendations on the organization's governance matters.

The compensation/nominations/corporate governance committee consists of 3 directors:

Mark McKenzie - Chairman
Carol Clarke-Webster - Non-Executive Director
Wayne Wray - Independent Director

Attendance at Meetings for the Year

	Annual General Meeting	Board of Directors' Meeting	Audit & Risk Management Committee Meeting	Compensation/Nominations/ Corporate Governance Committee Meeting
Number of meetings for the year	1	6	4	1
Christopher Clarke	1	6	4	-
Matthew Clarke	*	6	-	-
Carol Clarke-Webster	*	6	-	1
Mark McKenzie	*	6	4	1
Michael Vaccianna	*	6	4	-
Wayne Wray	1	6	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 the company's board of directors and its committees

Annual General Meeting
A general meeting with shareholders is 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 amended during the period under review.

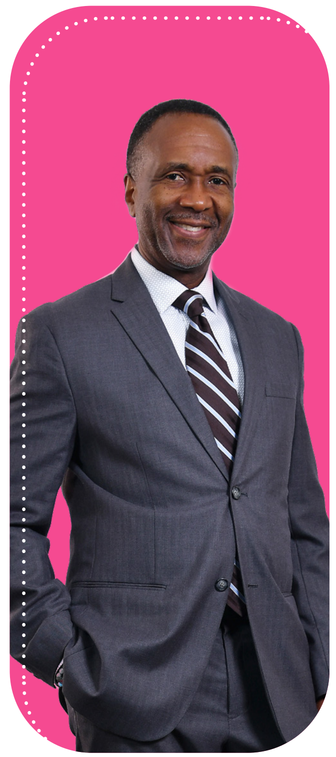
The Corporate Governance Guidelines which includes the communication policy, dividend policy, code of ethics, whistle blowing, corporate social responsibility and human resources **guidelines are available on the company's website at www.caribcream.com**

Board of Directors

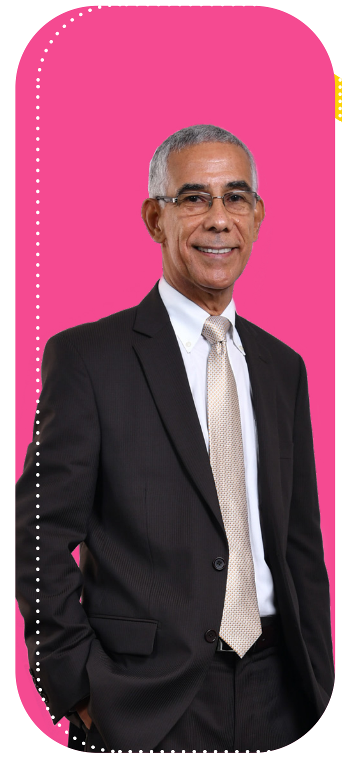
Christopher Clarke
Chairman

Matthew Clarke
Non-executive Director

Carol Clarke-Webster
Non-executive Director



Wayne Wray
Independent Director



Mark McKenzie
Independent Director

Michael Vaccianna
Independent Director

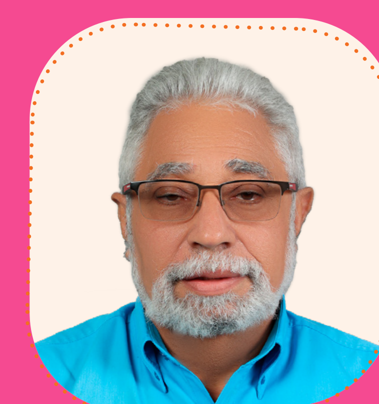
Denise Douglas
Company Secretary

Senior Management Team

Christopher Clarke
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 Largest Shareholders as at February 28, 2022

Ten Largest Shareholders	No. of Stock Units	% Holding
Scoops Un-Limited Limited	123,035,449	32.5002
Matthew Clarke	59,555,425	15.7318
Carol Marie Clarke-Webster/Christopher Andrew Clarke	58,521,764	15.4587
Christopher A. Clarke	35,133,399	9.2806
Resource In Motion Limited	32,479,583	8.5796
Everton J. Smith	9,782,142	2.584
JI Limited	5,000,000	1.3208
Sagicor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution	3,121,508	0.8246
QWI Investments Limited	3,100,000	0.8189
Everton A. Smith	2,500,000	0.6604

Shareholdings of Directors, Officers and Connected Parties as at February 28, 2022

Board Member	Primary Holder Joint Holder	Relationship	No. of Stock Units	Total
Carol Webster	Carol Webster/ Christopher A. Clarke	Connected	58,521,764	**181,557,213**
	Carol Webster/ Scoops Un-Limited Limited	Connected	123,035,449	
Matthew G. Clarke	Matthew Clarke	Self	59,555,425	**182,590,874**
	Matthew Clarke/ Scoops Un-Limited Limited	Connected	123,035,449	
Christopher A. Clarke	Christopher A. Clarke	Self	30,133,399	**158,168,848**
	Christopher A. Clarke/ Kamoy Clarke	Connected	5,000,000	
	Christopher A. Clarke/ Scoops Un-Limited Limited	Connected	123,035,449	
Mark A McKenzie	Mark A McKenzie	Self	1,487,558	**1,487,558**
Wayne Wray	Wayne Wray/Christine Randle	Connected	1,043,249	**1,250,084**
	Wayne Wray	Self	200,000	
	Wayne Wray/Craig Singh	Connected	6,835	
Michael Vaccianna	Michael Vaccianna	Self	0	0

Shareholdings of Senior Managers and Connected Parties as at February 28, 2022

Senior Managers	Primary Holder/ Joint Holder	Relationship	No. of Stock Units	Total
David Radlein	David Radlein/ Catherine Radlein	Connected	100,000	**100,000**
Karen Williams	Karen Williams/ Vyris Williams	Connected	25,855	**80,855**
	Karen Williams/ Vyris Williams	Connected	55,000	
Dean Alvery Clarke	Dean Alvery Clarke	Self	200,000	**200,100**
	Dean Alvery Clarke	Self	100	

Audited Financial Statements

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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 39 to 74, which comprise the statement of financial position as at February 28, 2022, 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, 2022, 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.

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 judgement, 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 judgement 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.

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.

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (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.

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (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 37 to 38, 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 Al Johnson.

KPMG

Chartered Accountants
Kingston, Jamaica

June 24, 2022

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 judgement 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.

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.

Statement of Financial Position
February 28, 2022
(Expressed in Jamaica dollar unless otherwise stated)

	Notes	2022	2021
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,109,887,812	825,483,694
Right-of-use assets	5(a)	88,374,039	93,044,425
Total non-current assets		1,198,261,851	918,528,119
CURRENT ASSETS			
Cash and cash equivalents	6	145,701,431	217,283,548
Trade and other receivables	7	119,871,368	93,514,369
Inventories	8	247,302,476	162,352,192
Total current assets		512,875,275	473,150,109
CURRENT LIABILITIES			
Trade and other payables	9	228,777,249	214,491,486
Taxation payable		11,107,491	10,734,482
Current portion of lease liabilities	5(b)	21,370,820	17,456,686
Current portion of long-term loans	10	38,844,443	6,977,778
Total current liabilities		300,100,003	249,660,432
Net current assets		212,775,272	223,489,677
Total assets less current liabilities		1,411,037,123	1,142,017,796
NON-CURRENT LIABILITIES			
Long-term loans	10	521,629,252	206,927,474
Lease liabilities	5(b)	81,639,517	86,580,789
Deferred tax liability	11	9,261,201	14,576,941
Total non-current liabilities		612,529,970	308,085,204
EQUITY			
Share capital	12	111,411,290	111,411,290
Accumulated profits		687,095,863	722,521,302
Total equity		798,507,153	833,932,592
Total non-current liabilities and equity		1,411,037,123	1,142,017,796

The financial statements on pages 39 to 74 were approved for issue by the Board of Directors on June 23, 2022 and signed on its behalf by:

________________Chairman
Christopher Clarke

________________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, 2022
(Expressed in Jamaica dollar unless otherwise stated)

	Notes	2022	2021
Gross operating revenue	13	2,085,408,817	1,870,188,069
Cost of operating revenue	14(a)	(1,492,519,798)	(1,245,049,430)
Gross profit		592,889,019	625,138,639
Expenses:			
Administrative	14(b)	(511,860,405)	(427,856,374)
Selling and distribution	14(c)	(61,038,108)	(60,656,587)
		(572,898,513)	(488,512,961)
Impairment/write back of trade receivables	7(i)	(27,650)	1,804,151
Operating profit before net finance costs and taxation		19,962,856	138,429,829
Finance income - interest		841,338	1,333,200
Finance costs	15	(34,493,809)	(21,262,694)
(Loss)/profit before taxation		(13,689,615)	118,500,335
Taxation	16	4,536,804	(17,819,728)
(Loss)/profit, being total comprehensive (loss)/income for the year		(9,152,811)	100,680,607
(Loss)/earnings per share	17	(0.02)	0.27

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

CARIBBEAN CREAM LIMITED

Statement of Changes in Equity
Year ended February 28, 2022
(Expressed in Jamaica dollar unless otherwise stated)

	Share capital (note 12)	Accumulated profits	Total
Balances at March 1, 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
Total comprehensive income			
Loss, being total comprehensive: Loss for the year	-	(9,152,811)	(9,152,811)
Transaction with owners:			
Dividends (note 20)	-	(26,272,628)	(26,272,628)
Balances as at February 28, 2022	111,411,290	687,095,863	798,507,153

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

Statement of Cash Flows
Year ended February 28, 2022
(Expressed in Jamaica dollar unless otherwise stated)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year		(9,152,811)	100,680,607
Adjustments for:			
Depreciation- property, plant and equipment	4	102,447,926	95,027,056
Depreciation – right-of-use assets	5(a)	24,967,330	21,645,433
Write off of property, plant and equipment	4	464,284	-
Lease interest expense	5(c)	7,969,205	9,481,508
Interest expense	15	21,415,340	11,951,987
Interest income		(841,338)	(1,333,200)
Taxation	16	(4,536,804)	17,819,728
Operating profit before changes in working capital		142,733,132	255,273,119
Changes in:			
Trade and other receivables		(26,419,125)	(35,284,591)
Inventories		(84,950,284)	(44,577,507)
Trade and other payables		14,285,763	29,144,974
Taxation paid		(405,927)	(5,118,209)
Interest paid		(21,415,340)	(11,951,987)
Interest received		903,464	1,314,503
Net cash generated from operating activities		24,731,683	188,800,302
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to property, plant and equipment being net cash used in investing activities	4	(387,316,328)	(147,366,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		357,035,110	258,905,252
Repayment of bank loans		(10,466,667)	(177,414,158)
Payment of lease liabilities, net	5(d)	(29,293,287)	(23,859,342)
Dividends	20	(26,272,628)	(10,978,476)
Net cash generated from financing activities		291,002,528	46,653,276
Net (decrease)/increase in cash and cash equivalents		(71,582,117)	88,086,733
Cash and cash equivalents at beginning of the year		217,283,548	129,196,815
Cash and cash equivalents at end of the year		145,701,431	217,283,548
Represented by:			
Cash and bank balances		112,438,925	164,309,075
Fixed deposits		33,262,506	52,974,473
		145,701,431	217,283,548

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

Notes to the Financial Statements (Continued)
February 28, 2022
(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. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements as at and for the year ended February 28, 2022 (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 and interpretations came into effect during the current financial year. The company has assessed them and has adopted those which are relevant to its financial statements. The adoption did not result in any changes to the amounts recognised or disclosed in the financial statements.

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 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.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

Amended standards issued that are not yet effective (continued)

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets (continued)*

  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

- 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.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

Amended standards issued that are not yet effective (continued)

- Amendments to IAS 1 *Presentation of Financial Statements* (continued)

  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.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

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

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

Amended standards issued that are not yet effective (continued)

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (continued)

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

- Amendments to IAS 12 Income Taxes are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Management is evaluating the impact that the foregoing amendments and interpretations to the standards may have on its financial statements when they are adopted.

2. Statement of compliance and 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. The significant accounting policies stated in note 3 below conform in all material respects with IFRS and were consistently applied in all periods presented in these financial statements..

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, 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.

Judgements 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. Statement of compliance and 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:

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.

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 land and 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	lease period

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(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. 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.

Cash and cash equivalents are classified and measured at amortised cost.

(d) Trade and other receivables:

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

(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.

3. Significant accounting policies (continued)

(f) Trade and other payables:

Trade and other payables are classified and 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:

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).

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.

The company measures loss allowances at an amount equal to lifetime ECLs. Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

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

3. Significant accounting policies (continued)

(m) Impairment (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.

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).

For trade receivables, the company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

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.

3. Significant accounting policies (continued)

(m) Impairment (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 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.

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.

3. Significant accounting policies (continued)

(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.

Financial assets:

(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.

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).

3. Significant accounting policies (continued)

(n) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

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.

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.

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.

In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

3. Significant accounting policies (continued)

(n) Financial instruments (continued):

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.

(ii) Classification and subsequent measurement

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.

(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.

3. Significant accounting policies (continued)

(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.

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.

3. Significant accounting policies (continued)

(p) Dividend and distribution

Dividends on ordinary shares and capital distributions are recognised in equity in the period in which they are approved.

Interim dividends payable to shareholders are approved by the directors while final dividends have to be approved by the equity shareholders at the Annual General Meeting. Dividends and capital distributions for the year that are declared after the reporting date are dealt with in the subsequent events note.

(q) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

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

(r) 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.

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
February 28, 2022
(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	Security systems	Total
Cost:								
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
Additions	19,267,398	978,109	2,782,609	37,926,191	1,538,035	322,295,279	2,528,707	387,316,328
Transfers	53,973,048	-	-	-	-	(53,973,048)	-	-
Disposal	-	-	-	(655,460)	-	-	-	(655,460)
February 28, 2022	373,687,782	47,124,134	11,064,798	770,410,234	47,775,091	439,241,208	8,964,785	1,698,268,032
Depreciation:								
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
Charge for the year	14,988,253	4,660,200	927,937	73,220,978	8,007,824	-	642,734	102,447,926
Disposal	-	-	-	(191,176)	-	-	-	(191,176)
February 29, 2022	85,475,630	18,507,057	4,455,633	437,257,623	39,451,690	-	3,232,587	588,380,220
Net Book Values:								
February 28, 2022	288,212,152	28,617,077	6,609,165	333,152,611	8,323,401	439,241,208	5,732,198	1,109,887,812
February 29, 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

Freehold land and buildings include land at cost of $71,773,048 (2021: $17,800,000).
Certain assets of the company are pledged as securities for bank overdraft and other loans (see note 10).

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
February 28, 2022
(Expressed in Jamaica dollar unless otherwise stated)

5. Leases

Some property leases contain extension options exercisable by the company up to one year before the end of the non-cancellable contract period. Where practicable, the company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the company and not by the lessors. The company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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

(a) Right-of-use assets - Property

	2022	2021
Balance at beginning of year	93,044,425	95,435,877
Additions	20,296,944	-
Adjustment due to exercise of lease extensions	-	19,253,981
Depreciation charge for the year	(24,967,330)	(21,645,433)
Balance as at year end	88,374,039	93,044,425

(b) Lease liabilities

Maturities analysis- contractual undiscounted cash flows:

	2022	2021
Less than one year	29,586,407	24,488,228
Two to five years	60,684,048	81,878,103
Over five years	29,357,640	21,364,624
Total undiscounted lease liabilities at February 28	119,628,095	127,730,956
Less: Discount	(16,617,758)	(23,693,480)
	103,010,337	104,037,475

Lease liabilities included in the statement of financial position:

	2022	2021
Current	21,370,820	17,456,686
Non-current	81,639,517	86,580,789
	103,010,337	104,037,475

(c) Amount recognised in profit or loss

	2022	2021
Interest on lease liabilities	7,969,205	9,481,508
Depreciation of right -of-use assets	24,967,330	21,645,433

(d) Amount recognised in the statement of cash flows

	2022	2021
Total cash outflow for leases	(29,293,287)	(23,859,342)

6. Cash and cash equivalents

	2022	2021
Bank balances	112,144,181	163,988,173
Cash in hand	294,744	320,902
	112,438,925	164,309,075
Fixed deposits	33,262,506	52,974,473
	145,701,431	217,283,548

7. Trade and other receivables

	2022	2021
Trade receivables	82,580,449	73,559,380
Less provision for impairment losses (i)	(1,665,626)	(1,637,976)
	80,914,823	71,921,404
Prepayments and deposits	37,113,210	18,840,560
Other receivables	1,843,335	2,752,405
	119,871,368	93,514,369

Included in trade receivables is $29,018,233 (2021: $36,131,292) 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, 2022 to apply against the accounts receivable balance [note 21(a)(i)].

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

	2022	2021
Balance as at beginning of year	1,637,976	3,442,127
Reversal of impairment	-	(1,804,151)
Impairment loss recognised	27,650	-
Balance as at end of year	1,665,626	1,637,976

8. Inventories

	2022	2021
Raw materials	137,423,204	87,659,699
Finished goods	78,160,550	25,657,634
Goods in transit	31,718,722	49,034,859
	247,302,476	162,352,192

During the year inventories of $937,554,590 (2021: $754,640,226) were recognised as an expense in cost of operating revenue.

9. Trade and other payables

	2022	2021
Trade payables	183,250,654	134,861,589
Other payables	45,526,595	79,629,897
	228,777,249	214,491,486

Included in other payables is $1,636,383 (2021: $1,147,482) due from a related party in the ordinary course of business.

10. Long-term loans

	2022	2021
(i) CIBC term loan	146,533,333	157,000,000
(ii) CIBC demand instalment loan	413,940,362	56,905,252
	560,473,695	213,905,252
Less current portion	(38,844,443)	(6,977,778)
	521,629,252	206,927,474

(i) The loan commenced January 1, 2021 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%. The loan will mature in 2026

(ii) This is a non-revolving demand instalment loan which commenced January 1, 2021 to the provide funding for capital expenditure. The loan is available by way of multiple drawdowns within 18 months after the satisfaction of the conditions precedent. The loan attracts fixed interest at 5.80% per annum and is payable quarterly. During the year, the company draw-down $357,035,110 (2021: $56,905,252) in accordance with the terms of the existing loan facility.

10. Long-term loans (continued)

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:

	2020	Recognised in income (note 16)	2021	Recognised in income (note 16)	2022
Property plant and equipment	(14,728,749)	(1,729,830)	(16,458,579)	3,451,422	(13,007,157)
Accounts receivable	(5,429)	(2,337)	(7,766)	7,766	-
Unrealized foreign exchange gain/loss	113,905	(368,900)	(254,995)	879,716	624,721
Leases, net	465,682	908,450	1,374,132	455,406	1,829,538
Accounts payable	765,066	5,201	770,267	521,430	1,291,697
	(13,389,525)	(1,187,416)	(14,576,941)	5,315,740	(9,261,201)

12. Share capital

	2022	2021
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

	2022	2021
(a) Cost of operating revenue:		
Depreciation	64,625,262	61,839,499
Depreciation right of use assets	4,092,161	3,960,209
Other costs of operating revenue	199,964,914	136,000,280
Raw materials and consumables	937,554,590	754,640,226
Repairs and maintenance	38,868,399	37,461,780
Staff costs (note 19)	103,452,810	96,236,710
Utilities	143,961,662	154,910,726
	1,492,519,798	1,245,049,430
(b) Administrative:		
Accounting fees	-	4,800,000
Audit fees	3,233,333	3,200,000
Cleaning and sanitation	37,555,246	30,026,310
Depreciation	37,822,664	33,187,557
Depreciation right of use assets	20,875,169	17,685,224
Directors' emoluments		
- Fees	2,264,722	2,128,833
- Management remuneration	9,544,090	8,043,919
General insurance	13,441,508	11,018,524
Lease interest	7,969,205	9,481,508
Other administrative expenses	4,774,802	9,062,291
Professional fees	48,877,454	41,465,095
Rent	1,008,000	1,478,150
Repairs and maintenance	39,283,897	27,491,440
Security	33,480,638	28,015,115
Staff costs (note 19)	168,265,496	150,622,568
Utilities	83,464,181	50,149,840
	511,860,403	427,856,374
(c) Selling and distribution:		
Advertising and promotion	14,856,047	16,766,235
Licenses and permits	746,967	394,147
Motor vehicle expenses	9,526,291	7,513,498
Travelling and entertainment	1,815,655	939,824
Subsistence allowance	456,455	204,491
Transportation and delivery	33,636,693	34,838,392
	61,038,108	60,656,587
Total administrative and selling and distribution expenses	572,898,513	488,512,961

15. Finance costs

	2022	2021
Bank and other charges	6,135,861	6,340,401
Interest expense	21,415,340	11,951,987
Net foreign exchange loss	6,942,608	2,970,306
	34,493,809	21,262,694

16. Taxation

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

	2022	2021
Current tax expense:		
Income tax	2,441,998	31,865,914
Remission of income taxes [note 16(c)]	(1,220,999)	(15,932,957)
Prior year adjustment	(442,063)	699,355
	778,936	16,632,312
Deferred tax expense:		
Origination and reversal of temporary differences (note 11)	(5,315,740)	1,187,416
Total taxation (credit)/expense	(4,536,804)	17,819,728

(b) Reconciliation of actual tax (credit)/charge:

	2022	2021
(Loss)/profit before taxation	(13,689,615)	118,500,335
Computed 'expected' tax at 25% (2021: 25%)	(3,422,404)	29,625,084
Difference between (loss)/profit for financial statements and tax reporting purposes on:		
Depreciation and capital allowances	5,074,520	7,870,440
Expenses not deductible for tax purposes	(4,525,858)	(4,442,194)
(Over)/understatement of prior year tax expense	(442,063)	699,355
Remission of income taxes [note 16(c)]	(1,220,999)	(15,932,957)
Actual tax (credit)/charge	(4,536,804)	17,819,728

(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.

16. Taxation (continued)

(c) Tax remission (continued)

(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. (Loss)/earnings per share

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

18. Related party balances and transactions

The statements of financial position, and profit or loss and other comprehensive income include balances which are unsecured and attracts no interest and transactions arising in the ordinary course of business during the year with related parties as follows:

	2022	2021
Balances with related parties:		
(i) Due from related parties (note 7)	29,018,233	33,925,593
(ii) Staff loan, net	1,636,383	1,147,482
Transactions with related parties:		
(iii) Sale of ice cream mix	153,743,883	144,515,700
(iv) Sale of ice cream and novelties	42,880,295	37,048,650
(v) Sale of cones	20,036,912	2,635,289

Key management compensation (including directors' remuneration) is as follows

	2022	2021
	$'000	$'000
Salaries and other short-term employee benefits	15,964,090	14,043,919

18. Related party balances and transactions (continued)

During the year, the company acquired assets from a related party for a consideration of $45,000,000.

Details of the acquisition are as detailed below:

	2022
Cash and bank balances	3,718,650
Trade receivables	2,067,345
Inventory	318,070
Property, plant and equipment	38,832,935
Consideration	45,000,000

19. Staff costs

	2022	2021
Employer's statutory contributions	23,149,796	19,915,231
Salaries, wages and other staff benefits	248,568,510	226,944,047
	271,718,306	246,859,278
Included in profit or loss as follows:		
Administrative	168,265,496	150,622,568
Direct labour	103,452,810	96,236,710
	271,718,306	246,859,278

20. Dividends

During the year, dividends of $0.069 (2021: $0.029) per share were declared and paid to the shareholders on records at June 28, 2021 (2021: September 16, 2020).

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, 2022 and February 28, 2021.

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.

21. Financial instruments (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued):

Trade receivables (continued)

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

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:

	2022			
Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	0.09%	70,044,451	62,045	No
Past due 31 - 60 days	1.42%	4,760,343	67,360	No
Past due 61- 90 days	1.09%	6,308,435	69,001	No
More than 90 days	100%	1,467,220	1,467,220	Yes
		82,580,449	1,665,626	

21. Financial instruments (continued)

(a) Financial risk management (continued)

(i) Credit risk (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):

	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	

(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.

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.

	2022				
	Carrying amount	Contractual cash flows	Less than 1 year	2 to 5 years	Over 5 years
Loans	560,473,695	1,241,586,018	62,966,724	507,215,631	671,403,662
Trade and other payables	228,777,249	228,777,249	228,777,249	-	-
Lease liabilities	103,010,337	119,841,998	29,586,407	76,741,929	13,513,662
	892,261,281	1,590,205,265	321,330,380	583,957,560	684,917,324

21. Financial instruments (continued)

(a) Financial risk management (continued)

(ii) Liquidity risk (continued):

	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

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.

(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:

	2022			2021		
	J$ Equivalent	US$	CDN$	J$ Equivalent	US$	CDN$
Financial assets	97,628,342	410,685	284,897	46,596,307	298,603	15,854
Financial liabilities	(44,755,124)	(1,193)	-	(62,419,015)	(413,613)	(4,464)
Net position	52,873,218	409,492	284,897	(15,822,708)	(115,010)	11,390

21. Financial instruments (continued)

(a) Financial risk management (continued)

(iii) Market risk (continued):

(i) Currency risk (continued):

Exposure to currency risk (continued):

Exchange rates in terms of the Jamaica dollar as at the reporting date were US:$1: 154.68 (2021: US$1: J$149.60) and CDN:$1: 121.54 (2021: CDN$1: J$120.96).

Sensitivity analysis:

A 8 % (2021: 6%) weakening of the US$ and CDN$ against the J$ would $4,871,628 (2021: increase profit for the year by $952,333).

A 2 % (2021: 2%) strengthening of the US$ and CDN$ against the J$ would $1,217,907 (2021: increase profit for the year by $ 317,444).

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2021.

(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.

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	
	2022	2021
Fixed rate:		
Financial assets	89,826,557	79,045,976
Financial liabilities	(560,473,695)	(213,905,252)
	(470,647,138)	(134,859,276)

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.

Notes to the Financial Statements (Continued)
February 28, 2022
(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):

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.

22. Impact of Covid 19

The World Health Organization 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. Where pandemic levels might affect staffing, healthy management and technical personnel, along with healthy line personnel, will keep operations going so as to maintain supply levels.

23. Impact of Ukraine Conflict

Management continues to monitor the ongoing situation in relation to the Ukraine conflict which has escalated since the year end. Ingredients, direct costs, and overheads drive our pricing decisions, and in times especially of supply uncertainties and constraints, that translates to higher product prices and may negatively impact the company's cashflows and profits. Whilst there is still uncertainty of the implications of these events and conditions over the global economy's recovery from COVID-19, management believes that the Company is in a position to withstand such economic shocks.

FORM OF PROXY

CARIBBEAN CREAM LIMITED
3 South Road
Kingston 10, Jamaica (W.I.)

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 Courtleigh Hotel and Suites 85 KNUTSFORD BOULEVARD, Kingston, 5. on Tuesday, October 25, 2022 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, 2022		
Resolution No. 2	Directors, retiring by rotation, be re-elected by a Single Resolution		
Resolution No. 3	Election of Directors retiring by rotation Christopher Clarke, Matthew Clarke and Michael Vaccianna		
Resolution No. 4	Remuneration of Directors		
Resolution No. 5	To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors		

Signed this _____________________day of _______________________________________2022

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 authorized 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 cancelled 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 • Fax: (876) 906-1128

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