

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

ANNUAL REPORT 2024

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**GROUP PROFILE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

DIRECTORS:

Anthony Ali, BSc, MBA - Chairman
Marcus Joseph, LLB
Charles Herbert, MBA
Sheila Harris, B.A., LLB
Ronald Peters, FCCA, MBA

SECRETARY:

Keith Renwick

GENERAL MANAGER

Osmond Henry

REGISTERED OFFICE:

The Carenage
St. George's
Grenada, West Indies

AUDITORS:

PKF
Accountants & business advisers
Grand Anse
St George's, Grenada, West Indies

BANKERS:

Republic Bank (Grenada) Limited
Republic House, Grand Anse, St. George's, Grenada, West Indies

Grenada Co-operative Bank Limited
Church Street, St Georges, Grenada, West Indies

ATTORNEYS:

Alban John
Donovan House
Scott Street
St. George's
Grenada, West Indies

Kim George & Associates
H.A. Blaize Street
St. George's
Grenada, West Indies

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

NOTICE IS HEREBY GIVEN that the 53rd Annual Meeting of Jonas Browne and Hubbard (Grenada) Limited will be held at the VIP Lounge, Kirani James Athletics Stadium, Queen's Park, St. George's on Tuesday March 18, 2025 commencing 5:00 p.m.

AGENDA

1. To receive and consider the Consolidated Financial Statements and Reports of the Directors and Auditors for the year ended September 30, 2024.

2. To elect Directors.

In accordance with Section 4.2(a) of By-Law No. 1 the Directors recommend Mrs Natasha Small , Chief Financial Controller of Goddard Enterprises Limited for election as a Director.

In accordance with Section 4.5 of By-Law No. 1 Mr. Charles Herbert and Ms. Sheila Harris retire, and being eligible, offer themselves for re-election.

3. To appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration.

The transfer books and register of members will be closed from March 4 to March 18, 2025, both days inclusive.

BY ORDER OF THE BOARD:-

Keith Renwick
COMPANY SECRETARY

St. George's
February 3rd, 2025

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

The Directors submit their Report and the audited consolidated financial statements for the year ended September 30, 2024.

The net earnings of the group as shown in the Consolidated Statement of Comprehensive Income is	\$ 8,738,800
To this is added the balance of retained earnings brought forward from the previous year of	<u>70,092,789</u>
Giving a total of	78,831,589
Dividends paid during the year	<u>2,925,000</u>
Balance of retained earnings carried forward	<u>75,906,589</u>

The Board of Directors has declared a final dividend of \$1.95 per share for the year ended 30 September 2024. This is not recorded in the financial statements in accordance with our accounting policy.

BY ORDER OF THE BOARD: -

Anthony A. Ali
Chairman

St. George's

JONAS BROWNE AND HUBBARD (GRENADA) LIMITED AND SUBSIDIARY COMPANY

DIRECTORS' REVIEW

Introduction

The financial year 2023-2024 has been another period of significant challenges for Jonas Browne and Hubbard (G'da) Limited and its lone subsidiary. Despite these challenges, the company has demonstrated resilience and adaptability by constantly tweaking our strategic imperatives to stay aligned with the ever-changing economic environment. This approach has largely enabled us to achieve our goals for the period.

Operational Challenges and Responses

The overall goals and objectives set for the 2023-2024 financial period were initially embraced by the team with enthusiasm. However, the year was marred by industrial actions taken by the employees. These actions occurred during peak sales period of the year, leading to missed opportunities and creating an uphill task to recover and deliver a more reasonable return on performance. The company had to navigate these disruptions carefully to minimize their impact on our operations and financial outcomes.

The Grenadian General Insurance Company team was stretched thin in their response following the passage of Hurricane Beryl in July 2024. Most of the policyholders affected by the hurricane were from Carriacou. The task of assessing property damages was particularly onerous, as the Claim Adjuster and officials from the office had to frequently travel from the mainland to Carriacou due to the non-availability of lodging space. Despite the widespread destruction caused by the hurricane, the policyholders' claims were attended to with remarkable speed and efficiency, reflecting our commitment to customer service even in the face of adversity.

Financial Performance

The revenue of \$170.0 million generated for the period was the highest ever recorded by the parent company, marking another record-breaking milestone. This represents a growth of \$8.4 million or 5% over the prior period. The profit before taxation for the period was \$10.2 million, reflecting a 19% increase. These figures underscore the company's ability to generate substantial financial returns even in challenging times.

The wholly-owned subsidiary, Grenadian General Insurance Company, continues to play a crucial role in the overall profitability of the group. It contributed 21% to the consolidated net profit before tax. However, the destruction of policyholders' properties by Hurricane Beryl had a negative impact on the year-end results. Full assessments were made by the Claim Adjuster, and the settlement of policyholders' claims has begun, demonstrating our commitment to supporting our customers in times of need.

The group as a whole generated revenue of \$171.7 million, representing a 4.5% increase over the prior year's performance. This achievement is particularly noteworthy given the challenges faced, including industrial actions and hurricane-related insurance claims. It highlights the resilience and adaptability of our business model.

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**DIRECTORS' REVIEW
(continued)**

Financial Performance (continued)

The group as a whole generated revenue of \$171.7 million, representing a 4.5% increase over the prior year's performance. This achievement is particularly noteworthy given the challenges faced, including industrial actions and hurricane-related insurance claims. It highlights the resilience and adaptability of our business model.

Departmental Performance

The Automotive department experienced fewer supply chain disruptions of motor vehicles, tires, and batteries compared to previous years. This allowed the department to surpass the prior year's revenue by an impressive 42%. This performance is a testament to the department's ability to navigate supply chain challenges and meet customer demand effectively.

Both the Lumber and Land Shop departments performed exceptionally well, surpassing the prior year's performance by 45% and 11%, respectively. These results reflect the strong demand for our products and the effectiveness of our sales strategies.

The Food Division operated in an unprecedented competitive environment, with a new entrant operating a major supermarket in the south of the island, coupled with many smaller mini-marts. To stay competitive and maintain our customer base and sales levels, management implemented strategic initiatives such as adding another sales van and providing a "Free Shuttle Service" for shoppers at the Food Fair supermarket living in the highly populated Grand Anse community and surrounding areas. We also looked at our product range, merchandizing and promotional campaigns. These initiatives helped us retain our market position and continue to serve our customers effectively.

Infrastructure and Environmental Initiatives

Following last year's successful completion of improving the aesthetics of some of our buildings to take on modern looks, the company is well underway to expand and modernize the Grand Anse Shopping Complex. This project is divided into two main phases and is expected to be completed within twenty-four to thirty months. Further plans are in place to continue enhancing and remodeling other retail operations to improve the customer shopping experience while expanding the product range to remain competitive in today's market.

The company continues its ecological path of reducing its carbon footprint by successfully installing PV solar systems. The Building Supplies and cold storage operations in Grand Anse have significantly benefited from such installations. Electricity consumption from the national grid has been remarkably reduced since the commissioning of the system. The company aims to contribute to the national goal of reducing fossil fuel use by adopting more sustainable forms of power production. Ongoing assessments of electricity consumption are made at various locations to determine the economic viability of further PV installations. Discussions are being held with the Public Utilities Regulatory Commission (PURC) regarding the installation of different forms of PV connections on our buildings. Once permission is granted by the relevant authorities, the company will be on a more reliable path of power supply and see significant savings in electricity costs.

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**DIRECTORS' REVIEW
(continued)**

Human Resources and Customer Service

The company intends to be one of the leading employers in the private sector. As part of our strategy to attract and retain the best talent, the company conducted an independent compensation survey. The survey benchmarked similar positions within the company against various local employers, comparing each position's remuneration to market rates. The survey revealed that most of the company's base salaries were comparable to market rates. Additionally, when Total Cash Compensation, including profit sharing, was considered, Hubbard's employees were ahead of the market mean. The Employees Collective Bargaining Unit, in its last negotiation with the company, rejected the company's offer to regularize base salaries for all employees. The company will continue to search for the best talent to ensure the necessary skills are onboard to produce at a high level. Furthermore, the company continues to invest in its human resources, providing opportunities for personal and professional development, workshops, and training from top service providers in various skills training backgrounds.

Despite our investment in employee development and a competitive total compensation package, the company was challenged by industrial actions taken by employees which affected customer service delivery and the operations of the company. However, customers continue to benefit from our enhance reward program which can now be utilized instantly at the point of sale. This program has been well-received by our customers and has helped to maintain customer loyalty during a challenging period.

Marketing and Online Presence

Marketing the company's products and services is a key avenue for bringing awareness of its brands to both existing and potential customers. This year, the company took another bold step to expand the timeline and promote its signature promotion "Live Free for One Year" to Carriacou. The islands of Carriacou and Petite Martinique have become important markets for the distribution of our products and services. This and other promotions were largely successful, providing an opportunity to give back to our customers while growing our customer base.

In addition to the company's two websites, www.foodfair.gd and www.hubbardshardware.gd, the increased use of WhatsApp has become a major platform for customers conducting business with the company. This has allowed us to reach a wider audience and provide more convenient service options for our customers.

Hurricane Beryl Impact and Response

The passage of Hurricane Beryl in July 2024 caused major damage and destruction to the housing stock and agricultural sector, particularly in the northern section of the country. Carriacou's housing stock was especially hard-hit, creating a high demand for building materials and household appliances to rebuild homes. The management of the company assessed the demand for building materials and decided to establish an outlet in Carriacou to supply building materials and household appliances. The outlet was commissioned in November 2024, demonstrating our commitment to supporting the community in times of need.

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**DIRECTORS' REVIEW
(continued)**

Management Changes and In Memoriam

This year, several key management staff either resigned or retired. Mr. Brian Pivott, former executive director of the company's lone subsidiary, Grenadian General Insurance Company, officially retired at the end of January 2024 but continued to serve until April 2024. Mr. Kevon La Barrie, who worked with the insurance company for the last seven years, was appointed General Manager. Additionally, three other managers retired from the parent company during the period: Margaret Roberts, Lennox Richardson, and Michael Henry from the Hubbard's Agency, Lumber Department on the Carenage, and Lumber at Building Supplies, respectively. We express our thanks to them and all other retirees for their outstanding contributions and wish them good health as they enjoy their retirement years.

The Directors, Management, and Staff mourned the sudden passing of a member of the Hubbard's family: Antonia Neptune, an accounts clerk at the Finance and Administration Department. We express our condolences to her family and acknowledge her contributions to the company.

Conclusion

Consolidated revenue for the year ended 2023-2024 was \$171.7 million, an increase of \$7.4 million or 4.5% over the prior year. The financial return for the year before taxation on a total asset base of \$198.3 million was \$11.9 million, a return of 6% for the year. These figures highlight the company's ability to generate substantial financial returns even in challenging times.

The most recently traded value for shares of the company was \$20 per share, resulting in a price-to-earnings multiple of \$3.43. The book value per share stands at \$88.37, an increase of \$4.16 or 4.94% over the prior year. The Directors have declared a final dividend of \$2.10 per share, having declared an interim of \$0.40 per share, making the total dividend payout \$2.50, an increase of 6% over the prior year.

This year's performance is testament to the resilience of the company despite the many challenges endured during the period. The Board of Directors take this opportunity to express our heartfelt thanks to the management and staff for their valuable role in achieving a good performance. Sincere gratitude is extended to our loyal Customers and Shareholders who have supported us over the many years.

We look forward in anticipation for improvement in the 2024–2025 performance as we continue to build on the foundation laid down by our predecessors.

Anthony A. Ali
Chairman
St. George's
December 20, 2024

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jonas Browne & Hubbard (Grenada) Limited and its Subsidiary Company ('the Group'), which comprise the consolidated statement of financial position at September 30th, 2024, and the consolidated statements of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at September 30th, 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Group in accordance with the ethical requirements that are relevant to our audit of financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY
(continued)**

Report on the Audit of the Financial Statements (continued)

Other information included in the Group's 2024 Annual Report (continued)

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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY
(continued)

Report on the Audit of the Financial Statements (continued)

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY
(continued)

Report on the Audit of the Financial Statements (continued)

- 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.

GRENADA

February 3rd, 2025

A handwritten signature in black ink that reads "PKF". The signature is written in a stylized, cursive-like font.

Accountants & Business Advisers

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

ASSETS	Notes	30 th September 2024	30 th September, 2023	Restated 1 st October, 2022
Non-Current Assets				
Property, plant and equipment	4	73,081,483	70,274,386	70,164,434
Statutory deposit	5	2,033,750	2,033,750	2,033,750
Financial instruments	6 (a)	<u>12,145,144</u>	<u>4,500,000</u>	<u>5,500,000</u>
		<u>87,260,377</u>	<u>76,808,136</u>	<u>77,698,184</u>
Current Assets				
Inventory	7	49,795,680	45,827,116	40,986,382
Trade and other receivables	8	11,941,006	11,851,311	5,647,394
Reinsurance assets	17	16,557,882	1,673,441	2,796,960
Right-of-use asset	12	37,768	52,876	67,984
Amount due from affiliated companies	9 (a)	53,965	122,413	591,510
Financial instruments	6 (b)	7,963,146	23,834,711	24,130,641
Cash and cash equivalents	10	<u>24,661,379</u>	<u>5,604,843</u>	<u>1,215,621</u>
		<u>111,010,826</u>	<u>88,966,711</u>	<u>75,436,492</u>
TOTAL ASSETS		<u>\$198,271,203</u>	<u>\$165,774,847</u>	<u>\$153,134,676</u>
EQUITY AND LIABILITIES				
Stated capital	11	17,175,750	17,175,750	17,175,750
Statutory reserve	13	4,000,000	4,000,000	4,000,000
Revaluation reserve	14	35,477,299	35,477,299	35,477,299
Retained earnings		<u>75,906,589</u>	<u>70,307,204</u>	<u>65,244,705</u>
TOTAL EQUITY		<u>132,559,638</u>	<u>126,960,253</u>	<u>121,897,754</u>
Non-Current Liabilities				
Lease liability	12	24,431	39,720	54,595
Long-term borrowings	16 (a)	<u>5,243,018</u>	<u>6,229,183</u>	<u>7,045,592</u>
		<u>5,267,449</u>	<u>6,268,903</u>	<u>7,100,187</u>
Current Liabilities				
Trade and other payables	15	36,663,905	22,684,337	16,388,558
Lease liability	12	15,414	14,750	14,115
Amount due to affiliated companies	9 (b)	997,494	975,844	592,351
Amount due to parent company		10,513	56,248	48,075
Short-term borrowings	16 (b)	2,741,166	4,265,613	2,765,255
Insurance liabilities	17	19,964,418	4,152,116	3,911,890
Taxation payable		<u>51,206</u>	<u>396,783</u>	<u>416,491</u>
		<u>60,444,116</u>	<u>32,545,691</u>	<u>24,136,735</u>
TOTAL LIABILITIES		<u>65,711,565</u>	<u>38,814,594</u>	<u>31,236,922</u>
TOTAL EQUITY AND LIABILITIES		<u>\$198,271,203</u>	<u>\$165,774,847</u>	<u>\$153,134,676</u>

The accompanying notes form an integral part of these financial statements

:Director

:Director

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Note	2024	2023 Restated
Sales and Commission Income	24	171,855,656	164,287,021
Cost of sales	26	(129,220,135)	(125,265,449)
Gross profit and commission income		42,635,521	39,021,572
Direct expenses		(28,849,189)	(25,659,282)
General and administrative expenses		(2,092,491)	(1,583,470)
Interest expense (Net)	27	(267,092)	(180,205)
Depreciation	4 & 12	(1,925,572)	(2,117,628)
Other income	18	<u>2,375,389</u>	<u>2,006,061</u>
		(30,758,955)	(27,534,524)
Net profit for the year before taxation		11,876,566	11,487,048
Provision for taxation	19	(3,137,766)	(3,424,551)
Net profit for the year after taxation		<u>8,738,800</u>	<u>8,062,497</u>
Attributable to:			
Equity shareholders of the Group		<u>\$8,738,800</u>	<u>\$8,062,497</u>
Earnings per share		\$5.83	\$5.37

The accompanying notes form an integral part of these financial statements

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Stated Capital	Revaluation Reserve	Statutory Reserve	Retained Earnings	Total Equity
Balance at 1 st October , 2022 – as previously reported	17,175,750	35,477,299	4,000,000	64,659,141	121,312,190
Impact of IFRS 17 adoption	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,566</u>	<u>585,566</u>
Balance at 30 th September, 2022 - restated	17,175,750	35,477,299	4,000,000	65,244,707	121,897,756
Total comprehensive income – as previously reported	-	-	-	7,998,748	7,998,748
Impact of IFRS 17 adoption	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,749</u>	<u>63,749</u>
Total comprehensive income - restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,062,497</u>	<u>8,062,497</u>
Dividends paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Balance at 30 th September, 2023- restated	17,175,750	35,477,299	4,000,000	70,307,204	26,960,253
Impact of adoption of IFRS 9	<u>-</u>	<u>-</u>	<u>-</u>	<u>(214,415)</u>	<u>(214,415)</u>
Balance at 30 th September, 2023 - restated	17,175,750	35,477,299	4,000,000	70,092,789	126,745,838
Total comprehensive income	-	-	-	8,738,800	8,738,800
Dividends paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,925,000)</u>	<u>(2,925,000)</u>
Balance at 30 th September, 2024	<u>\$17,175,750</u>	<u>\$35,477,299</u>	<u>\$4,000,000</u>	<u>\$75,906,589</u>	<u>\$132,559,638</u>

The accompanying notes form an integral part of these financial statements

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Notes	2024	2023 Restated
OPERATING ACTIVITIES			
Net profit for the year before taxation		11,876,566	11,487,048
Adjustments for:			
Depreciation - property, plant and equipment and lease	4 & 12	1,976,122	2,174,216
Interest expense		267,092	208,281
Gain on disposal of property, plant and equipment		(28,950)	(8,505)
Operating surplus before working capital changes		14,090,830	13,861,040
Increase in inventories		(3,968,564)	(4,840,734)
Increase in trade and other receivables		(89,694)	(6,203,917)
(Increase)/decrease in re-insurance assets		(14,884,441)	1,123,519
Decrease in amount due from affiliated companies		68,448	469,097
Increase in trade and other payables		13,765,282	6,295,780
Decrease in amount due to affiliated companies		21,650	383,493
(Decrease)/increase in amount due to parent company		(45,735)	8,173
Decrease in insurance liabilities		<u>15,812,302</u>	<u>240,226</u>
Cash from operations		24,770,078	11,336,677
Interest paid		(267,092)	(208,281)
Taxes paid		<u>(3,483,343)</u>	<u>(3,444,383)</u>
Cash provided by operating activities		<u>21,019,643</u>	<u>7,684,013</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(4,789,165)	(2,269,060)
Disposal of property, plant and equipment		49,999	8,505
Net redemption of financial assets		<u>8,226,421</u>	<u>1,295,930</u>
Cash provided by/(used in) investing activities		<u>3,487,255</u>	<u>(964,625)</u>
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(14,750)	(14,115)
Net repayment of borrowings		(817,083)	(383,011)
Payment of dividends		<u>(2,925,000)</u>	<u>(3,000,000)</u>
Cash used in financing activities		<u>(3,756,833)</u>	<u>(3,397,126)</u>
Net increase in cash and cash equivalents		20,750,065	3,322,262
Cash and cash equivalents - at the beginning of the year		<u>2,147,621</u>	<u>(1,174,641)</u>
- at the end of the year	10	<u>\$22,897,686</u>	<u>\$2,147,621</u>

The accompanying notes form an integral part of these financial statements

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

1. CORPORATE INFORMATION

The companies are registered in Grenada and were issued certificates of continuance under Section 365 of the Companies Act.

The Group's principal activities are merchandising and distribution, acting as commission and shipping agents and risk insurance.

The Group is a subsidiary of Goddard Enterprises Limited, which owned 52.38% of the ordinary share capital at the statement of financial position date.

The principal place of business is located on the Carenage, St. George's. During the year the Group employed on average four hundred and twenty-two (422) persons (2023 - 429)

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention modified by the revaluation of land and buildings as disclosed in Note 14, and are expressed in Eastern Caribbean Currency Dollars.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the nonconsolidated financial statements are disclosed in Note 3.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September, 2023 except for the adoption of new standards and interpretations below.

(b) Basis of consolidation

These financial statements include the assets, liabilities and results of operations of Grenadian General Insurance Company Limited, a wholly owned subsidiary incorporated in Grenada and confirmed under Section 365 of the Company's Act. The principal activity of Grenadian General Insurance Company Limited is risk insurance. The Group's year ends are coterminous.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures

i) New accounting policies/improvements adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2023. The following interpretations and standards became effective and were adopted in the current year.

The Group adopted Amendments to IAS 12 – Tax Reform – Pillar Two Model Rules, IFRS 17 – Insurance contracts, Amendments to IAS 8 – Definition of Accounting Estimates, Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies, Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and IFRS 9 for the first time for the subsidiary. The nature and effect of changes as a result of the adoption of these new accounting standards are described below.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules (effective 1 January 2023)

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income tax arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization of Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense/(income) related to Pillar Two income taxes, in the periods when the legislation is effective.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures (continued)

i) New accounting policies/improvements adopted (continued)

Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules (effective 1 January 2023) (continued)

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

This amendment resulted in no material change to the financial statements.

Amendments to IAS 8 – Definition of Accounting Estimates (effective 1 January 2023)

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

i) *New accounting policies/improvements adopted (continued)*

**Amendments to IAS 8 – Definition of Accounting Estimates (effective 1 January 2023)
(continued)**

Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

This amendment resulted in no material change to the consolidated financial statements.

**Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
(effective 1 January 2023)**

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose their 'material accounting policy information'; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

This amendment resulted in no material change to the consolidated financial statements.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

i) *New accounting policies/improvements adopted (continued)*

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023) (continued)

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

This amendment resulted in no material change to the consolidated financial statements.

IFRS 17 - Insurance Contracts

IFRS 17 - Insurance Contracts became effective January 1, 2023 and these financial statements reflect the changes introduced on adoption of this standard.

The Group has initially applied IFRS 17, including any consequential amendments to other standards, from 1 October 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative information for 2023.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 are summarised below.

i. Recognition, measurement and presentation of insurance contracts

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17. The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 Insurance Contracts (IFRS 4) in the following key areas:

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

i) *New accounting policies/improvements adopted (continued)*

IFRS 17 - Insurance Contracts (continued)

The liability for remaining coverage (LRC) reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in insurance revenue.

Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.

Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component.

Measurement of the liability for incurred claims (LIC) (previously claims outstanding and incurred- but-not-reported (IBNR) claims) is determined on a discounted probability weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.

PAA will mainly be applied to short duration contracts where the policy's contract boundary is one year or less. This includes contracts, such as auto and property insurance business. Under PAA, insurance contracts are measured based on unearned premiums and the accounting is broadly similar to the Group's historical approach under IFRS 4. All contracts issued by the Group are eligible to be measured under the PAA. The Group does not issue any contracts that have direct participating features.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 2 (k).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

i) *New accounting policies/improvements adopted (continued)*

IFRS 17 - Insurance Contracts (continued)

ii. Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities
-

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Previously, line items presented in the statement of financial position were:

- Receivable from reinsurers, unpaid claims recoverable from reinsurers, deferred reinsurance premiums, and deferred commission costs
- Payable to reinsurers, unearned premiums, unpaid claims and unearned commission income

The line-item descriptions in the statement of profit and other comprehensive income have been changed when compared with last year. Previously, the Group reported the following line items:

- Gross premiums written
- Premiums ceded to reinsurers
- Net premium earned
- Net claims incurred
- Movement in unearned premiums
- Movement in deferred reinsurance premiums

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

i) *New accounting policies/improvements adopted (continued)*

IFRS 17 - Insurance Contracts (continued)

ii) *Changes to presentation and disclosure (continued)*

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Finance income/ expense from insurance contracts issued
- Finance income/ expense from reinsurance contracts held
- Net expenses from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in net income / (loss). Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

iii) *Transition*

The Group adopted IFRS 17 retrospectively, applying the full retrospective approach in IFRS 17 to identify, recognise and measure groups of contracts at October 1, 2022.

The full retrospective approach was applied to all the insurance contracts in force at the transition date.

The Group identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and any resulting net difference was recognised in equity.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures (continued)

i) New accounting policies/improvements adopted (continued)

iii) Transition (continued)

IFRS 17 - Insurance Contracts (continued)

The Group has applied the transition provisions in IFRS 17. The opening IFRS 17 statement of financial position and related adjustments are presented below:

	As previously reported 30 th September, 2022	IFRS 17 initial application adjustments 1 st October, 2022	Restated 1 st October, 2022
Assets			
Trade and other receivables	2,901,039	(2,646,746)	254,293
Reinsurance contract assets	2,551,488	245,472	2,796,960
Deferred acquisition cost	97,262	(97,262)	-
Other assets	<u>37,249,277</u>	<u>-</u>	<u>37,249,277</u>
Total assets	<u>\$42,799,066</u>	<u>\$(2,498,542)</u>	<u>\$40,300,524</u>
Equity and liabilities			
Statutory reserve	4,000,000	-	4,000,000
Share capital	7,500,000	-	7,500,000
Retained earnings	<u>23,517,228</u>	<u>585,566</u>	<u>24,102,794</u>
Total equity	<u>35,017,282</u>	<u>585,566</u>	<u>35,602,794</u>
Insurance contract liabilities	6,707,615	(2,805,725)	3,911,890
Other liabilities	<u>1,064,223</u>	<u>(278,383)</u>	<u>785,840</u>
	<u>7,781,838</u>	<u>(3,084,108)</u>	<u>4,697,730</u>
Total equity and liabilities	<u>\$42,799,066</u>	<u>\$(2,498,542)</u>	<u>\$40,300,524</u>

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures (continued)

i) New accounting policies/improvements adopted (continued)

iii) Transition (continued)

IFRS 17 - Insurance Contracts (continued)

The effects of adopting IFRS 17 on the financial statements at October 1, 2022 as summarised below are presented in the statement of changes in equity:

Opening retained earnings (IFRS 4) – 30 September, 2022	64,659,141
Impact of discontinuation	98,537
Impact of risk adjustment	(138,840)
Impact of deferral of overhead expenses	<u>625,869</u>
IFRS 17 transition adjustment	<u>585,566</u>
Restated retained earnings as at transition – 1 October, 2022	<u>\$65,244,707</u>

IFRS 9 - Financial Instruments

The Subsidiary has adopted IFRS 9 with a date of transition of October 1, 2023. The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification, measurement and impairment of financial assets. As permitted by IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets at the date of transition were recognized in the opening retained earnings of the current period.

The effect of the transition was a reduction in financial securities of the subsidiary by \$214,415 which is shown in note 2.4 (a). The principal IFRS 9 accounting policies are described in note 2.4.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

ii) *Standards in issue not yet effective*

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Group's consolidated financial statements. These standards and interpretations may be applicable to the Group at a future date and will be adopted when they become effective. The Group is currently assessing the impact of adopting these standards and interpretations.

Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback (effective 1 January 2024)

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors that results in information that is relevant and reliable.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS16.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

ii) *Standards in issue not yet effective (continued)*

Amendments to IAS 1 – Classification of Liabilities as Current and Non-current with Covenants (effective 1 January 2024)

In January 2020 and October 2022, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

The amendments must be applied retrospectively.

Amendments to IAS 7 and IFRS 7 – Disclosures: Supplier Finance Arrangements (effective 1 January 2024)

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

ii) *Standards in issue not yet effective (continued)*

Amendments to IAS 21 – Lack of exchangeability (effective 1 January 2025)

In August 2023, the Board issued lack of exchangeability (Amendments to IAS 21).

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendment states that a currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When applying the amendments, comparative information is not restated.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective 1 January 2026)

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures), which:

- Clarifies that a financial liability is derecognised on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

ii) *Standards in issue not yet effective (continued)*

IFRS 18 – Presentation and Disclosure in Financial Statements (effective 1 January 2027)

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for ‘operating profit or loss’, ‘profit or loss before financing and income taxes’ and ‘profit or loss’.

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management’s view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity’s MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

IFRS 18 must be applied retrospectively.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures (1 January 2027)

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

An entity may elect to apply IFRS 19 if at the end of the reporting period:

- It is a subsidiary as defined in IFRS 10 Consolidated Financial Statements;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Changes in accounting policies and disclosures (continued)*

ii) Standards in issue not yet effective (continued)

**IFRS 19 - Subsidiaries without Public Accountability: Disclosures (1 January 2027)
(continued)**

An entity has public accountability if:

- Its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market; or
- It holds assets in a fiduciary capacity for a broad Group of outsiders as one of its primary businesses (i.e., not for reasons incidental to its primary business).

If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interest in the associate or joint venture.

The amendments must be applied prospectively.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

Land and buildings comprise mainly plant, retail and distribution outlets, warehouses and offices. Land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed every five (5) years by independent professional valuers. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserve in equity. Decreases that offset previous increases of the same assets are charged against the surplus directly in equity; all other decreases are charged to the consolidated statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives. The rates used are as follows:

Buildings	50 years
Vehicles	3-4 years
Furniture, fittings and equipment	3-10 years
Computer hardware and software	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts in revaluation reserve are transferred to retained earnings.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments

(i) Classification and measurement

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provision of the instrument.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Group commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

All of the Group's financial assets and liabilities under IFRS 9 are classified at amortised cost.

Amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

(i) Classification and measurement (continued)

(i) Impairment

The Group's financial assets impairment methodologies are based on a forward looking expected credit loss (ECL) approach which requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date.

The Group Company records an allowance for expected credit (ECL) losses for its financial assets, except for equity investments, where applicable.

Equity securities are not subject to impairment under IFRS 9 because their potential impairment is taken into consideration when re-measuring these investments to their fair valuation.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group Company expects to receive.

(ii) Financial liabilities

Impairment of Trade Receivables

The Group records an allowance for expected credit losses for its trade receivables using a simplified approach. The ECL allowance is based on the credit losses expected to arise over the life of the assets (LTECL). The ECL on these financial assets are estimated using an allowance for ECLs based on the probability of default using internally assessed credit ratings. The LTECLs for the Group's trade receivables are calculated on an individual basis.

(iii) Write offs

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Group determines that the borrower does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off. However, the financial assets could still be subject to enforcement activities in order to comply with the Group's procedures.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

(iv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Parent Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

When financial liabilities are recognised they are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised.

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract as discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive consideration price is recognised in the statement of comprehensive income.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

(v) Transition

The subsidiary adopted IFRS 9 at 1st October, 2023 under the temporary exemption option of IFRS 4 – Insurance Contracts.

The measurement category and the carrying amount of financial assets in accordance with IAS 39 and IFRS 9 at 1st October, 2023 are compared as follows. Movement is due to re-measurement of provision of expected credit losses on financial securities which totalled \$214,415. No other financial assets were affected by the transition to IFRS 9.

	IAS 39 Measurement	Carrying Value September 30, 2023	IFRS 9 Measurement	Carrying Amount October 1, 2023
Government registered stocks and corporate investments	Held to maturity	19,031,410	Amortized cost	18,894,966
Loans and receivables – Ariza Credit Union and FSCI	Held to maturity	7,803,301	Amortized cost	7,725,390
ECHMB preference shares	Available-for-sale	<u>1,500,000</u>	FVOCI	<u>1,500,000</u>
		<u>\$28,334,711</u>		<u>\$28,120,356</u>

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on an average cost basis. Net realisable value is the price at which stock can be realised in the normal course of business. Provision is made for obsolete, slow-moving and defective stocks.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables of parent company are measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables of the parent company is established using an allowance for ECLs based on the probability of default.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank and short-term demand deposits with original maturities of three (3) months or less. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Bank overdraft is shown within current liabilities on the consolidated statement of financial position.

(i) Stated capital

Ordinary shares are classified as equity.

(j) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

(k) Insurance Operations

(a) Summary of measurement approaches

All contracts have been determined to be eligible for and will be measured using the PAA.

The Group does not issue any contracts that will use the general model nor any contracts with direct participation features thus the variable fee approach will not be used.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(a) Summary of measurement approaches (continued)

All contracts have been determined to be eligible for and will be measured using the PAA.

The Group does not issue any contracts that will use the general model nor any contracts with direct participation features thus the variable fee approach will not be used.

(b) Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant.

All of the Group's insurance contracts transfer significant insurance risk. The Group does not issue insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17 requirements.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The Group measures insurance contracts issued and reinsurance contracts held applying the Premium Allocation Approach ("PAA").

(c) Unit of account

The Group manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- (i) Contracts that are onerous at initial recognition;
- (ii) contracts that at initial recognition have no significant possibility of becoming onerous
Subsequently; or
- (iii) A group of remaining contracts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(c) Unit of account (continued)

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

This level of granularity determines sets of contracts. The Group uses judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

- (i) Contracts for which there is a net gain at initial recognition;
- (ii) Contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- (iii) Remaining contracts in the portfolio.

Reinsurance contracts held are assessed for aggregation requirements at the line of business level. The Group tracks internal management information reflecting historical experiences of such contracts' performance. The Group expects reinsurance contracts held to be in a net cost position without a significant possibility of a net gain arising subsequently.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(d) Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and

When the Group determines that a group of contracts becomes onerous. Reinsurance contracts held are recognised as follows:

- A group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
 - (i) the beginning of the coverage period of the group; and
 - (ii) the initial recognition of any underlying insurance contract;
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;
- Unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is extinguished, which is when the obligation specified in the contract is discharged, cancelled or expires.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(e) Measurement

Fulfilment cash flows ("FCF") and contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows

- (a) Are based on a probability-weighted mean of the full range of possible outcomes;
- (b) Are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
- (c) Reflect conditions existing at the measurement date.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- (a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- (b) both of the following criteria are satisfied:
 - i. The Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. The pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(e) Measurement (continued)

Contract boundary (continued)

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

Insurance acquisition cost

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis.

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- (a) to that group; and
- (b) to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the Group could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(e) Measurement (continued)

Insurance acquisition cost (continued)

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

Before a group of insurance contracts is recognised, the Group could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

Risk Adjustment

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. It reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

(f) Initial and subsequent measurement- measured under the PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less. For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.

The liability for remaining coverage (LRC) reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in insurance revenue.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(f) Initial and subsequent measurement- measured under the PAA (continued)

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- (a) the LRC; and
- (b) the Liability for Incurred Claims (“LIC”), comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- (a) Increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- (b) Decreased for insurance acquisition cash flows paid in the period;
- (c) Decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- (d) Increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- (a) the remaining coverage; and
- (b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- (a) increased for ceding premiums paid in the period;
- (b) increased for broker fees paid in the period; and
- (c) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(f) Initial and subsequent measurement- measured under the PAA (continued)

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money. For LIC, the estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

The Group adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non- performance. In the measurement of reinsurance contracts held, the probability- weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognized as insurance service expenses.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are recognized as net income from reinsurance contracts held.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(g) Insurance service result from insurance contracts issued

The Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts. The amount of insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the effect of financial risk) allocated to the period.

Insurance service expenses include the following:

- (a) incurred claims and benefits, reduced by loss component allocations;
- (b) other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- (c) insurance acquisition cash flows amortisation;
- (d) changes that relate to past service – changes in the FCF relating to the LIC; and
- (e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
- (f) insurance acquisition cash flows assets impairment.

Amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss and other comprehensive income.

(h) Insurance service result from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- (a) reinsurance expenses;
- (b) incurred claims recovery, reduced by loss-recovery component allocations;
- (c) other incurred directly attributable expenses;
- (d) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- (e) effect of changes in the risk of reinsurers' non-performance; and
- (f) amounts relating to accounting for onerous groups of underlying insurance contracts issued.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance Operations (continued)

(h) Insurance service result from reinsurance contracts held (continued)

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. Broker fees are included within reinsurance expenses.

The Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

(i) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- (a) the effect of the time value of money and changes in the time value of money; and
- (b) the effect of financial risk and changes in financial risk.

The Group does not apply the Other Comprehensive Income option to disaggregate insurance finance income or expenses between profit or loss and OCI. The effect of changes in the time value of money on the LIC for insurance contracts issued and reinsurance contracts held are reflected in profit or loss.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

(j) Income tax

The charge for the current year is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using the applicable tax rates for the period.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on the enacted tax rate at the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee benefits

Profit sharing

The Group operates a profit sharing scheme and the profit share to be distributed to employees each year is calculated on the terms outlined in the Union Agreement. The Group accounts for profit sharing as an expense, through the consolidated statement of comprehensive income.

Pension benefits

The Group operates a defined contribution pension plan which is managed by a registered insurance Group in Grenada. The Group pays fixed contributions into the fund and has no legal or constructive obligation to pay further contributions. The Group's contribution is recorded as an expense in the consolidated statement of comprehensive income.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(m) Foreign currencies

Foreign currency transactions during the year have been effected at the rates of exchange ruling at the dates of the transactions. Assets and liabilities expressed in foreign currencies are translated to Eastern Caribbean Currency Dollars at the rates of exchange ruling at the end of the financial year. Differences arising from fluctuations in exchange rates are included in the consolidated statement of comprehensive income.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of estimated returns, rebates and discounts. Revenue is recognised as follows:

i) Sales of goods

The sale of goods is recognised when the Group has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue recognition (continued)

ii) Premium income

Premium are recognized over the lives of the policies written. Unearned premium represents the portion of premiums written in the current year which relate to periods of insurance subsequent to the statement of financial position date calculated using the twenty-fourth method. It is calculated on the monthly pro-rata fractional basis.

iii) Commissions and claims

Commissions earned and claims made for damaged stock are accounted for in current operations on an accrual basis.

iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(o) Leases

Lessee:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Leases (continued)

(i) Right-of-use assets (continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the costs reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depends on an index or a rate, and amounts expected to be paid under residual guarantees.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment option.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determined such lease payments) or change in the assessment of an option to purchase the underlying asset.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Leases (continued)

Lessor:

Assets leased out under operating leases are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term. Leases entered into with the Group are all operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income in accordance with the terms of the lease.

(p) Dividend distributions

Dividend distributions to the shareholders are recognised in the period in which they are paid.

(q) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

(r) Segment reporting

A business is a group of assets and operation engaged in providing products or services that are subject to risk and return that are different from those of other business segments. Details of these segments are disclosed in Note 29.

(s) Assets and liabilities arising from rights of return

Rights of return assets represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all the consideration received (or receivables) from the customer and its measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities at the end of each reporting period.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Group's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these consolidated financial statements are set out below.

(i) Valuation of property

The Group utilises professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

(ii) Impairment of trade receivables

The Group calculates an expected credit loss (ECL) based on the probability of default using internally assessed credit ratings which may not be representative of actual default in the future.

(iii) Property, plant and equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and estimates the useful lives and residual values of these assets.

(iv) Provision for obsolete inventory

Annually an aged markdown is applied to individual items except for the supermarkets where a general provision for obsolescence is made on the overall value of inventory existing at the year end.

(v) Insurance and reinsurance contracts

(i) Areas of judgement

Areas of judgement which broadly impact the Group's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts measured under PAA are described below.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(v) Insurance and reinsurance contracts (continued)

(i) Areas of judgement (continued)

Areas of potential judgement	Applicable to the Company
For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment might involve significant judgement. The assessment of the likelihood of adverse changes in applicable facts and circumstances is also an area of judgement.	All contracts measured by the Company have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved.
For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.	<p>This area of judgement is potentially applicable to the Group. The Group sets premiums considering recent experience. There are no recent circumstances where there have been onerous contracts. In 2023 and 2024, the Group reviewed gross combined ratios which indicated that contracts are expected to be profitable.</p> <p>All contracts measured by the Group in 2023 and 2024 under the PAA were determined to be non-onerous on initial recognition.</p>
An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	The Group performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

(ii) Methods used and judgements applied in determining the IFRS 17 transition amounts

The Group has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date, including insurance acquisition cash flow asset. The Group has: identified, recognised and measured each group of insurance contracts and each insurance acquisition cash flows asset in this category as if IFRS 17 had always applied; derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(v) *Insurance and reinsurance contracts*

(iii) Estimates and assumptions

This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the consolidated financial statements.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios. The assumptions used in the deterministic scenarios are derived to approximate the probability-weighted mean of a full range of scenarios.

(iv) Discount rates

The bottom-up approach was used to derive the discount rates. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an ‘illiquidity premium’). The risk-free was derived using government bond rates available in the market denominated in the same currency as the product being measured. Management uses judgement to assess liquidity characteristics of the liability cash flows. Insurance contracts are considered less liquid than the financial assets used to derive the risk-free yield. For these contracts, the illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

Observable market information is available for up to ten (10) years. For the unobservable period, the yield curve was interpolated between an ultimate rate and the last observable point using interpolation.

The yield curves that were used to discount the estimates of future cash flows are as follows:

	2024					2023				
	1 Year	5 Years	10 Years	20 Years	30 Years	1 Year	5 Years	10 Years	20 Years	30 Years
P&C (issued and reinsured held)	2.13%	6.39%	7.27%	8.16%	9.04%	2.13%	6.39%	7.27%	8.16%	9.04%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(v) Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group uses information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expense-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as the activity-based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

The Group projects estimates of future expenses relating to fulfilment of contracts using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads. In addition, under certain methods used to assess claims incurred for the general insurance contracts, estimates of future claim payments are adjusted for inflation.

(vi) Methods used to measure insurance contracts

The Group engages an Appointed Actuary annually to perform a valuation of Grenadian's insurance liabilities. The insurance liabilities consist of a provision for unpaid claims and loss adjustment expenses arising from events that have occurred up to the date of the statement of financial position (liability for incurred claims), and a provision for future obligations on the unexpired portion of policies (liability for remaining coverage).

The valuation is in accordance with generally accepted actuarial practice, including the selection of appropriate methods and assumptions. The Group discounts its liability for incurred claims. Liabilities for incurred claims are estimated using the input of assessments for individual cases reported to the Group. Statistical analysis is used to estimate claim incurred but not reported ("IBNR") as well as the expected ultimate cost of more complex claims that may be affected by external factors.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(vi) Methods used to measure insurance contracts (continued)

The carrying value at the statement of financial position date of insurance contract liabilities was \$19,964,418 (2023: \$4,152,116). The amount of reinsurance contract assets estimated at the statement of financial position date is \$16,557,882(2023: \$1,673,441).

(vii) Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates. The Group does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The risk adjustment was calculated at the business line level and then allocated down to each group of contracts in accordance with their risk profiles. The quantile method was used to derive the risk adjustment for non-financial risk.

In the quantile approach, historical claims data for all accident years has been used to derive the loss distribution. The following risks have been considered in the quantification of the risk adjustment:

- Claims development: Uncertainty in the final amount of insurance claims that will be paid on known/reported claims
- Claims incidence: Uncertainty in the amount of claims that have been incurred but not yet reported (IBNR)
- Expense risk: Uncertainty in the expenses (inclusive of expense inflation) that will be required to settle incurred claims

The model has been applied separately for Motor, Property, and Other portfolios, where the Other portfolios are grouped due to limited data. The net loss distribution, net of reinsurance recoveries, is used to reflect the compensation that the Group requires, as pricing is determined based on net insurance benefits.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 70%-75% (2023: 70% - 75%). The methods and assumptions used to determine the risk adjustment for non- financial risk were not changed in 2024.

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(continued)**

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Motor Vehicles	Furniture, Fixtures and Equipment	Work-in- progress	Total
Balance at 30th September, 2024						
Cost	-	4,098,073	5,56,939	26,974,748	776,889	37,406,649
Revaluation	26,059,875	44,259,602	-	-	-	70,319,477
Accumulated depreciation	<u>-</u>	<u>(6,002,597)</u>	<u>(4,782,757)</u>	<u>(23,859,289)</u>	<u>-</u>	<u>(34,644,643)</u>
NET BOOK VALUE	<u>\$26,059,875</u>	<u>\$42,355,078</u>	<u>\$774,182</u>	<u>\$3,115,459</u>	<u>\$776,889</u>	<u>\$73,081,483</u>
For the year ended 30th September, 2024						
Opening book value	26,059,85	40,065,465	385,841	2,465,539	1,297,670	70,274,386
Additions for the year	-	397,993	626,059	1,429,310	2,335,803	4,789,165
Transfers	-	2,819,763	-	36,821	(2,856,584)	-
Disposals during the year	-	-	(21,048)	-	-	(21,048)
Depreciation for the year	<u>-</u>	<u>(928,139)</u>	<u>(216,670)</u>	<u>(816,211)</u>	<u>-</u>	<u>(1,961,020)</u>
NET BOOK VALUE	<u>\$26,059,875</u>	<u>\$42,355,078</u>	<u>\$774,182</u>	<u>\$3,115,459</u>	<u>\$776,889</u>	<u>\$73,081,483</u>

In accordance with IFRS 17-*Insurance Contracts*, depreciation expense of \$36,959 (2023: \$42,991) is included within insurance operations in the statement of comprehensive income.

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	Land	Building	Motor Vehicles	Furniture, Fixtures and Equipment	Work-in- progress	Total
Balance at 30th September, 2023						
Cost	-	880,317	5,400,839	25,508,617	1,297,670	33,087,443
Revaluation	26,059,875	44,259,602	-	-	-	70,319,477
Accumulated depreciation	<u>-</u>	<u>(5,074,458)</u>	<u>(5014,998)</u>	<u>(23,043,078)</u>	<u>-</u>	<u>(33,132,534)</u>
NET BOOK VALUE	<u>\$26,059,875</u>	<u>\$40,065,461</u>	<u>\$385,841</u>	<u>\$2,465,539</u>	<u>\$1,297,670</u>	<u>\$70,274,386</u>
For the year ended 30th September, 2023						
Opening book value	26,059,85	40,669,017	566,185	2,869,357	-	70,164,434
Additions for the year	-	284,806	138,054	548,530	1,297,670	2,269,060
Depreciation for the year	<u>-</u>	<u>(888,362)</u>	<u>(318,398)</u>	<u>(952,348)</u>	<u>-</u>	<u>(2,159,108)</u>
NET BOOK VALUE	<u>\$26,059,875</u>	<u>\$40,065,461</u>	<u>\$385,841</u>	<u>\$2,465,539</u>	<u>\$1,297,670</u>	<u>\$70,274,386</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. STATUTORY DEPOSIT

Under the provisions of the Insurance Act No.5 of 2010, the subsidiary is required to maintain a deposit with the Supervisor of Insurance of an amount equal to 40% of its premium income of the preceding year.

6. FINANCIAL INSTRUMENTS

Financial instruments of the subsidiary

(a) Non-Current

Held-to-maturity

	2024	2023
Government of St. Lucia 6.75% treasury bond – maturing 6 th August, 2027	2,000,000	2,000,000
Government of St. Kitts 1.5% fixed rate note – maturing 18 th April, 2057	1,000,000	1,000,000
Government of St. Lucia 4.5% 2 years treasury note USD – maturing 12 th September, 2026	1,722,515	-
Government of St. Lucia 5.75% treasury note – maturing 2 nd September, 2029	1,000,000	-
Bank of St. Lucia 4.71% treasury note USD – maturing 30 th April, 2026	2,992,006	-
Bank of St. Lucia 4.55% treasury note USD – maturing 15 th April, 2027	<u>1,996,549</u>	<u>-</u>
	10,711,070	3,000,000

Fair value through other comprehensive income

ECHMB Non-cumulative 5% callable preference shares	<u>1,500,000</u>	<u>1,500,000</u>
	12,211,070	4,500,000

Less: Provision for expected credit loss	<u>(65,926)</u>	<u>-</u>
	<u>12,145,144</u>	<u>4,500,000</u>

(b) Current

Government stocks and corporate investments – Amortized cost

First Citizen Investment Services – St. Vincent 2.5% Fixed rate bond – maturing 5 October, 2023	-	1,615,298
Government of St. Lucia 5.75% 2 treasury note - maturing 29 th August, 2024	-	1,000,000
Government of St. Lucia 4.5% 2 year treasury note USD - maturing 12 September, 2026	-	1,722,515
First Citizen Investment Services - St. Vincent 2.25% 2 maturing on 2 nd August, 2024	-	2,093,597

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6. FINANCIAL INSTRUMENTS (continued)

	2024	2023
<i>(b) Current</i>		
ECHMB corporate paper		
1.75% - maturing 24 th September, 2023	-	4,500,000
ECHMB corporate paper		
2.5% - maturing 6 th July, 2025	3,000,000	3,000,000
ECHMB corporate paper		
2.5% - maturing 29 th December, 2023	-	2,100,000
Bank of St. Lucia		
5.02% treasury note USD - maturing 30 th April, 2025	<u>4,990,993</u>	<u>-</u>
	<u>7,990,993</u>	<u>16,031,410</u>
<i>Loans and advances –</i>		
Ariza Credit Union #3 – 1 year		
2% fixed deposit - maturing 29 th July, 2024	-	2,122,416
Ariza Credit Union #2 – 1 year		
2% fixed deposit - maturing 27 th April, 2024	-	1,114,621
Ariza Credit Union #1 – 1 year		
2% fixed deposit - maturing 26 th September, 2024	-	2,000,000
First Citizen Investment Services		
2.25% 2 maturing on 22 nd November, 2023	<u>-</u>	<u>2,566,264</u>
	<u>-</u>	<u>7,803,301</u>
	7,990,993	23,834,711
Less: Provision for expected credit loss	<u>(27,847)</u>	<u>-</u>
	<u>7,963,146</u>	<u>23,834,711</u>
	<u>\$20,108,290</u>	<u>\$28,334,711</u>

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(continued)

7. INVENTORY

	2024	2023
Lumber department	2,932,215	2,001,826
Building supplies	10,240,228	10,353,392
Hardware	4,532,595	4,794,126
Agency	8,934,198	8,711,480
Appliances	4,317,930	3,939,570
Food Fairs	6,870,765	5,781,246
Home Centre	805,130	774,614
Motor department	2,923,643	2,428,105
LAND Shop	937,019	447,119
Business equipment and stationery	261,140	279,305
Goods-in-transit	<u>7,040,817</u>	<u>6,316,333</u>
	<u>\$49,795,680</u>	<u>\$45,827,116</u>

8. TRADE AND OTHER RECEIVABLES

Trade receivables – net	10,929,102	11,068,303
Other receivables - net	<u>1,011,904</u>	<u>783,008</u>
	<u>\$11,941,006</u>	<u>\$11,851,311</u>

The movement in the allowance for expected credit losses of trade and other receivables is detailed below:

Balance as at 1 st October, 2023	2,122,573	2,297,216
Net increase in provision for the year	532,158	344,708
Adjustment for IFRS 17	<u>-</u>	<u>(519,351)</u>
Balance as at 30 th September, 2024	<u>\$2,654,731</u>	<u>\$2,122,573</u>

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(continued)

9. AFFILIATED COMPANIES

	2024	2023
(a) Amount due from affiliated companies		
Independence Agencies Limited	\$ <u>53,965</u>	\$ <u>122,413</u>
(b) Amount due to affiliated companies		
Goddards Shipping.	(12,263)	(1,567)
Courtesy Garage	(661)	(5,116)
McBridge (Caribbean) Limited	(342,248)	(351,709)
Coreas Hazeils Inc.	(2,555)	(3,820)
Independence Agencies Limited	(485,830)	(448,709)
Minvielle and Chastanet Limited	(21,493)	(36,926)
Home Depot Limited	(32,985)	(64,465)
Xpress Freight Services Inc.	(99,459)	(63,532)
	\$ <u>(997,494)</u>	\$ <u>(975,844)</u>

Transactions entered into with the above affiliated companies are carried out on commercial terms.

10. CASH AND CASH EQUIVALENTS

Government of St. Lucia		
2.5% Note 90 day – maturing 26 th November, 2024	10,000,000	-
1.25% Fixed rate bond – maturing 4 th October, 2024	1,615,298	-
2.5% Treasury bill 90 day – maturing 17 th November, 2023	-	2,981,418
Cash in hand and at bank	<u>13,046,081</u>	<u>2,623,425</u>
	24,661,379	5,604,843
Bank overdraft (Note 16)	<u>(1,763,693)</u>	<u>(3,457,222)</u>
Cash and cash equivalents in the statement of cash flows	\$ <u>22,897,686</u>	\$ <u>2,147,621</u>

11. STATED CAPITAL

Authorised		
- 1,500,000 ordinary shares of no par value		
Issued		
- 1,500,000 ordinary shares of no par value	\$ <u>17,175,750</u>	\$ <u>17,175,750</u>

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12. LEASE

The Group has an operating lease for the rental of office space situated at Hillsborough, Carriacou. The lease period commenced 1st April, 2022, for a period of five (5) years.

Set out below is the total carrying amount of the right of use asset recognized and the movement during the year:

	2024	2023
Balance at 1 st October, 2023	52,876	67,984
Less: Depreciation for the year	<u>(15,108)</u>	<u>(15,108)</u>
Balance at 30 th September, 2024	<u>\$37,768</u>	<u>\$52,876</u>

The right-of-use asset is being depreciated over sixty (60) months.

In accordance with IFRS 17-*Insurance Contracts*, depreciation expense of \$13,597 (2023: \$13,597) is included within insurance operations in the statement of comprehensive income.

Set out below is the carrying amount of the lease liability and the movement during the year:

Balance at 1 st October, 2023	54,470	68,710
Add: Accretion of interest	2,050	2,685
Less: Principal payments	<u>(16,675)</u>	<u>(16,925)</u>
Balance at 30 th September, 2024	39,845	54,470
Less: Short-term portion	<u>(15,414)</u>	<u>(14,750)</u>
Long-term portion	<u>\$24,431</u>	<u>\$39,720</u>

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(continued)

13. STATUTORY RESERVE

A statutory reserve is maintained in accordance with the provision of Section 184 (1) of the Insurance Act No. 5 of 2010 of Grenada. Insurance companies are required to appropriate towards statutory reserve at least 25% of its profit until the excess of assets over liabilities equal or exceeds the reserve in respect of its unearned premiums and outstanding claims. This reserve is not available for distribution as dividends or any form of appropriation.

14. REVALUATION RESERVE

The Group's freehold land and buildings were last revalued in July 2022 by T. M. Williamson-Consulting Architects. This resulted in a revaluation surplus of \$21,189 and increased the revaluation reserve to \$35,477,299.

15. TRADE AND OTHER PAYABLES

	2024	2023
Trade payables	11,450,833	9,873,264
Accruals	10,938,605	8,281,017
Other payables	<u>14,274,467</u>	<u>4,530,056</u>
	<u>\$36,663,905</u>	<u>\$22,684,337</u>

16. BORROWINGS

a) Long-term borrowings

Grenada Co-operative Bank Limited		
Loan (i)	2,591,798	3,009,855
Loan (ii)	<u>3,628,693</u>	<u>4,027,719</u>
	6,220,491	7,037,574
Less: Current Portion	<u>(977,473)</u>	<u>(808,391)</u>
	<u>\$5,243,018</u>	<u>\$6,229,183</u>

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16. BORROWINGS (continued)

- (i) The loan is secured by a registered first demand mortgage over one of the Group's properties, and currently carries an interest rate of 3.5% per annum. The loan is repayable in monthly instalments of \$54,755 inclusive of interest. Due to Covid-19 the Group was given a moratorium of loan payments until December 2023. During this period interest only will be paid.
- (ii) The loan is secured by a registered first demand mortgage over one of the Group's properties, and currently carries an interest rate 3.5% per annum. The loan is repayable in monthly instalments of \$44,500 inclusive of interest.

	2024	2023
<i>b) Short-term borrowings</i>		
Grenada Co-operative Bank Limited		
- Overdraft account	1,763,693	3,457,222
Borrowing – Current portion	<u>977,473</u>	<u>808,391</u>
	<u>2,741,166</u>	<u>4,265,613</u>
Total borrowing	<u>\$7,984,184</u>	<u>\$10,494,796</u>

The Group has an authorized overdraft facility of \$5,000,000 with Grenada Co-operative Bank Limited. This facility is unsecured, but the title deeds of properties are deposited with the Bank. Interest is at the rate of 4.5% per annum.

17. INSURANCE AND RESINSURANCE CONTRACT ASSETS AND LIABILITIES

Movement in insurance contract balances

Carrying amount at October 1, 2023	2,478,676
Premium expenses paid	3,604,935
Claims and expenses paid	119,125
Acquisition cash flows	(1,353,731)
Insurance revenue	(4,081,816)
Insurance service expenses	2,631,465
Insurance finance expenses	37,861
Currency and other changes	<u>(29,979)</u>
Carrying amounts at September 30, 2024	<u>\$3,406,536</u>

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17. INSURANCE AND RESINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

The Concociliations in the following tables show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognized in statement of comprehensive income.

The tables below analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurres claims and reconciles these movements to the line items in the statement of comprehensive income.

(i) Reinsurance contracts held

Analysis by remaining coverage and incurred claims

	Remaining Coverage Excluding Recovery Component	Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustments For Non-Profit Financial Risk	
2024				
Reinsurance contract for assets, beginning of year	1,423,983	213,319	36,139	1,673,441
Reinsurance expenses	(7,289,360)	-	-	(7,289,360)
Other incurred directly attributable expenses	-	(16,328)	-	(16,328)
Incurred claims recovery	-	<u>7,344,318</u>	<u>1,957,869</u>	<u>9,302,187</u>
Net income/(expense) from reinsurance contracts held	<u>(7,289,360)</u>	<u>7,327,990</u>	<u>1,957,869</u>	<u>(1,996,499)</u>
Finance expense from reinsurance contracts held recognized in profit and loss	<u>-</u>	<u>1,679</u>	<u>-</u>	<u>1,679</u>
Other pre-recognition cash flows derecognised and others changes Recognized in comprehensive income	<u>29,979</u>	<u>-</u>	<u>-</u>	<u>29,979</u>
Premium paid net of ceding commisions and other directly attributable expenses paid	8,318,433	-	-	8,318,432
Recoveries from insurance	-	<u>4,537,851</u>	<u>-</u>	<u>4,537,851</u>
Total cash flows	<u>8,318,433</u>	<u>4,537,851</u>	<u>-</u>	<u>12,856,284</u>
Reinsurance contracts assets, end of year	<u>\$2,483,035</u>	<u>\$12,080,839</u>	<u>\$1,994,008</u>	<u>\$16,557,882</u>

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17. INSURANCE AND RESINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Analysis by remaining coverage and incurred claims (continued)

	Remaining Coverage Excluding Recovery Component	Incurred Claims		Total
		Present Value of Future Cash FLows	Risk Adjustments For Non-Profit Financial Risk	
2023				
Reinsurance contract for assets beginning of year	1,941,837	603,914	99,132	2,644,883
Reinsurance expenses	(6,535,922)	-	-	(6,535,922)
Other incurred directly attributable expenses	-	(16,252)	-	(16,252)
Incurred claims recovery	-	<u>2,193,107</u>	<u>(62,993)</u>	<u>2,130,114</u>
Net income/(expense) from reinsurance contract held	<u>(6,535,922)</u>	<u>2,176,855</u>	<u>(62,993)</u>	<u>(4,442,060)</u>
Finance expense from reinsurance contracts held recognized in profit and loss	<u>-</u>	<u>1,395</u>	<u>-</u>	<u>1,395</u>
Other pre-recognition cash flows derecognised and others changes recognized in comprehensive income	<u>158,422</u>	<u>-</u>	<u>-</u>	<u>158,442</u>
Premium paid ceding commissions and other directly attributable expenses paid	5,859,626	-	-	5,859,626
Recoveries from insurance	-	<u>(2,568,845)</u>	<u>-</u>	<u>(2,568,845)</u>
Total cash flows	<u>5,859,626</u>	<u>(2,568,845)</u>	<u>-</u>	<u>3,290,781</u>
Reinsurance contracts, assets, end of of year	<u>\$1,423,983</u>	<u>\$213,319</u>	<u>\$36,139</u>	<u>\$1,673,441</u>

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17. INSURANCE AND RESINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Analysis by remaining coverage and incurred claims (continued)

2024	<u>LRC</u>	<u>LIC for Contract under the PAA</u>		Total
	Excluding Loss Component	Present Value of Future Cash Flows	Risk Adjustments For Non- Financial Risk	
Insurance contract for liabilities, beginning of year	2,603,576	1,329,347	219,193	4,152,116
Insurance revenue	(11,371,176)	-	-	(11,371,176)
Incurred claims and other directly attributable expenses	-	8,391,347	-	10,550,929
Insurance acquisition cash flows amortization	<u>1,366,396</u>	<u>-</u>	<u>2,159,582</u>	<u>1,336,396</u>
Total insurance service expenses	<u>1,366,396</u>	<u>8,391,347</u>	<u>2,159,582</u>	<u>11,917,325</u>
Insurance service result	(10,004,780)	8,391,347	2,159,582	546,149
Finance expense from insurance contracts held	<u>-</u>	<u>39,540</u>	<u>-</u>	<u>39,540</u>
Total amounts recognized in comprehensive income	<u>(10,004,780)</u>	<u>8,430,887</u>	<u>2,159,582</u>	<u>585,689</u>
Premiums received	11,923,368	-	-	11,923,368
Claims and other directly attributable expenses paid	-	4,656,976	-	4,656,976
Insurance acquisition cash flows	<u>(1,353,731)</u>	<u>-</u>	<u>-</u>	<u>(1,353,731)</u>
Total cash flows	<u>10,569,637</u>	<u>4,656,976</u>	<u>-</u>	<u>15,226,613</u>
Insurance contracts liabilities, end of year	<u>\$3,168,433</u>	<u>\$14,417,210</u>	<u>\$2,378,775</u>	<u>\$19,964,418</u>

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17. INSURANCE AND RESINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Analysis by remaining coverage and incurred claims (continued)

2023	<u>LRC</u>	<u>LIC for Contract under the PAA</u>		Total
	RC Excluding Loss Component	Present Value of Future Cash Flows	Risk Adjustments For Non- Financial Risk	
Insurance contract for liabilities, beginning of year	2,296,696	1,444,222	237,972	3,911,890
Insurance revenue	(10,561,900)	-	-	(10,561,900)
Incurred claims and other directly attributable expenses	-	2,045,867	(18,779)	2,027,089
Insurance acquisition cash flows amortization	<u>1,257,044</u>	<u>-</u>	<u>-</u>	<u>1,257,044</u>
Total insurance service expenses	<u>1,257,044</u>	<u>2,045,867</u>	<u>(18,779)</u>	<u>3,284,133</u>
Insurance service result	(9,304,856)	2,045,867	(18,779)	(7,277,768)
Finance expense from insurance contracts held	<u>-</u>	<u>41,104</u>	<u>-</u>	<u>41,104</u>
Total amounts recognized in comprehensive income	<u>(9,304,856)</u>	<u>2,086,971</u>	<u>(18,779)</u>	<u>(7,236,664)</u>
Premiums received	11,060,302	-	-	11,060,302
Claims and other directly attributable expense paid	-	(2,201,846)	-	(2,201,846)
Insurance acquisition cash flows	<u>(1,381,566)</u>	<u>-</u>	<u>-</u>	<u>(1,381,566)</u>
Total cash flows	<u>9,678,736</u>	<u>(2,201,846)</u>	<u>-</u>	<u>7,476,891</u>
Insurance contracts liabilities, end of year	<u>\$2,603,576</u>	<u>\$1,329,347</u>	<u>\$219,193</u>	<u>\$4,152,116</u>

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18. OTHER INCOME

	2024	2023
Investment income	954,834	882,010
Rental income	1,077,786	893,023
Gain on disposal of property, plant and equipment	28,950	8,505
Miscellaneous income	<u>313,819</u>	<u>222,523</u>
	<u><u>\$2,375,389</u></u>	<u><u>\$2,006,061</u></u>

19. TAXATION

Income taxes in the statement of comprehensive income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:

Profit before taxation (2023 as previously reported)	<u><u>\$11,876,566</u></u>	<u><u>\$11,423,299</u></u>
Tax at applicable statutory rate 28%	3,325,438	3,198,524
Tax effect of items that are adjustable in determining taxable profit:		
Income not subject to tax	(200,275)	(230,253)
Expenses not deductible for tax purposes	162,053	136,386
Other items	<u>(149,450)</u>	<u>319,894</u>
Tax expense	<u><u>\$3,137,766</u></u>	<u><u>\$3,424,551</u></u>

20. CONTINGENT LIABILITIES

The Group is contingently liable for letters of credit and warehouse bonds totalling approximately \$5,870,000 (2023 - \$5,870,000).

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21. RELATED PARTY TRANSACTIONS

The following related party transactions were carried out during the year:

a) Transactions were carried out with affiliated companies

	2024	2023
Sales of goods	<u>\$1,273,455</u>	<u>\$1,212,805</u>
Purchases of goods	<u>\$6,089,833</u>	<u>\$5,638,735</u>

b) Transactions with parent Company

Professional fees	<u>\$462,461</u>	<u>\$145,736</u>
Dividends paid	<u>\$1,532,115</u>	<u>\$1,571,374</u>

c) Compensation of key management personnel

Salaries and other benefits	<u>\$614,160</u>	<u>\$602,056</u>
Pension contributions	<u>\$17,949</u>	<u>\$20,330</u>

22. EARNINGS PER SHARE

This is based on the net profit for the year of \$8,738,800 (2023 - \$8,062,497) and issued shares of 1,500,000 (2023 – 1,500,000).

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23. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Insurance risk
- Operational risk

Risk management structure

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group 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.

The Board of Directors is responsible for the overall risk management approach for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the management of the Group in compliance with the policies approved by the Board of Directors.

The Board of Directors has established an audit committee which has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations; and arises principally from the Group's receivables from customers and its investments.

Management of credit risk

i) Trade and other receivables

The Group manages its risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis which includes placing limits on the level of credit risk the Group accepts from each customer.

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23. FINANCIAL RISK MANAGEMENT (continued)

ii) Other financial assets

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counter-party. The Group seeks to hold its funds with financial institutions which management regards as sound and the markets for investments are monitored regularly to ensure that returns are generated.

Exposure to credit risk

The following table shows the maximum exposure to credit risk from the components of the statement of financial position:

	Maximum exposure	
	2024	2023
Statutory deposits	2,033,750	2,033,750
Financial instruments	20,108,290	28,120,980
Trade and other receivables	11,941,006	11,851,311
Reinsurance assets	16,557,882	1,673,441
Amount due from affiliated companies	53,965	122,413
Cash and cash equivalents	<u>24,661,379</u>	<u>5,604,843</u>
	<u>\$75,356,272</u>	<u>\$49,406,738</u>

Illustration of concentration of credit risk by customer sector:

The following table summarises the credit exposure for trade and other receivables at their carrying amounts by customers sector:

Government	2,650,967	1,086,587
Retailers	1,531,916	1,606,518
Hotels and restaurants	724,328	592,374
Manufacturers	597,124	346,267
Individuals	<u>9,091,402</u>	<u>10,342,138</u>
	14,595,737	13,973,884
Expected credit loss	<u>(2,654,731)</u>	<u>(2,122,573)</u>
	<u>\$11,941,006</u>	<u>\$11,851,311</u>

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23. FINANCIAL RISK MANAGEMENT (continued)

Set below is the information about the credit risk exposure on the Group's trade receivables

	Up to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Balance at 30th September, 2024					
Expected credit loss rate (%)	2.00%	3.60%	39.37%	73.60%	19.54%
Estimated total gross carrying amount at default	8,758,990	923,267	1,242,582	2,658,994	13,583,833
Expected credit loss	<u>175,180</u>	<u>33,238</u>	<u>489,263</u>	<u>1,957,050</u>	<u>2,654,731</u>
Net carrying amount	<u>\$8,583,810</u>	<u>\$890,029</u>	<u>\$753,319</u>	<u>\$701,944</u>	<u>\$10,929,102</u>
Balance at 30th September, 2023					
Expected credit loss rate (%)	11.37%	4.82%	47.37%	47.37%	16.09%
Estimated total gross carrying amount at default	8,559,064	2,455,174	513,944	1,662,694	13,190,876
Expected credit loss	<u>973,194</u>	<u>118,340</u>	<u>243,447</u>	<u>787,592</u>	<u>2,122,573</u>
Net carrying amount	<u>\$7,585,870</u>	<u>\$2,336,834</u>	<u>\$270,497</u>	<u>\$875,102</u>	<u>\$11,068,303</u>

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23. FINANCIAL RISK MANAGEMENT (continued)

The group hold no collateral for its trade receivables. Generally trade receivables are written off when there is no expectation of recovering the amount due.

Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's liquidity position is monitored on a daily basis and generally the Group monitors its risk to a shortage of funds by considering planned and probable expenditures against projected cash flows from operations. The Group utilizes surplus internal funds to a large extent to finance its operations and utilizes available credit facilities such as overdraft facilities when needed.

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23. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk (continued)

The table below analyses the Group's financial liabilities into relevant groupings based on the remaining period from the statement of financial position date to the contractual maturity date:

	On Demand	< 1 year	1 to 5 years	Total
Balance at 30th September, 2024				
Trade and other payables	33,141,254	3,522,651	-	36,663,905
Amount due to affiliated companies	997,494	-	-	997,494
Amount due to parent company	10,513	-	-	10,513
Taxation payable	-	51,206	-	51,206
Lease liability	-	15,414	24,431	39,845
Borrowings	1,763,693	977,473	5,243,018	7,984,184
Insurance liabilities	<u>19,964,418</u>	<u>-</u>	<u>-</u>	<u>19,964,418</u>
	<u>\$55,877,372</u>	<u>\$4,566,744</u>	<u>\$5,267,449</u>	<u>\$65,711,565</u>
Balance at 30th September, 2023				
Trade and other payables	18,749,925	3,935,096	-	684,337
Amount due to affiliated companies	975,844	-	-	975,844
Amount due to parent company	56,248	-	-	56,248
Taxation payable	-	396,783	-	396,783
Lease liability	-	39,720	14,750	54,470
Borrowings	3,457,222	808,391	6,229,183	10,494,796
Insurance liabilities	<u>4,152,116</u>	<u>-</u>	<u>-</u>	<u>4,152,116</u>
	<u>\$25,959,671</u>	<u>\$6,096,990</u>	<u>\$6,757,933</u>	<u>\$38,814,594</u>

Market risk

The Group takes on exposure to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. There have been no changes to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous years.

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23. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases in currencies other than the Group's functional currency. Management monitors its exposure to foreign currency fluctuation and employs appropriate strategies to mitigate any potential losses. The Group operates primarily in Eastern Caribbean Currency Dollars; although some transactions are in United States Dollars, the currency risk exposures are minimal due to the fact that the Eastern Caribbean Currency Dollar is pegged to the United States Dollar. The Group is also exposed to a minimal amount of currency risks from transactions conducted in Euro, Pounds Sterling and Barbados Dollars.

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23. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

The aggregate value of financial assets and liabilities by report currency are as follows:

	US\$	EURO	BD\$	EC\$	Total
Assets					
Statutory deposits	-	-	-	2,033,750	2,033,750
Financial instruments	-	-	-	20,108,290	20,108,290
Trade and other receivables	-	-	-	11,941,005	11,941,006
Reinsurance assets	-	-	-	16,557,882	16,557,882
Amount due from affiliated companies	-	-	-	53,965	53,965
Cash and cash equivalents	<u>175,246</u>	<u>-</u>	<u>-</u>	<u>21,486,133</u>	<u>24,661,379</u>
Balance at 30th September, 2024	<u>\$175,246</u>	<u>\$-</u>	<u>\$-</u>	<u>\$75,181,025</u>	<u>\$75,356,272</u>
Liabilities					
Amount due to affiliated companies	99,459	-	6,683	891,352	997,494
Trade and other payables	751,326	1,058,674	-	34,853,905	36,663,905
Taxation payable	-	-	-	51,206	51,206
Borrowings	-	-	-	7,984,184	7,984,184
Insurance liabilities	-	-	-	19,964,418	19,964,418
Lease liability	-	-	-	39,845	39,845
Amount due to parent company	<u>-</u>	<u>-</u>	<u>10,513</u>	<u>-</u>	<u>10,513</u>
Balance at 30th September, 2024	<u>\$850,785</u>	<u>\$1,058,674</u>	<u>\$17,196</u>	<u>\$63,784,910</u>	<u>\$65,711,565</u>

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23. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

The aggregate value of financial assets and liabilities by report currency are as follows:

	US\$	EURO	BD\$	EC\$	Total
Assets					
Statutory deposits	-	-	-	2,033,750	2,033,750
Financial instruments	1,722,515	-	-	26,348,465	28,120,980
Trade and other receivables	-	-	-	11,851,311	11,851,311
Reinsurance assets	-	-	-	1,673,441	1,673,441
Amount due from affiliated companies	-	-	-	122,413	122,413
Cash and cash equivalents	-	-	-	5,604,843	5,604,843
Balance at 30th September, 2023	<u>\$1,772,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$447,634,223</u>	<u>\$49,406,738</u>
Liabilities					
Amount due to affiliated companies	415,241	-	6,683	553,920	975,844
Trade and other payables	-	1,483,906	-	21,200,431	22,684,337
Taxation payable	-	-	-	396,783	396,783
Borrowings	-	-	-	10,494,796	10,494,796
Insurance liabilities	-	-	-	4,152,116	4,152,116
Lease liability	-	-	-	54,470	54,470
Amount due to parent company	-	-	56,248	-	56,248
Balance at 30th September, 2023	<u>\$415,241</u>	<u>\$1,483,906</u>	<u>\$62,931</u>	<u>\$36,852,516</u>	<u>\$38,814,594</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

23. FINANCIAL RISK MANAGEMENT (continued)

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

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

Management of interest rate risk

The Group manages interest rate risk on its interest-bearing liabilities by borrowing funds at fixed rates, except for its overdraft account which is at a floating rate. Fluctuations in the floating rate on the overdraft account however are minimal. Regarding its interest-bearing assets, since the Group holds no fixed rate available-for-sale investments, the Group is not exposed to interest rate risk.

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable.

Risk factors that affect insurance are many and include the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company insures the risks of entities within Grenada.

Below is a discussion of insurance risks specific to the lines of coverage provided by the Group.

Property and casualty insurance risks

Property risks are comprised of physical damage to property. Property policies are underwritten by reference to the commercial replacement value of the properties and content insured.

Casualty risks are comprised of personal injury from motor claims, public liability, employers' liability, workmen's compensation and personal liability coverage.

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23. FINANCIAL RISK MANAGEMENT (continued)

Insurance risk (continued)

Property and casualty insurance risks (continued)

For the Group's property and casualty insurance contracts, significant risk exposure arises from low frequency, high severity events such as hurricanes. Single events, such as flooding and fires may also generate significant claims.

Claim payment limits are always included to cap the amount payable on occurrence of the insured event. The costs of rebuilding properties, replacement or indemnity for contents are the key factors that influence the level of claims under these policies.

The frequency and severity of claims can be affected by several factors with the single most significant event being a catastrophic event. The Company manages this risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. Underwriting limits are in place to enforce appropriate risk selection criteria. The Company actively manages and pursues early settlement of all claims to reduce its exposure to unpredictable developments. It has a dedicated in-house claims department and uses third party loss adjusters as necessary. The Company will, where necessary, appoint lawyers to act on the Company's behalf in respect of serious bodily injury claims thus ensuring settlements and avoiding claims development.

The Group follows the policy of underwriting and reinsuring contracts of insurance, which generally limit the liability for any one risk. In addition, catastrophe reinsurance is obtained to limit liability to a maximum of 10% of the Company's capital and reserves in the event of a series of claims arising out of a single occurrence.

The Group is exposed to contractual disputes with its reinsurers and the possibility of default by its reinsurers. The Company is also exposed to the credit risk assumed in fronting arrangements and to potential reinsurance constraints. The Group's strategy is to select reinsurers with the best combination of financial strength, price and capacity.

In the event that the Company's reinsurers were unable to meet their obligations under the reinsurance programs in place, the Company would still be obligated to pay all claims made under the insurance policies it issues, but would only receive reimbursement to the extent that the reinsurers could meet their above-mentioned obligations.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

23. FINANCIAL RISK MANAGEMENT (continued)

Insurance risk (continued)

Property and casualty insurance risks (continued)

In the event that the Group's reinsurers were unable to meet their obligations under the reinsurance programs in place, the Group would still be obligated to pay all claims made under the insurance policies it issues, but would only receive reimbursement to the extent that the reinsurers could meet their above-mentioned obligations.

Management does not anticipate that there will be any issues with the collection of amounts due from reinsurers as they become due, and is not aware of any disputes with reinsurers, overdue amounts or any specific credit issues.

The reinsurance program used by the Group is reviewed and approved by the Board on an annual basis.

Claims development

Claims development information is disclosed in order to illustrate the insurance risk inherent in the group. The top part of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

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(continued)**

23. FINANCIAL RISK MANAGEMENT (continued)

Insurance risk (continued)

Gross claims development: Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims	Accident year						Total
	2019	2020	2021	2022	2023	2024	
Estimated of ultimate claim cost (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)							
At the end of accident year						17,538,191	
1 year later					1,351,535		
2 years later				1,950,535			
3 years later			1,087,041				
4 years later		1,130,856					
5 years later	1,792,207						
Cumulative gross claims and other directly attributable expenses paid	1,766,207	1,052,356	1,003,041	1,865,035	1,173,502	4,150,752	11,010,893
Gross cumulative claims liabilities - accident year from 2019-2024	26,000	78,500	84,000	85,500	178,000	13,387,439	13,839,439
Gross cumulative claims – prior accident years							434,500
Effect of discounting							(245,729)
Effect of risk adjustment margin for non-financial risk							2,378,775
IBNR & ULAE							<u>389,000</u>
Gross LIC for the contracts originated							<u>\$16,795,985</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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23. FINANCIAL RISK MANAGEMENT (continued)

Insurance risk (continued)

	Accident year						
Gross claims development: Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims	2019	2020	2021	2022	2023	2024	Total
Estimated of ultimate claim cost (net of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)							
At the end of accident year						2,198,097	
1 year later					1,154,359		
2 years later				1,256,100			
3 years later			926,851				
4 years later		1,011,029					
5 years later	1,276,781						
Cumulative net claims and other directly attributable expenses paid	1,250,781	932,529	842,861	1,170,600	981,159	907,441	6,085,371
Net cumulative claims liabilities years from 2019-2024	26,000	78,500	84,000	85,500	173,200	1,290,656	1,737,856
Net cumulative claims – prior accident year							154,965
Effect of discounting							(111,632)
Effect of risk adjustment margin for non- financial risk							384,767
IBNR & ULAE							<u>389,000</u>
Gross LIC for the contracts originated							<u>\$2,554,956</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

23. FINANCIAL RISK MANAGEMENT (continued)

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those rising from legal and regulatory requirements and generally accepted standards of good corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Risk mitigation, including insurance where this is effective

24. SALES AND COMMISSION INCOME

	2024	2023
Sales	168,902,363	160,532,419
Insurance service result (note 25)	1,826,644	2,899,922
Commission income	<u>1,126,649</u>	<u>854,680</u>
	<u>\$171,855,656</u>	<u>\$164,287,021</u>

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(continued)**

25. INSURANCE REVENUE AND SERVICE EXPENSE

Analysis of the insurance service result

	2024	2023
Insurance revenue	11,371,176	10,561,900
Insurance service expense:		
Incurred claims and other directly attributable expenses	(8,216,767)	(2,045,867)
Insurance acquisition cash flows amortization	<u>(1,366,396)</u>	<u>(1,257,044)</u>
Total insurance service expenses	<u>(9,583,163)</u>	<u>(3,302,911)</u>
Net income/(expenses) from reinsurance contracts held:		
Reinsurance expenses	(7,289,360)	(6,535,922)
Other incurred directly attributable expenses	(16,327)	(16,252)
Incurred claims recovery	<u>7,343,318</u>	<u>2,193,107</u>
Total net expense from reinsurance contracts held	<u>38,631</u>	<u>(4,359,067)</u>
Total insurance service result	<u>\$1,826,644</u>	<u>\$2,899,922</u>

26. COST OF SALES

Cost of inventory sold	129,031,975	124,829,541
Labour	<u>188,160</u>	<u>435,908</u>
	<u>\$129,220,135</u>	<u>\$125,265,449</u>

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(continued)**

27. INTEREST EXPENSE

	2024	2023
Bank borrowings and charges - net	<u>\$267,092</u>	<u>\$180,205</u>

28. COMPARATIVE FIGURES

Certain of the 2023 comparative figures have been classified to conform to the current year's financial statements presentation.

29. BUSINESS SEGMENTS

	Merchandising, Distribution and Shipping	Insurance
As at 30 th September, 2024	\$	\$
Total income	174,890,501	2,931,084
Net profit	6,563,747	2,175,053
Total assets	134,677,053	63,594,150
Total liabilities	35,884,121	29,827,444
As at 30 th September, 2023		
Total income	162,759,042	3,534,040
Net profit	5,587,559	2,474,938
Total assets	127,795,789	37,979,058
Total liabilities	34,047,319	4,767,275

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(continued)**

30. FIVE-YEAR FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
	\$	\$	\$	\$	\$
Stated Capital	17,175,750	17,175,750	17,175,750	17,175,750	17,175,750
Shareholders' equity	132,559,638	127,095,044	121,312,190	117,041,908	113,367,795
Net profit	8,738,800	7,998,748	7,249,093	5,924,113	6,375,319
Dividends paid	2,925,000	3,000,000	3,000,000	2,250,000	1,875,000
Earnings per share	\$5.83	\$5.37	\$4.83	\$3.95	\$4.25

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
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MANAGEMENT INFORMATION SCHEDULES

FOR THE YEAR ENED

SEPTEMBER 30, 2024

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
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**MANGAGEMENT INFORMATION SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(continued)**

SCHEDULE I

DIRECT EXPENSES

	2024	2023
Advertising	1,230,643	871,913
Salary, wages and other employment benefits	17,910,108	16,247,062
Legal and professional fees	903,067	580,579
Directors fees	55,500	56,321
Donation and subscriptions	91,901	62,151
Bad debts	386,708	235,927
Insurance	660,435	514,212
Communications	315,835	383,838
Electricity	2,217,145	2,265,859
Freight and handling	814,523	734,228
Repairs and maintenance and vehicle expenses	2,055,922	1,775,224
Fees and licenses	137,944	81,492
Miscellaneous	10,714	11,003
Packaging materials	320,085	341,983
Security	768,812	747,307
Stamps, stationery and supplies	364,383	256,189
Garbage disposal	92,080	90,500
Travelling	272,831	199,938
Rates and taxes	<u>240,553</u>	<u>203,556</u>
	<u>\$28,849,189</u>	<u>\$25,659,282</u>

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**MANAGEMENT INFORMATION SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(continued)**

SCHEDULE II

GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Advertising	123,544	86,233
Expected credit loss	51,948	12,417
Audit fees	8,855	7,214
Directors fees	14,400	14,612
Electricity	45,817	46,950
Communication`	28,937	35,199
Exchange gain	(212,684)	(351,163)
Insurance	112,904	87,910
Legal and professional fees	104,799	61,248
Other expenses	185,451	84,165
Rates and taxes	51,594	29,082
Repairs and maintenance	178,459	154,158
Salary, wages and other employment benefits	188,687	170,492
Stamp tax	<u>1,209,780</u>	<u>1,144,953</u>
	<u>\$2,092,491</u>	<u>\$1,583,470</u>