

HONEY BUN (1982) LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2024

HONEY BUN (1982) LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2024

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INDEPENDENT AUDITORS' REPORT

To the Members of
Honey Bun (1982) Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Honey Bun (1982) Limited set out on pages 6 to 44, which comprise the statement of financial position as at 30 September 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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 30 September 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of 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 these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Key Audit Matters (cont'd)

Key audit matter	How the matter was addressed in our audit
<p><i>Expected credit losses in relation to financial assets.</i></p> <p>See notes 3(l)(iii), 5(c)(ii) and 18 to the financial statements for management's related policies and disclosures.</p> <p>Trade receivables amounted to \$166.2 million at 30 September 2024 and the expected credit loss provision totalled \$48.9 million.</p> <p>Management makes judgement regarding the collectability of receivables by making certain assumptions and judgements in arriving at the provision for impairment. The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.</p>	<p>The company's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard.</p> <p>We focused on this area due to the number of significant judgements made by management in relation to future economic scenarios.</p> <ul style="list-style-type: none"> • We updated our understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. • We tested manual and automated controls over the aging of receivables. Our testing of automated controls involved using our own information technology specialist to test the design, implementation and operating effectiveness of the automated controls. • We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management. The main macro factors used were compared to external public information and calculations tested through re-computation. • We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of accounts receivable.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Report on the Audit of the Financial Statements (cont'd)**Key Audit Matters (cont'd)**

Key audit matter	How the matter was addressed in our audit
	Based on our audit procedures performed, the assumptions used by management in determining the increase in credit risk and forward looking information were considered reasonable. Therefore, no adjustments to the financial statements were deemed necessary.

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.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

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

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

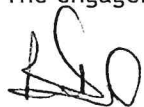
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the 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.

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 kept, 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 Sonia McFarlane.



Chartered Accountants

29 November 2024

HONEY BUN (1982) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
REVENUE	6	3,844,719,653	3,412,758,125
COST OF SALES		<u>(2,091,360,779)</u>	<u>(1,936,580,951)</u>
GROSS PROFIT		1,753,358,874	1,476,177,174
Other operating income	7	<u>2,017,393</u>	<u>5,046,218</u>
		<u>1,755,376,267</u>	<u>1,481,223,392</u>
EXPENSES:			
Administrative		(805,511,826)	(664,556,384)
Selling and distribution		<u>(630,873,150)</u>	<u>(518,281,900)</u>
	8	<u>(1,436,384,976)</u>	<u>(1,182,838,284)</u>
Movement on impairment losses on financial assets	8	<u>(21,743,768)</u>	<u>(21,465,832)</u>
OPERATING PROFIT		297,247,523	276,919,276
Finance income - interest		17,883,984	16,181,564
Finance costs	10	<u>(41,900,659)</u>	<u>(7,849,564)</u>
		273,230,848	285,251,276
Depreciation in value of investments classified as fair value through profit or loss		<u>(114,867)</u>	<u>(796,513)</u>
PROFIT BEFORE TAXATION		273,115,981	284,454,763
Taxation	11	<u>(43,042,185)</u>	<u>(52,363,530)</u>
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME		<u>230,073,796</u>	<u>232,091,233</u>
EARNINGS PER STOCK UNIT	12	<u>0.49</u>	<u>0.49</u>

HONEY BUN (1982) LIMITED
STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
<u>ASSETS</u>			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	772,741,285	735,778,703
Investments	14	51,145,425	118,896,545
Intangible assets	15	14,695,538	7,147,254
Right-of-use assets	16	<u>784,354,848</u>	<u>51,671,506</u>
		<u>1,622,937,096</u>	<u>913,494,008</u>
CURRENT ASSETS:			
Inventories	17	236,269,172	202,314,925
Receivables	18	363,469,367	147,599,094
Taxation recoverable		13,937,571	10,087,665
Cash and cash equivalents	19	<u>382,211,339</u>	<u>464,782,400</u>
		<u>995,887,449</u>	<u>824,784,084</u>
		<u>2,618,824,545</u>	<u>1,738,278,092</u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY:			
Share capital	20	46,514,770	46,514,770
Capital reserve	21	53,818,788	53,818,788
Retained earnings		<u>1,370,338,896</u>	<u>1,215,667,812</u>
		<u>1,470,672,454</u>	<u>1,316,001,370</u>
NON-CURRENT LIABILITIES			
Deferred taxation	22	43,724,722	58,167,544
Long term loan	23	-	8,866,651
Lease liability	16	<u>744,406,680</u>	<u>35,973,459</u>
		<u>788,131,402</u>	<u>103,007,654</u>
CURRENT LIABILITIES:			
Payables	24	256,092,958	278,981,215
Taxation payable		31,139,222	16,972,625
Current portion of long term loan	23	-	3,330,002
Current portion of lease liability	16	<u>72,788,509</u>	<u>19,985,226</u>
		<u>360,020,689</u>	<u>319,269,068</u>
		<u>2,618,824,545</u>	<u>1,738,278,092</u>

Approved for issue by the Board of Directors on 29 November 2024 and signed on its behalf by:



Herbert Chong - Chairman



Wayne Wray - Director

HONEY BUN (1982) LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>Share Capital</u> \$	<u>Capital Reserve</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
BALANCE AT 30 SEPTEMBER 2022		46,514,770	53,818,788	1,058,979,291	1,159,312,849
TOTAL COMPREHENSIVE INCOME					
Profit for the year		-	-	232,091,233	232,091,233
TRANSACTION WITH OWNERS					
Dividends	25	-	-	(75,402,712)	(75,402,712)
BALANCE AT 30 SEPTEMBER 2023		46,514,770	53,818,788	1,215,667,812	1,316,001,370
TOTAL COMPREHENSIVE INCOME					
Profit for the year		-	-	230,073,796	230,073,796
TRANSACTION WITH OWNERS					
Dividends	25	-	-	(75,402,712)	(75,402,712)
BALANCE AT 30 SEPTEMBER 2024		<u>46,514,770</u>	<u>53,818,788</u>	<u>1,370,338,896</u>	<u>1,470,672,454</u>

HONEY BUN (1982) LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> <u>₹</u>	<u>2023</u> <u>₹</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		230,073,796	232,091,233
Items not affecting cash resources:			
Depreciation	13	116,928,132	97,385,700
Adjustment to property, plant and equipment		(24,513)	6,389
Amortisation	15	1,418,454	1,320,252
Amortisation - right-of-use assets	16	26,434,980	17,322,456
Adjustment for right-of-use assets	16	(3,133,732)	4,165,558
Effect of exchange rate translation		(2,260,171)	(4,836,889)
Gain in lease termination		(177,154)	-
Interest income		(17,883,984)	(16,181,564)
Interest expense		468,512	641,893
Interest expense - right-of-use assets		41,432,147	7,207,670
Taxation expense	11	<u>43,042,185</u>	<u>52,363,530</u>
		436,318,652	391,486,228
Changes in operating assets and liabilities:			
Inventories		(33,954,247)	(22,968,857)
Receivables		(220,287,902)	22,431,340
Payables		<u>(23,257,923)</u>	<u>53,562,957</u>
		158,818,580	444,511,668
Taxation paid		<u>(47,168,316)</u>	<u>(50,981,871)</u>
Cash provided by operating activities		<u>111,650,264</u>	<u>393,529,797</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	13	(153,866,201)	(167,462,217)
Additions to intangible assets	15	(8,966,738)	(981,981)
Investments	19	67,807,818	(20,137,000)
Interest received		<u>22,548,669</u>	<u>12,423,385</u>
Cash used in investing activities		<u>(72,476,452)</u>	<u>(176,157,813)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of long-term loans		(12,196,653)	(3,147,491)
Dividends paid	25	(75,402,712)	(75,402,712)
Interest paid		(468,512)	(641,893)
Lease payment		<u>(36,003,079)</u>	<u>(24,862,518)</u>
Cash used in financing activities		<u>(124,070,956)</u>	<u>(104,054,614)</u>
(Decrease)/increase in cash and cash equivalents		(84,897,144)	113,317,370
Exchange effect on foreign cash balances		2,326,083	4,548,886
Cash and cash equivalents at beginning of year		<u>464,782,400</u>	<u>346,916,144</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	<u><u>382,211,339</u></u>	<u><u>464,782,400</u></u>

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Honey Bun (1982) Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 26 Retirement Crescent, Kingston 5, Jamaica. The company is listed on the Junior Market of the Jamaica Stock Exchange since 3 June 2011. Next Incorporated, a company registered under the Belize IBC Act 2000, owns 56.5% of the issued shares of the company.
- (b) The principal activities of the company are the manufacturing and distribution of baked products to the local and export markets.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3. MATERIAL ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards) and have been prepared under the historical cost convention as modified by the revaluation of certain freehold land and buildings and plant and machinery. They are also prepared in accordance with requirements of the Jamaican Companies Act.

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

New, revised and amended standards and interpretations that became effective during the year

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

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

The company has adopted the following new and amended standards and interpretations as of 1 January 2023:

Amendment to IAS 1, 'Presentation of Financial Statements' (effective for accounting periods beginning on or after 1 January 2023). This amendment requires entities to disclose their material rather than their significant accounting policies. The amendment defines what is 'material accounting policy information' and explains how to identify when accounting policy information is material. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, but, if disclosed, should not obscure material accounting information. **IFRS Practice Statement 2, 'Making Materiality Judgements'** was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment did not have a material impact on the company's financial statements.

Amendment to IAS 1, 'Presentation of Financial Statements'; IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and IFRS Practice Statement 2, 'Making Materiality Judgements' (effective for accounting periods beginning on or after 1 January 2023). This amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The importance of the distinction is that changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendment did not have a material impact on the company's financial statements.

Amendments to IAS 12 'Income Taxes', (effective for accounting periods beginning on or after 1 January 2023). The main change in deferred tax related to assets and liabilities from a single transaction is an exemption from the initial recognition exemption provided in IAS 12.15 and IAS 12.24. accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

New standards, amendments and interpretations not yet effective and not early adopted

The following amendments to standards which are not effective and have not been adopted early in these financial statements will or may have an effect on the company's financial statements.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities (effective for accounting periods beginning on or after 1 January 2024). These narrow-scope amendments to IAS 1, 'Presentation of Financial Statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

(b) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(c) Property, plant and equipment

Items of property, plant and equipment are measured at cost, except for certain freehold land and buildings and plant and machinery which are measured at valuation, less accumulated depreciation and impairment losses, (deemed cost).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation on all items of property, plant and equipment is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Furniture and fixtures	10 years
Bakery fixtures	2 to 5 years
Computers and accessories	4 years
Motor vehicles	5 years
Plant and machinery	10 years

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(d) Inventories

Inventories are stated at the lower of cost and fair value less costs to sell. Cost is determined as follows:

Finished goods	-	Cost of product plus all indirect costs to bring the item to a saleable condition.
Raw material	-	Cost of product plus duty and related cost in bringing the inventories to their present location.
Goods-in-transit	-	Cost of goods converted at the year end exchange rate.

Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(e) Provisions

Provisions are recognized 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. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

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

(f) 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 baked 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.	Revenue is recognised when the goods are delivered and have been accepted by the customers.
	Invoices are usually payable within 30 days.	

Interest income

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(g) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(h) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowing costs incurred for the construction of the qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(i) Current and deferred income taxes

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(j) Trade and other payables

Trade payables are stated at amortised cost.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(k) Intangible assets

Goodwill:

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in a business combination. It reflects the anticipated future economic benefits arising from assets that cannot be individually identified and separately recognized, such as brand value, customer relationships, and synergies from the acquisition.

Goodwill is reported as an intangible asset on the statement of financial position and is not amortized. Instead, it is tested for impairment annually or more frequently if events or circumstances indicate a potential impairment. The impairment testing compares the carrying value of goodwill to its recoverable amount, determined as the higher of fair value less costs to sell or value in use.

Any impairment losses identified are recognized immediately in the statement of profit or loss and cannot be reversed in subsequent periods.

Computer software:

Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of three (3) years on a straight line basis.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred.

(l) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

(i) Classification

The company classifies its financial assets as amortised cost and fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Classification (cont'd)

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise cash and cash equivalents, receivables, due from related company and short term deposits.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.

Fair value through profit or loss (FVTPL)

The company has made an irrevocable election to classify its investments at fair value through profit or loss rather than through other comprehensive income as the company considers this measurement to be the most representative of the business model for those assets. They are carried at fair value with changes in fair value recognized in profit or loss.

The company's financial assets measured at FVTPL are its investments securities which includes equity instruments in the statement of financial position.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

(ii) Recognition and measurement (cont'd)

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss.

(iii) Impairment

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Equity instruments at FVTPL are not subject to an impairment assessment.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following were classified as financial liabilities: long term loans, payables and lease liability.

(m) Segment reporting

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

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.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(m) **Segment reporting (cont'd)**

The company's activities are limited to the manufacture and distribution of baked products to Jamaican and overseas consumers. Overseas revenue is less than 10% of gross operating revenue and not considered a separate segment. No additional segment information is provided.

(n) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

(o) **Other receivables**

Other receivables are stated at amortised cost less impairment losses, if any.

(p) **Dividend distribution**

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. In the case of interim dividends, this is recognized when declared by the directors.

Dividend for the year that are declared after the reporting date are dealt with in the subsequent events note.

(q) **Leases**

All leases are accounted for by recognizing a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option, any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. **MATERIAL ACCOUNTING POLICIES (CONT'D):**

(q) **Leases (cont'd)**

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognized where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

(r) **Related parties**

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

- (a) A person or a close member of that person’s family is related to the company if that person:
- (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or of a parent of the company.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(r) Related parties (cont'd)

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

HONEY BUN (1982) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2024****4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Fair value estimation

A number of assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, fair value.

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

The fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are; the 'fair value hierarchy:

- | | |
|---------|--|
| Level 1 | Quoted prices in active markets for identical assets or liabilities. (unadjusted) |
| Level 2 | Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). |
| Level 3 | Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). |

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. The fair values of quoted instruments are based on the spread between the bid and ask prices at valuation date.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(ii) **Income taxes**

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in the statement of income through impairment or adjusted depreciation provisions.

(iv) **Net realizable value of inventories**

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

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

(v) **Measurement of the expected credit loss allowance**

Allowances are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the company segments its trade receivables in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual loss experience over the last 12 months and analysis of future default, that is applied to the balance of the trade receivables.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT:

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and bank balances
- Investments
- Payables
- Long term loans
- Lease liability

(b) Financial instruments by category

Financial assets

	Amortised cost		Fair value through profit or loss	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	\$	\$	\$	\$
Cash and bank balances	192,122,405	202,113,433	-	-
Short term investments	190,008,934	262,668,967	-	-
Receivables	117,252,592	95,451,928	-	-
Investments	<u>910,147</u>	<u>71,857,883</u>	<u>50,235,278</u>	<u>47,038,662</u>
Total financial assets	<u>500,294,078</u>	<u>632,092,211</u>	<u>50,235,278</u>	<u>47,038,662</u>

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Financial instruments by category (cont'd)**

Financial liabilities

	<u>Amortised cost</u>	
	<u>2024</u>	<u>2023</u>
	\$	\$
Payables	195,787,741	224,147,023
Long term loans	-	12,196,653
Lease liability	<u>817,195,189</u>	<u>55,958,685</u>
Total financial liabilities	<u><u>1,012,982,930</u></u>	<u><u>292,302,361</u></u>

(c) **Financial risk factors**

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from transactions for sales, purchases and US Dollar denominated investments. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Concentration of currency risk

The company's exposure to foreign currency risk was as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Cash and bank balances	7,357,390	27,656,158
Short term investments	111,382,668	189,347,185
Investments	107,702	71,439,655
Receivables	23,526,453	12,094,011
Payables	<u>(9,870,425)</u>	<u>(17,157,851)</u>
	<u>132,503,788</u>	<u>283,379,158</u>

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balance, short term and long term investments, accounts receivable balances and accounts payable balances, and adjusts their translation at the year-end for 4% (2023 - 4%) depreciation and a 1% (2023 - 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate <u>2024</u>	Effect on Profit before Tax 30 September <u>2024</u> \$	% Change in Currency Rate <u>2023</u>	Effect on Profit before Tax 30 September <u>2023</u> \$
Currency:				
USD	-4	5,300,152	-4	11,335,166
USD	<u>+1</u>	<u>(1,325,038)</u>	<u>+1</u>	<u>(2,833,792)</u>

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company is exposed to the equity securities price risk arising from its holding in financial assets at fair value through profit or loss. A 8% (2023 - 6%) increase in the price of equity stocks will result in a \$1377,917 (2023 - \$922,768) increase and a 2% (2023 - 3%) decrease in the price of equity stocks will result in a \$344,479 (2023 - \$461,384) decrease in net results or stockholders' equity.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Cash flow and fair value interest rate risk

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

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

Short term investments, fixed deposits and borrowings are the only interest bearing assets and liabilities respectively, within the company. The company's short term investments and fixed deposits are due to mature and re-price respectively, within three months to one year of the reporting date and the company's borrowings are fixed for a period and then revised.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no significant exposure to interest rate risk on borrowings. A 1% increase/0.25% decrease (2023 - 0.5% increase/0.25% decrease) in interest rates on Jamaican dollar borrowings would result in a \$0 decrease \$0 increase (2023 - \$60,983 decrease \$30,492 increase) in profit before tax for the company.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, short term investments, and cash and bank balances.

Cash and bank balances

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

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables expected credit losses

The impairment requirements of IFRS 9 are based on the Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities based on historical payment pattern.

The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket of customers. The following table provides information about the ECLs for trade receivables.

Trade receivables impairment provision

30 September 2024

<u>Aging</u>	<u>Gross Carrying Amount</u> ₹	<u>Default Rate</u> %	<u>Lifetime ECL Allowance</u> ₹
0 - 30 days	105,259,351	5.37	5,654,132
31 - 60 days	18,874,299	15.92	3,004,746
61 - 90 days	2,205,721	19.40	427,900
Over 91 days	<u>39,821,278</u>	100	<u>39,821,278</u>
	<u>166,160,649</u>		<u>48,908,056</u>

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables impairment provision (cont'd)

30 September 2023

<u>Aging</u>	<u>Gross Carrying Amount</u> \$	<u>Default Rate</u> %	<u>Lifetime ECL Allowance</u> \$
0 -30 days	93,081,951	1.15	1,069,621
31 - 60 days	798,512	1.93	15,411
61 - 90 days	2,742,898	3.15	86,401
Over 91 days	<u>25,992,855</u>	100	<u>25,992,855</u>
	<u>122,616,216</u>		<u>27,164,288</u>

Movements in the provision for expected credit losses are as follows:

	<u>2024</u> \$	<u>2023</u> \$
At 1 October	27,164,288	975,418
Provision for expected credit losses	<u>21,743,768</u>	<u>26,188,870</u>
At 30 September	<u>48,908,056</u>	<u>27,164,288</u>

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

(iii) **Liquidity risk**

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

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis.
- (ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

Cash flows of financial liabilities

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

	<u>2024</u>			
	<u>Within 1</u> <u>Year</u> <u>₹</u>	<u>2 to 5</u> <u>Years</u> <u>₹</u>	<u>Over</u> <u>5 years</u> <u>₹</u>	<u>Total</u> <u>₹</u>
Payables	195,787,741	-	-	195,787,741
Long term loans	-	-	-	-
Lease liability	<u>147,726,522</u>	<u>381,401,758</u>	<u>673,567,201</u>	<u>1,202,695,481</u>
Total financial liabilities (contractual maturity dates)	<u>343,514,263</u>	<u>381,401,758</u>	<u>673,567,201</u>	<u>1,398,483,222</u>
	<u>2023</u>			
	<u>Within 1</u> <u>Year</u> <u>₹</u>	<u>2 to 5</u> <u>Years</u> <u>₹</u>	<u>Total</u> <u>₹</u>	
Payables		224,147,023	-	224,147,023
Long term loans		3,933,757	9,506,581	13,440,338
Lease liability		<u>26,250,062</u>	<u>42,819,558</u>	<u>69,069,620</u>
Total financial liabilities (contractual maturity dates)		<u>254,330,842</u>	<u>52,326,139</u>	<u>306,656,981</u>

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Capital management**

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

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subject.

The Directors regularly review the financial position of the company at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is the total of long-term loans, lease liability and bank overdraft less related party loans, if any. Total capital is calculated as equity as shown in the company's statement of financial position plus debt. The gearing ratios at the year-end based on these calculations were as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Debt	817,195,189	68,155,338
Equity	<u>1,266,649,388</u>	<u>1,316,001,370</u>
Total capital	<u>2,083,844,577</u>	<u>1,384,156,708</u>
Gearing ratio	39.21%	4.92%

6. **REVENUE:**

Revenue represents the price of goods sold and transferred to customers at a point in time, after discounts and allowances.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

7. OTHER OPERATING INCOME:

	<u>2024</u>	<u>2023</u>
	\$	\$
Foreign exchange gains	-	1,576,535
Dividend received	<u>2,017,393</u>	<u>3,469,683</u>
	<u>2,017,393</u>	<u>5,046,218</u>

8. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>2024</u>	<u>2023</u>
	\$	\$
COST OF SALES		
Depreciation	33,819,280	28,104,184
Other costs of operating revenue	41,629,587	37,255,764
Raw materials and consumables	1,551,408,622	1,502,144,975
Staff costs (note 9)	345,014,393	261,595,219
Utilities	<u>119,488,898</u>	<u>107,480,809</u>
	<u>2,091,360,780</u>	<u>1,936,580,951</u>
ADMINISTRATIVE		
Staff costs (note 9)	384,874,571	291,737,623
Directors' emoluments		
- Fees	3,393,500	3,923,894
- Management remuneration (note 9)	38,057,736	28,958,129
Auditors' remuneration - current year	4,800,000	4,902,650
- prior year	(4,000)	1,021,088
Repairs and maintenance	71,870,723	70,899,769
Depreciation	83,108,852	69,281,516
Amortisation - right-of-use assets	26,434,980	17,322,456
Amortisation	1,418,454	1,320,252
Security	19,494,498	11,340,939
Utilities	19,153,462	19,594,515
General insurance	19,651,701	13,180,278
Public company expenses	7,049,761	6,678,715
Payroll services	15,328,182	14,443,263
Rates and taxes	14,944,034	12,964,852
Bank charges	13,506,789	12,153,839
Foreign exchange losses	5,868,957	-
Other administrative expenses	<u>76,559,626</u>	<u>84,832,606</u>
	<u>805,511,826</u>	<u>664,556,384</u>
SELLING AND DISTRIBUTION		
Advertising and promotion	52,271,888	43,034,782
Property rental	11,949,838	14,378,628
Other distribution costs	273,146,318	227,807,600
Staff costs (note 9)	241,794,283	193,313,488
Other expenses	<u>51,710,823</u>	<u>39,747,402</u>
	<u>630,873,150</u>	<u>518,281,900</u>
Total administrative and selling and distribution	<u>1,436,384,976</u>	<u>1,182,838,284</u>

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

8. EXPENSES BY NATURE (CONT'D):

Included in other operating expenses are expense categories amounting to less than \$5 million.

	<u>2024</u> \$	<u>2023</u> \$
Impairment losses on financial assets - Trade receivables	<u>21,743,768</u>	<u>21,465,832</u>

9. STAFF COSTS:

	<u>2024</u> \$	<u>2023</u> \$
Salaries and wages	820,388,654	636,316,883
Employer's statutory contributions	98,856,719	72,767,789
Other staff costs	<u>90,495,610</u>	<u>66,519,787</u>
	<u>1,009,740,983</u>	<u>775,604,459</u>

Included in profit or loss as follows:

	<u>2024</u> \$	<u>2023</u> \$
Direct labour (note 8)	345,014,393	261,595,219
Administrative - management (note 8)	38,057,736	28,958,129
Administrative - staff (note 8)	384,874,571	291,737,623
Selling and distribution (note 8)	<u>241,794,283</u>	<u>193,313,488</u>
	<u>1,009,740,983</u>	<u>775,604,459</u>

The average number of persons employed by the company during the year was four hundred and twenty (420), (2023 - three hundred and two (302)).

10. FINANCE COSTS:

	<u>2024</u> \$	<u>2023</u> \$
Loan interest	443,973	617,355
Lease interest	41,432,147	7,207,670
Other	<u>24,539</u>	<u>24,539</u>
	<u>41,900,659</u>	<u>7,849,564</u>

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

11. **TAXATION EXPENSE:**

- (a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	<u>2024</u>	<u>2023</u>
	\$	\$
Current taxation	57,485,007	50,757,828
Deferred taxation (note 22)	<u>(14,442,822)</u>	<u>1,605,702</u>
Taxation charge in income statement	<u>43,042,185</u>	<u>52,363,530</u>

- (b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Profit before taxation	<u>273,115,981</u>	<u>284,454,763</u>
Taxation calculated at 25%	68,278,995	71,113,691
Adjusted for the effects of:		
Depreciation and capital allowances	5,779,753	(1,408,536)
Net effect of other charges and allowances	<u>(31,016,563)</u>	<u>(17,341,625)</u>
Taxation charge in income statement	<u>43,042,185</u>	<u>52,363,530</u>

- (c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 3 June 2011. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100% (1 June 2011 - 31 May 2016)
Years 6 to 10	50% (1 June 2016 - 31 May 2021)

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

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

12. **EARNINGS PER SHARE:**

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year-end.

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Earnings per share	<u>0.49</u>	<u>0.49</u>

Earnings per share is computed by dividing the profit for the year by 471,266,950 (2023: 471,266,950) the number of shares in issue during the year.

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

13. PROPERTY, PLANT AND EQUIPMENT:

	<u>Land & Buildings</u> \$	<u>Plant & Machinery</u> \$	<u>Bakery Fixtures</u> \$	<u>Motor Vehicles</u> \$	<u>Furniture & Fixtures</u> \$	<u>Computers & Accessories</u> \$	<u>Total</u> \$
At cost or valuation:							
30 September 2022	371,859,214	387,433,129	160,351,914	201,760,151	28,140,329	41,691,016	1,191,235,753
Additions	6,743,680	71,594,847	52,761,153	11,927,948	9,875,713	14,558,876	167,462,217
Adjustments	-	2,655,918	(2,665,307)	21,739	(18,739)	-	(6,389)
30 September 2023	378,602,894	461,683,894	210,447,760	213,709,838	37,997,303	56,249,892	1,358,691,581
Additions	11,192,572	57,180,623	44,268,246	6,430,000	16,926,855	17,867,905	153,866,201
Adjustments	1,970,000	9,389	-	(21,740)	(1,933,136)	-	24,513
30 September 2024	<u>391,765,466</u>	<u>518,873,906</u>	<u>254,716,006</u>	<u>220,118,098</u>	<u>52,991,022</u>	<u>17,867,905</u>	<u>1,512,582,295</u>
Depreciation:							
30 September 2022	66,489,828	200,432,182	93,154,948	123,038,226	13,258,896	29,153,098	525,527,178
Charge for the year	7,810,607	28,104,184	27,249,383	26,628,639	2,726,271	4,866,616	97,385,700
Adjustments	-	(10)	-	-	-	10	-
30 September 2023	74,300,435	228,536,356	120,404,331	149,666,865	15,985,167	34,019,724	622,912,878
Charge for the year	<u>8,403,323</u>	<u>33,819,280</u>	<u>38,979,769</u>	<u>25,031,401</u>	<u>3,676,526</u>	<u>7,017,833</u>	<u>116,928,132</u>
30 September 2024	<u>82,703,758</u>	<u>262,355,636</u>	<u>159,384,100</u>	<u>174,698,266</u>	<u>19,661,693</u>	<u>41,037,557</u>	<u>739,841,010</u>
Net book value:							
30 September 2024	<u>309,061,708</u>	<u>256,518,270</u>	<u>95,331,906</u>	<u>45,419,832</u>	<u>33,329,329</u>	<u>33,080,240</u>	<u>772,741,285</u>
30 September 2023	<u>304,302,459</u>	<u>233,147,538</u>	<u>90,043,429</u>	<u>64,042,973</u>	<u>22,012,136</u>	<u>22,230,168</u>	<u>735,778,703</u>

During the year ended 30 September 2010, the freehold land and buildings were revalued by the Directors at market value. The plant and machinery were revalued as at 12 April 2010 by Delano Reid & Associates Limited, Appraisers, Engineers and Management Consultants at Fair Market Value Installed. The company's plant and machinery acquired from a company in liquidation at fire sale values was revalued as noted. The surplus arising on the revaluation of the building and plant and machinery during 2010, were credited to capital reserves (see note 21).

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

14. INVESTMENTS:

	2024			2023		
	<u>FVTPL</u> ₤	Amortised <u>Cost</u> ₤	<u>Total</u> ₤	<u>FVTPL</u> ₤	Amortised <u>Cost</u> ₤	<u>Total</u> ₤
Mayberry Investments Limited (US\$)	-	1,277	1,277	-	288	288
Victoria Mutual Buildings Society (US\$ (i))	-	-	-	-	48,889,977	48,889,977
Victoria Mutual Buildings Society (US\$(i))	-	-	-	-	2,361,718	2,361,718
Digicel Group 7.125% 2022 Bond (US\$)	-	106,381	106,381	-	50,672	50,672
Dreamy Rhythms Limited Bond 5% (US)	-	-	-	-	20,137,000	20,137,000
Jamaica Money Market Brokers	-	802,489	802,489	-	418,228	418,228
Jamaica Money Market Brokers - Income and Growth Fund	<u>33,011,310</u>	<u>-</u>	<u>33,011,310</u>	<u>31,659,196</u>	<u>-</u>	<u>31,659,196</u>
	<u>33,011,310</u>	<u>910,147</u>	<u>33,921,457</u>	<u>31,659,196</u>	<u>71,857,883</u>	<u>103,517,079</u>
Quoted shares -						
General Accident Insurance Company Jamaica Limited	617,319	-	617,319	533,464	-	533,464
Pan Jam Investment Limited	2,631,883	-	2,631,883	2,577,750	-	2,577,750
NCB Financial Group Limited	1,429,753	-	1,429,753	1,835,855	-	1,835,855
Caribbean Cement Company Limited	1,060,873	-	1,060,873	803,040	-	803,040
JMMB Group Limited	510,066	-	510,066	587,169	-	587,169
Wisynco Group Limited	3,890,430	-	3,890,430	3,204,829	-	3,204,829
Seprod Limited	4,939,380	-	4,939,380	4,110,662	-	4,110,662
Kingston Properties Limited	<u>2,144,264</u>	<u>-</u>	<u>2,144,264</u>	<u>1,726,697</u>	<u>-</u>	<u>1,726,697</u>
	<u>17,223,968</u>	<u>-</u>	<u>17,223,968</u>	<u>15,379,466</u>	<u>-</u>	<u>15,379,466</u>
	<u>50,235,278</u>	<u>910,147</u>	<u>51,145,425</u>	<u>47,038,662</u>	<u>71,857,883</u>	<u>118,896,545</u>

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

15. INTANGIBLE ASSETS:

	<u>Computer Software</u> \$	<u>Goodwill</u> \$	<u>Total</u> \$
Cost:			
1 October 2023	29,506,323	-	29,506,323
Addition	<u>-</u>	<u>8,966,738</u>	<u>8,966,738</u>
30 September 2024	<u>29,506,323</u>	<u>8,966,738</u>	<u>38,473,061</u>
Amortization:			
1 October 2023	22,359,069	-	22,359,069
Change for the year	<u>1,418,454</u>	<u>-</u>	<u>1,418,454</u>
30 September 2024	<u>23,777,523</u>	<u>-</u>	<u>23,777,523</u>
Carrying value at 30 September 2024	<u>5,728,800</u>	<u>8,966,738</u>	<u>14,695,538</u>
		<u>Computer Software</u> \$	<u>Total</u> \$
Cost:			
1 October 2022		28,524,342	28,524,342
Addition		<u>981,981</u>	<u>981,981</u>
30 September 2023		<u>29,506,323</u>	<u>29,506,323</u>
Amortization:			
1 October 2022		21,038,817	21,038,817
Additions		<u>1,320,252</u>	<u>1,320,252</u>
30 September 2023		<u>22,359,069</u>	<u>22,359,069</u>
Carrying value at 30 September 2023		<u>7,147,254</u>	<u>7,147,254</u>

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

16. **RIGHT-OF-USE ASSETS:**

(a) Right-of-use assets:

	<u>Land & Buildings</u> \$	<u>Motor Vehicles</u> \$	<u>Total</u> \$
At 1 October 2022	26,481,631	29,612,342	56,093,973
Addition	13,106,735	-	13,106,735
Amortisation	(9,108,233)	(8,214,223)	(17,322,456)
Adjustments	<u>(206,746)</u>	<u>-</u>	<u>(206,746)</u>
At 30 September 2023	30,273,387	21,398,119	51,671,506
Additions	720,963,842	38,475,956	759,439,798
Disposal	(1,498,018)	-	(1,498,018)
Amortisation	(10,933,330)	(15,501,650)	(26,434,980)
Elimination on amortisation	665,786	-	665,786
Adjustment	<u>1,382,457</u>	<u>(871,701)</u>	<u>510,756</u>
At 30 September 2024	<u>740,854,124</u>	<u>43,500,724</u>	<u>784,354,848</u>

HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

16.	RIGHT-OF-USE ASSETS (CONT'D):			
	(b) Lease liability:	Land & Buildings	Motor Vehicles	Total
		<u>\$</u>	<u>\$</u>	<u>\$</u>
	At 1 October 2022	26,901,463	29,646,523	56,547,986
	Addition	13,106,735	-	13,106,735
	Interest expense	3,694,136	3,513,534	7,207,670
	Lease payments	(14,145,607)	(10,716,911)	(24,862,518)
	Adjustments	<u>3,958,812</u>	<u>-</u>	<u>3,958,812</u>
	At 30 September 2023	33,515,539	22,443,146	55,958,685
	Additions	718,772,592	36,412,465	755,185,057
	Disposal	(1,009,386)	-	(1,009,386)
	Interest expense	34,928,780	6,503,367	41,432,147
	Lease payments	(16,115,757)	(19,887,322)	(36,003,079)
	Adjustments	<u>2,011,540</u>	<u>(379,775)</u>	<u>1,631,765</u>
	At 30 September 2024	772,103,308	45,091,881	817,195,189
	Less: current portion	(51,415,619)	(21,372,890)	(72,788,509)
		<u>720,687,689</u>	<u>23,718,991</u>	<u>744,406,680</u>
17.	INVENTORIES:		<u>2024</u>	<u>2023</u>
			<u>\$</u>	<u>\$</u>
	Raw materials		187,852,891	169,582,671
	Finished goods		6,606,808	2,850,943
	Goods in transit		<u>-</u>	<u>6,004,950</u>
	Machinery spare parts		194,459,699	178,438,564
			<u>41,809,473</u>	<u>23,876,361</u>
			<u>236,269,172</u>	<u>202,314,925</u>
18.	RECEIVABLES:		<u>2024</u>	<u>2023</u>
			<u>\$</u>	<u>\$</u>
	Trade receivables		166,160,649	122,616,216
	Provision for expected credit losses		(48,908,057)	(27,164,288)
	Net trade receivables		117,252,592	95,451,928
	Prepayments		1,869,919	3,941,388
	Deposit on equipment		125,684,090	-
	Other receivables		<u>118,662,766</u>	<u>48,205,778</u>
			<u>363,469,367</u>	<u>147,599,094</u>

Included in trade receivables is \$502,824 (2023: \$304,322) due from a related party in the ordinary course of business (see note 26).

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

19. CASH AND CASH EQUIVALENTS:

	<u>2024</u>	<u>2023</u>
	\$	\$
Cash and bank balances -		
Cash in hand	579,998	549,998
Bank balances	<u>191,542,407</u>	<u>201,563,435</u>
	191,122,405	202,113,433
Short term deposits	<u>190,088,934</u>	<u>262,668,967</u>
	<u>382,211,339</u>	<u>464,782,400</u>

Reconciliation of movements in cash flows from investing activities. Amounts represent investments at fair value through profit or loss and amortised cost.

	<u>2024</u>	<u>2023</u>
	\$	\$
1 October	118,896,545	98,347,866
(Decrease)/increase of investment	(69,916,509)	20,137,000
Fair value movements	1,844,503	(379,268)
Foreign exchange gain	(1,775,583)	790,947
Interest	<u>2,096,469</u>	<u>-</u>
	<u>51,145,425</u>	<u>118,896,545</u>

20. SHARE CAPITAL:

	<u>2024</u>	<u>2023</u>
	\$	\$
Authorised -		
487,500,000 ordinary shares of no par value		
Stated capital -		
Issued and fully paid -		
471,266,950 ordinary shares		
of no par value	<u>46,514,770</u>	<u>46,514,770</u>

21. CAPITAL RESERVE:

	<u>2024</u>	<u>2023</u>
	\$	\$
Revaluation surplus:		
Property, plant and equipment - 2009	33,000	33,000
Property, plant and equipment - 2010	50,109,435	50,109,435
Property, plant and equipment - 2010	21,615,949	21,615,949
Deferred tax on revaluation at 25%	<u>(17,939,596)</u>	<u>(17,939,596)</u>
	<u>53,818,788</u>	<u>53,818,788</u>

Capital reserve comprises revaluation surplus on certain property, plant and equipment (see note 13).

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

22. DEFERRED TAXES:

Deferred taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>2024</u> \$	<u>2023</u> \$
Deferred tax liability	(43,724,722)	(58,167,544)

The movement in deferred tax is as follows:

	<u>2024</u> \$	<u>2023</u> \$
Balance at start of year	(58,167,544)	(56,561,842)
Credited/(charged) to profit or loss (note 11)	<u>14,442,822</u>	<u>(1,605,702)</u>
Balance at end of year	(43,724,722)	(58,167,544)

Deferred tax is due to the following temporary differences:

	<u>2024</u> \$	<u>2023</u> \$
Accelerated capital allowances	(59,647,473)	(65,946,972)
Interest receivables	(307,379)	(1,473,550)
Accrued vacation leave	1,794,016	1,046,299
Unrealised foreign exchange loss	(565,043)	587,667
Leases	8,210,085	1,071,795
Expected credit loss	<u>6,791,072</u>	<u>6,547,217</u>
	(43,724,722)	(58,167,544)

23. LONG TERM LOAN:

	<u>2024</u> \$	<u>2023</u> \$
Victoria Mutual Building Society (VMBS)	-	12,196,653
Less: current portion	<u>-</u>	<u>(3,330,002)</u>
	<u>-</u>	<u>8,866,651</u>

The loan, which has been fully repaid, was originally scheduled to be repaid in monthly instalments by February 2027 at a fixed interest rate of 5.65% per annum.

HONEY BUN (1982) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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24. **PAYABLES:**

	<u>2024</u>	<u>2023</u>
	\$	\$
Trade payables	189,490,373	195,371,961
Accrued staff vacation pay	23,579,029	16,402,966
Other payables	42,191,907	66,374,543
Distributors deposits	<u>831,649</u>	<u>831,745</u>
	<u>256,092,958</u>	<u>278,981,215</u>

25. **DIVIDENDS:**

	<u>2024</u>	<u>2023</u>
	\$	\$
Declared and paid:		
First interim @ 0.13 (2023: 0.12) per share	61,264,703	56,552,034
Final @ 0.03 (2023: 0.04) per share	<u>14,138,009</u>	<u>18,850,678</u>
Total dividends to shareholders	<u>75,402,712</u>	<u>75,402,712</u>

By Board of Directors meeting dated 24 January 2024, dividend payment of \$0.13 per share was approved by the Board.

By Board of Directors meeting dated 15 May 2024, dividend payment of \$0.03 per share was approved by the Board of Directors.

26. **RELATED PARTY TRANSACTIONS AND BALANCES:**

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

	<u>2024</u>	<u>2023</u>
	\$	\$
<u>Transactions during the year</u>		
Purchase of goods -		
Next Incorporation Limited	<u>2,894,381</u>	<u>3,081,165</u>
Donations -		
Honey Bun Foundation	<u>6,250,000</u>	<u>4,000,000</u>
<u>Year end balances</u>		
With related company -		
Due from -		
Next Incorporation Limited	<u>502,824</u>	<u>458,763</u>
Dreamy Rhythms Limited	<u>152,304</u>	<u>152,304</u>

HONEY BUN (1982) LIMITED
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26.	RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):	<u>2024</u> <u>₹</u>	<u>2023</u> <u>₹</u>
	<u>Key management compensation</u>		
	Key management compensation (included in staff cost - (note 9))		
	Key Management includes directors, (executive and Senior managers) -		
	Salaries and other short-term employee benefits	<u>79,465,744</u>	<u>58,023,550</u>
	Directors' emoluments:		
	Fees	3,393,500	3,923,894
	Management remuneration (included above)	<u>38,057,736</u>	<u>28,958,129</u>