ACCESS FINANCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

31 MARCH 2018

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31 MARCH 2018

I N D E X

BDO

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INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Access Financial Services Limited (the company) set out on pages 7 to 49, which comprise the statement of financial position at 31 March 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

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

Valuation of business acquisition

See notes 3(c), 14(b) and 25 to the financial statements for management's related policies and disclosures.

Access Financial Services Limited acquired the business of Micro Credit Limited on 19 June 2017 for $80.7 million. The acquisition is treated as a business combination and a negative goodwill of $5.9 million is recognised. The complexity in determining if the transactions represents a business combination or an asset acquisition as well as determining the appropriate assumption used in valuing the combination and the potential for misstatement caused us to focus on the balances.

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Key Audit Matters (cont'd)

How addressed:

i) We obtained knowledge of the acquisition by making inquiries of management, obtaining all sales and legal documents pertaining to the transaction and understanding of the terms. We evaluated management's analysis of the relevant considerations, assessed relevant accounting guidance and engaged our own accounting advisory specialists, to form our own conclusion as to whether the accounting was appropriate.

ii) We assessed the risk of material misstatement of fair value measurements of the asset acquired and the reliability of management measurement process.

iii) We assessed the work of valuation specialist engaged by management and its production of a valuation report. As well, we evaluated the valuator's qualifications to determine that there was possession of sound reputation, independence and the necessary skills and/or knowledge to estimate the fair value of tangible and intangible assets acquired in the business combination.

iv) We obtained an understanding of the nature of the work performed by the specialist, the objective and the scope as well as understanding and assessing the methods and assumptions used thus determining the appropriateness of the valuation method used to estimate the fair value of the acquired assets of Micro Credit Limited.

v) We further checked that the required disclosures were done in the financial statements regarding the business combination, as well as the appropriateness of the reporting of the transaction.

Impairment losses on loans and advances to customers

See notes 3(e), 3(f), 3(g), 4(b), 5(e) and 13 to the financial statements for management's related policies and disclosures.

As at 31 March 2018, loans and advances, net of provision for credit losses represented $2.9B or 86% of total assets of the company. Impairment provisions of $459 million has been recognised.

We focused on the impairment assessment as the assumptions used for estimating both the amount and timing of future cash flows are complex and involve significant judgment by management including:

- Classification of loans as impaired: we focused on the completeness of the customer accounts that are included in the impairment assessment.

- Valuation of real estate property pledged as collateral: this is the most significant type of collateral for impaired retail and impaired commercial loans. The estimation of collateral values is impacted by market trends as well as the circumstances of the specific property and involves judgment and specialised skills.

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Key Audit Matters (cont'd)

Impairment losses on loans and advances to customers (cont'd)

Impairment is a subjective area due to the level of judgement applied by management in determining the extent of provision.

How addressed:

We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. These controls included those concerning identification of loans and advances which were impaired.

We challenged management's process by examining a sample of loans and advances which had not been identified by management as potentially impaired and formed our own judgement as to whether management's position was appropriate.

The criteria we used to determine if there is objective evidence of impairment included:

- Significant financial difficulty of the borrower;
- Default or delinquency in interest or principal payments;
- Concessions granted to a borrower that would not otherwise be considered but for the borrower's financial difficulty;
- The probability that the borrower will enter bankruptcy or other financial reorganization; or
- Observable market data indicating that there is a measurable decrease in the estimated future cash flows from the loan portfolio since the initial recognition of the loans.

Where impairment had been identified, we inspected the forecasts of future cash flows prepared by management to support the calculation of the impairment, challenging the assumptions and comparing estimates to external evidence where available. Management uses valuation experts to support their estimate of future cash flows from the asset, including realisation of the collateral held.

Using a risk based approach, we tested the completeness of management's listing of potentially impaired loans by re-performing the process using management's impairment criteria.

We evaluated the performance of the loan portfolio subsequent to the end of the reporting period to identify significant adjusting subsequent events, if any.

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Raynold McFarlane.

BDO

Chartered Accountants

25 May 2018

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2018

	Note	2018 $	(Restated) 2017 $
OPERATING INCOME:			
Interest income from loans	3(o)	1,456,152,107	1,257,556,171
Interest income from securities		10,621,054	9,118,272
Total interest income		1,466,773,161	1,266,674,443
Interest expense		(105,573,732)	(111,769,822)
Net interest income		1,361,199,429	1,154,904,621
Net fees and commissions on loans		314,089,332	221,669,046
		1,675,288,761	1,376,573,667
Other operating income:			
Money services fees and commission		1,442,659	2,131,066
Foreign exchange gains		1,312,406	16,104,493
Other income		26,309,851	7,339,749
		29,064,916	25,575,308
		1,704,353,677	1,402,148,975
OPERATING EXPENSES:			
Staff costs	7	382,083,303	299,562,428
Allowance for credit losses	13(c)	226,657,740	128,282,189
Depreciation and amortization	14(a),(b)	19,038,171	23,575,347
Other operating expenses		274,624,954	200,202,139
		902,404,168	651,622,103
Profit before taxation		801,949,509	750,526,872
Taxation	8	85,921,914	39,979,270
NET PROFIT		716,027,595	710,547,602
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified to profit or loss			
Unrealised gains on available-for-sale investments		17,120	742,715
TOTAL COMPREHENSIVE INCOME		716,044,715	711,290,317
EARNINGS PER STOCK UNIT	9	$2.61	$2.59

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2018

	Note	2018 $	(Restated) 2017 $	(Restated) 2016 $
ASSETS				
Cash and cash equivalents	10	315,928,141	355,682,431	352,839,096
Financial investments	11	2,773,316	2,756,092	2,013,377
Other accounts receivables	12	35,211,925	42,153,793	37,018,901
Loans and advances	13	2,932,175,904	2,619,162,542	2,105,123,093
Property, plant and equipment	14(a)	61,788,252	46,133,323	52,185,656
Intangible assets	14(b)	48,415,730	34,357,732	3,501,105
Deferred tax assets	15	122,249,960	122,184,079	86,454,874
TOTAL ASSETS		3,518,543,228	3,222,429,992	2,639,136,122
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables	16	193,788,407	186,069,354	220,983,153
Loans payable	17	964,740,800	1,131,079,295	1,028,965,756
Project advance		-	-	75,861,397
Taxation		56,737,705	73,735,984	14,639,378
Total liabilities		1,215,266,912	1,390,884,633	1,340,449,684
EQUITY:				
Share capital	19	96,050,714	96,050,714	96,050,714
Fair value reserve	20	759,835	742,715	-
Retained earnings		2,206,465,767	1,734,751,930	1,202,635,724
Total equity		2,303,276,316	1,831,545,359	1,298,686,438
TOTAL LIABILITIES AND EQUITY		3,518,543,228	3,222,429,992	2,639,136,122

Approved for issue by the Board of Directors on 25 May 2018 and signed on its behalf by:

....	....
Rex James Chairman	Marcus James Chief Executive Officer

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

	Note	Share Capital $	Fair Value Reserve $	Retained Earnings $	Total $
BALANCE AT 1 APRIL 2015		96,050,714	-	716,037,588	812,088,302
(As previously stated)					
Prior year adjustment	26	-	-	82,193,504	82,193,504
BALANCE AT 1 APRIL 2015					
(Restated)		96,050,714	-	798,231,092	894,281,806
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	599,880,989	599,880,989
TRANSACTION WITH OWNERS					
Dividends paid		-	-	(195,476,357)	(195,476,357)
BALANCE AT 31 MARCH 2016		96,050,714	-	1,202,635,724	1,298,686,438
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	710,547,602	710,547,602
Other comprehensive income		-	742,715	-	742,715
TRANSACTION WITH OWNERS					
Dividends paid	21	-	-	(178,431,396)	(178,431,396)
BALANCE AT 31 MARCH 2017		96,050,714	742,715	1,734,751,930	1,831,545,359
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	716,027,593	716,027,595
Other comprehensive income		-	17,120	-	17,120
TRANSACTION WITH OWNERS					
Dividends paid	21	-	-	(244,313,758)	(244,313,758)
BALANCE AT 31 MARCH 2018		96,050,714	759,835	2,206,465,767	2,303,276,316

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2018

	2018 $	(Restated) 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	716,027,595	710,547,602
Items not affecting cash resources:		
Exchange gain on foreign balances	(1,312,406)	(16,104,493)
Depreciation and amortization	19,038,171	23,575,347
Increase in allowance for loan losses	226,657,740	128,282,189
Interest income	(1,466,773,161)	(1,266,674,443)
Interest expense	105,573,732	111,769,822
Adjustment to property, plant and equipment	(1,205,180)	-
Taxation	85,987,795	75,708,475
Deferred tax	(65,881)	(35,729,205)
Gain on disposal of property, plant and equipment	(2,910,000)	-
	(318,981,595)	(268,624,706)
Changes in operating assets and liabilities		
Loans and advances	(539,429,672)	(623,186,056)
Other accounts receivable	6,962,325	(7,407,082)
Loans payable, net	(166,338,495)	93,246,237
Accounts payable	1,957,355	(40,591,825)
	(1,015,830,082)	(846,563,432)
Interest received	1,466,752,704	1,268,946,633
Interest paid	(99,796,825)	(106,091,796)
Taxation paid	(102,986,074)	(16,611,869)
Cash provided by operating activities	248,139,723	299,679,536
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment and intangible assets	(47,545,918)	(48,379,621)
Proceeds from disposal of property, plant and equipment	2,910,000	-
Cash used in investing activities	(44,635,918)	(48,379,621)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Project advance	-	(75,861,397)
Dividends paid	(244,313,758)	(178,431,396)
Cash used in financing activities	(244,313,758)	(254,292,793)
DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(40,809,953)	(2,992,878)
Exchange gain on foreign cash balances	1,055,663	5,836,213
Cash and cash equivalents at beginning of year	355,682,431	352,839,096
CASH AND CASH EQUIVALENTS AT END OF YEAR (note 10)	315,928,141	355,682,431

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

(a) Access Financial Services Limited (the company) is incorporated and domiciled in Jamaica and its registered office is situated at 41B Half Way Tree Road, Kingston 5, Jamaica, W.I. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activity of the company is retail lending to the micro enterprise sector for personal and business purposes. Funding is provided by financial institutions, government entities and non-governmental organizations. The company also operates a money services division and offers bill payment services.

2. **REPORTING CURRENCY:**

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

3. **SIGNIFICANT ACCOUNTING POLICIES:**

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

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments that are measured at fair value. They are also prepared in accordance with provisions of the Jamaican Companies Act.

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 company’s accounting policies. Although these estimates are based on management’s best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

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

Amendments to IAS 7, 'Statement of Cash Flows' (effective for accounting periods beginning on or after 1 January 2017), requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

Amendment to IAS 12, 'Income Taxes' (**effective for accounting periods beginning on or after 1 January 2017).** The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments confirm that a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period, an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit, where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type and that tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

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

At the date of authorization of these financial statements certain new standards and interpretations have been issued by the International Accounting Standards Board that are effective in future accounting periods that the company has decided not to adopt early. The most significant of these are:

- IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' (both mandatorily effective for periods beginning on or after 1 January 2018).

- IFRS 16 'Leases' (mandatorily effective for periods beginning on or after 1 January 2019).

- IFRIC 23 'Uncertainty over income tax treatments,'(effective for period beginning on or after 1 January 2019).

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

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

IFRS 9 Financial Instruments

The company is required to adopt IFRS 9, *Financial Instruments* from 1 January 2018. The standard replaces IAS 39, *Financial Instruments: Recognition and Measurement* and sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Based on preliminary assessment, the company does not believe that the new classification requirements will have a material impact on its accounting for accounts receivable, loans and investments in debt securities that are managed on a fair value basis. However, the company is still in the process of its assessment and the final impact has not yet been determined.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances will be measured on either of the following bases:

(i) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
(ii) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

The management has not yet completed their assessment of the financial impact which this standard will have on the financial statements on adoption.

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

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

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

IFRS 15 Revenue from Contracts with Customers

The company is required to adopt IFRS 15, *Revenue from Contracts with Customers* from 1 January 2018. The standard established a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18, *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13, *Customer Loyalty Programmes.*

The company will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

Management has assessed that the main impact of this standard is in respect of fees and commission income. Based on preliminary review, IFRS 15 is not expected to have a material impact on the timing and recognition of fees and commission income. However, management has not yet completed its assessment and the financial impact has not yet been determined.

IFRS 16 Leases

Adoption of IFRS 16 will result in the company recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the company does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The company is not as advanced in its implementation of IFRS 16 as it is for IFRS 15, but in the last 6 months the Board has decided it will apply the modified retrospective in IFRS 16, and therefore will only recognise leases on balance sheet as at 1 January 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

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

IFRS 16 Leases (cont'd)

At 31 March 2018 operating lease commitments amounted to $69.9m, which is not expected to be materially different to the anticipated position on 31 March 2019 or the amount which is expected to be disclosed at 31 March 2018. Assuming the company's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in right-of–use assets and lease liabilities of approximately $54.7m being recognised on 1 January 2019. However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in actual liability recognised being higher than this.

IFRIC 23, 'Uncertainty over income tax treatments', (effective for annual period beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainity over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainity over a tax treatment. The adoption of this standard is not expected to have a significant impact on the company.

(b) **Foreign currency translation**

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

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

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

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

(c) **Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the company.

The company measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquired entity; plus
- If the business combination is achieved in stages, the fair value of the preexisting interest in the acquired entity; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the company incurs in connection with a business combination are expensed as incurred.

(d) **Property, plant and equipment and intangible assets**

(i) Items of property, plant and equipment, and intangible assets are stated at cost less accumulated depreciation and impairment losses.

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

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

(d) **Property, plant and equipment and intangible assets (cont'd)**

(ii) Depreciation and amortization are recognized in the income statement on the straight-line basis, over the estimated useful lives of property, plant and equipment. The annual depreciation rates are as follows:

Furniture and fixtures	10%
Leasehold improvement	10%
Computer equipment	20%
Motor vehicles	25%
Computer software	20%
Customer relationship	12.5%

Depreciation methods, useful lives and residual values are reassessed at the end of each reporting period.

(iii) Intangible assets which represents computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortization and accumulated impairment losses, if any.

(iv) Customer relationship and non-compete agreements that are acquired by the company is deemed to have a finite useful life of eight years and is measured at cost less accumulated amortization and accumulated impairment loses, if any.

(v) Trade name and trademark have indefinite useful lives and are carried at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. A change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

(vi) Goodwill represents the excess of cost of the acquisition over the company's interest in the net fair value of the identifiable assets of the acquire. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment annually.

(e) **Impairment of non-current assets**

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

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

(f) **Financial instruments**

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

Financial assets

(i) **Classification**

The company classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The company's loans and receivables comprise loan and advances and cash and cash equivalents.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of 3 months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months of the reporting date. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

(f) **Financial instruments (cont'd)**

Financial assets (cont'd)

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value, with fair value gains or losses being recorded in other comprehensive income. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Translation differences and changes in the fair value of non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously recognized as other comprehensive income are recycled to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss as part of other operating income when the company's right to receive payments is established.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Impairment testing of loans and advances is described in note 3(g).

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

(f) **Financial instruments (cont'd)**

Financial liabilities

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

(g) **Loans**

Loans are stated at amortised cost, net of any unearned income and impairment losses, if any.

(h) **Allowance for loan losses**

The company maintains an allowance for credit losses, which in management's opinion, is adequate to absorb credit related losses in its portfolio. This consists of specific provisions established as a result of reviews of individual loans and is based on an assessment which takes into consideration factors including collateral held and business and economic conditions.

(i) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss along with regular interest charges over the period of the borrowings.

(j) **Current and deferred income taxes**

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

(j) **Current and deferred income taxes (cont'd)**

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

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

(k) **Employee benefits**

Defined contribution plans

Contributions to defined contribution pension plans are charged to the statement of comprehensive income in the year to which they relate. The pension scheme is administered by Employee Benefits Administrator Limited.

(l) **Interest expense**

Interest expense comprises interest payable on borrowings calculated using the effective interest method.

(m) **Operating leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the legal owner are classified as operating leases. Payments under operating leases are charged to the income statement on the straight line basis over the period of the leases.

(n) **Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

(o) **Revenue recognition**

Interest income is recognized on the accrual basis, by reference to the principal outstanding and the interest rate applicable to produce the effective interest over the life of the loan.

(p) **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the company's Chief Operating Decision Maker (CODM).

Based on the information presented to and received by the CODM, the entire operations of the company are considered as one operating segment.

(p) **Dividend distribution**

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

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

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

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

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

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

(b) **Key sources of estimation uncertainty**

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

(i) **Fair value estimation**

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exist as it is the best evidence of the fair value of a financial instrument.

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

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfer of items between levels are recognized in the period they occur.

The company measures financial instruments (note 5) at fair value.

The fair value of financial instruments traded in active markets, such as available-for-sale investments, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1 and comprise equity instruments traded on the Jamaica Stock Exchange.

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

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

(i) **Fair value estimation (cont'd)**

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

- The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, loans and advances and payables.

- The carrying values of long term liabilities approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(ii) **Allowance for impairment losses on loan receivables**

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

(iii) **Depreciable assets**

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

5. **FINANCIAL RISK MANAGEMENT:**

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

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

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

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

(a) **Principal financial instruments**

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

- Loans and advances
- Cash and cash equivalents
- Financial investment in quoted securities
- Payables
- Long term loans

(b) **Financial instruments by category**

Financial assets

	Loans and Receivables		Available-for-sale	
	2018	2017	2018	2017
	$	$	$	$
Cash and cash equivalents	315,928,141	355,682,431	-	-
Loans and advances	2,932,175,904	2,619,162,542	-	-
Other receivables	16,216,687	21,504,483		
Investments (equity)	-	-	2,773,316	2,756,092
Total financial assets	3,264,320,732	2,996,349,456	2,773,316	2,756,092

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

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

Financial liabilities

	Financial liabilities at amortised cost	
	2018	2017
	$	$
Payables	164,058,497	129,580,474
Long term loans	964,740,800	1,131,079,295
Total financial liabilities	1,128,799,297	1,260,659,769

(c) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value includes cash and cash equivalents, loans and advances, payables and long term loans.

Due to their short-term nature, the carrying value of cash and cash equivalents, loans and advances and payables approximates their fair value.

(d) **Financial instruments measured at fair value**

The fair value hierarchy of financial instruments measured at fair value is provided below:

31 MARCH 2018

	Level 1	
	2018	2017
	$	$
Financial assets		
Investments (Equity)	2,773,316	2,756,092
Total financial assets	2,773,316	2,756,092

There were no transfers between levels during the period.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

(e) **Financial risk factors**

The Board of directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

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

(i) **Market risk**

Currency risk

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

Currency risk arises from US$ loans and advances receivable and foreign currency and cash and bank balances. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of US dollar payables, US dollar receivables and foreign currency cash and bank balances as follows:

	2018	2017
	$	$
Cash and bank balances	182,857,676	5,108,375
Receivables (loan and advances)	31,431,415	300,476,403
	214,289,091	305,584,778

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

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

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, accounts receivable balance and payables balance, and adjusts their translation at the year-end for 4% (2017 – 6%) depreciation and a 2% (2017– 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate 2018	Effect on Profit before Tax 31 March 2018 $	% Change in Currency Rate 2017	Effect on Profit before Tax 31 March 2017 $
Currency:				
USD	-4	8,571,564	-6	18,335,087
USD	+2	(4,285,782)	+1	(3,055,848)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company is exposed to equity securities price risk arising from its holding of available-for-sale investments. As the company does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

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

Cash flow and fair value interest rate risk (cont'd)

The company is primarily exposed to cash flow interest rate risk on its variable rate borrowings. The company analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and borrowings are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits are reinvested at current market rates and most of the borrowings are at fixed rates.

Interest rate sensitivity

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

There is no significant exposure to interest rate risk on borrowings as most are at fixed rates and the one at variable rate is not considered significant.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from loans and advance and cash and bank balances.

Loans and advances

Revenue transactions in respect of the company's primary operations are settled in cash. The company has policies in place to ensure that loans and advances are made to customers with an appropriate credit history.

Cash and bank balances

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

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

Maximum exposure to credit risk

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

Loans and advances that are past due but not impaired

As at 31 March 2018, loans and advances of $ 733,219,783 (31 March 2017 - $518,501,692) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

Loans and advances that are past due and impaired

As of 31 March 2018, the company had loans and advances of $ 458,585,449 (31 March 2017 - $457,056,205) that were impaired. These loans and advances were aged over 30 days.

Movements on the provision for impairment of loans and advances are as follows:

	2018 $	2017 $
At 1 April	457,056,205	328,774,016
Provision for loans and advances impairment	226,657,740	128,282,189
Loans written off	(224,495,954)	-
Adjustment during the year	(632,542)	-
At 31 March	458,585,449	457,056,205

The creation and release of provision for impaired loans and advances have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off in accordance with policy. Impairment estimates have been adjusted based on actual collection patterns.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

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

Concentration of risk - Loans and advances

The following table summarizes the company's credit exposure for loans and advances at their carrying amounts, as categorized by the customer sector:

	2018 $	2017 $
Personal loans	2,916,517,089	2,399,340,972
Business loans	474,244,264	676,877,775
	3,390,761,353	3,076,218,747
Less: Provision for credit losses	(458,585,449)	(457,056,205)
	2,932,175,904	2,619,162,542

(iii) **Liquidity risk**

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

Liquidity risk management process

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

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

(iii) **Liquidity risk**

Cash flows of financial liabilities

The table below present the undiscounted cash flows (both interest and principal cash flows) of the company's financial liabilities based on contractual rights and obligations as well as expected maturity.

	Less than 3 months $	3 to 12 Months $	1 to 2 Years $	2 to 5 Years $	Total $
31 March 2018					
Payables	63,159,375	100,899,122	-	-	164,058,497
Long term loans	216,128,764	491,575,684	156,492,643	240,637,682	1,104,834,773
Total financial liabilities (contrac - tual maturity dates)	279,288,139	592,474,806	156,492,643	240,637,682	1,268,893,270
31 March 2017					
Payables	49,513,569	80,066,905	-	-	129,580,474
Long term loans	154,978,682	634,996,622	207,000,169	278,590,517	1,275,565,990
Total financial liabilities (contrac - tual maturity dates)	204,492,251	715,063,527	207,000,169	278,590,517	1,405,146,464

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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

(f) **Capital management**

The company manages capital adequacy by retaining earnings from past profits and by managing the returns on borrowed funds to protect against losses on its core business, so as to be able to generate an adequate level of return for its shareholders. The company is required to meet the capital requirement of at least $50,000,000 for listing on the Jamaica Stock Exchange Junior Market. There was no other externally imposed capital requirements and no change in the company's capital management process during the year.

6. **EXPENSES BY NATURE:**

Total direct and administrative expenses:

	2018 $	2017 $
Interest expense	105,573,732	111,769,822
Allowance for credit loss	226,657,740	128,282,189
Depreciation and amortization	19,038,171	23,575,347
Bad debt recoverable	(18,141,068)	(22,448,326)
Insurance	4,346,996	2,660,162
Directors' fees	2,592,775	1,795,325
Audit fees	3,200,000	3,060,200
Bank charges	6,491,840	4,406,089
Rent	51,994,863	40,675,876
Legal and professional fees	42,515,483	23,587,223
Courier and collection services	24,544,196	20,291,117
Motor vehicle expenses	1,408,441	673,662
Repairs and maintenance	10,280,996	12,377,891
Security	8,969,031	3,578,930
Staff costs (note 7)	382,083,303	299,562,428
Travel and entertainment	3,931,311	2,921,058
Other expenses	19,732,069	14,847,765
Utilities	48,090,870	36,650,181
Subscriptions & Donations	3,734,067	3,062,012
Cleaning and sanitation	4,490,391	3,935,089
Bailiff	10,884,872	7,790,569
Project cost	9,864,491	339,481
Advertising	21,212,327	27,373,974
Printing and stationery	14,481,003	12,623,861
	1,007,977,900	763,391,925

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

7. **STAFF COSTS:**

	2018 $	2017 $
Wages, salaries and statutory contributions	304,578,752	229,451,332
Pension contributions	9,105,321	6,993,913
Other staff benefits	68,399,230	63,117,183
	382,083,303	299,562,428

The average number of persons employed by the company during the year was as follows:

	2018	2017
Permanent	188	143
Temporary	38	36
	226	179

8. **TAXATION:**

(a) Taxation for the year comprises:

	2018 $	2017 $
Current tax expense	84,005,091	75,708,475
Prior year tax under provision	1,982,704	-
Deferred tax arising from temporary differences	(65,881)	(35,729,205)
	85,921,914	39,979,270

(b) Reconciliation of actual tax expense:

	2018	2017
Profit before tax	801,949,509	750,526,872
Expected tax expense @ 25%	200,487,377	187,631,718
Adjusted for difference in treatment of:		
Depreciation and capital allowances	72,953	1,426,578
Employer tax credit	(46,136,426)	(32,472,203)
Provision for loan loss	(382,311)	(32,070,547)
Other	15,885,412	23,704,402
	169,927,005	148,219,948
Adjustment for the effect of tax remission:		
Current tax	(84,005,091)	(108,240,678)
	85,921,914	39,979,270

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

8. **TAXATION (CONT'D):**

(c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 30 October 2009. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

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

9. **EARNINGS PER STOCK UNIT:**

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

	2018 $	2017 $
Net profit attributable to stockholders ($'000)	716,028	710,548
Number of ordinary stock units ('000)	274,510	274,510
Earnings per stock unit ($ per share)	2.61	2.59

10. **CASH AND CASH EQUIVALENTS:**

	2018 $	2017 $
Short term deposits	181,369,306	264,120,401
Cash at bank	134,558,835	91,562,030
	315,928,141	355,682,431

The weighted average interest rate on short-term deposits was 7.5% (2017 – 4.45%).

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

11. **FINANCIAL INVESTMENTS:**

	2018 $	2017 $
Available-for-sale investments		
Quoted equities	2,773,316	2,756,092

Market values of quoted investments are computed using listed bid prices. This amount as at 31 March 2018 was $ 2,773,316 (31 March 2017 - $2,756,092).

12. **OTHER ACCOUNTS RECEIVABLE:**

	2018 $	2017 $
Taxation recoverable	9,794,301	10,824,590
Prepayments and deposits	9,125,937	7,730,301
Money services – Western Union	993,670	8,436
Other	15,298,017	23,590,466
	35,211,925	42,153,793

13. **LOANS AND ADVANCES:**

Analysis of loans by class of business and sector are as follows:

	2018 $	2017 $
Personal loans	2,916,517,089	2,399,340,972
Business loans -		
Agriculture	50,271,461	38,647,985
Services	206,321,266	447,848,610
Trading	214,865,645	176,091,730
Manufacturing	2,785,892	14,289,450
	474,244,264	676,877,775
	3,390,761,353	3,076,218,747

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

13. **LOANS AND ADVANCES (CONT'D):**

(a) Loans and advances are comprised of, and mature as follows:

Remaining term to maturity

	2018 $	2017 $
Due within 1 month	158,540,842	324,699,292
1 to 3 months	114,164,170	103,409,848
3 to 12 months	879,763,561	1,024,288,633
Over 12 months	2,238,292,780	1,623,820,974
Gross loans and advances	3,390,761,353	3,076,218,747
Less: Allowance for loan losses	(458,585,449)	(457,056,205)
	2,932,175,904	2,619,162,542

(b) Impairment losses on loans and advances

The ageing of loans and advances and the related impairment allowances at the reporting date were as follows:

	2018		2017	
	Gross $	Impairment $	Gross $	Impairment $
Current	2,642,913,487	-	2,557,717,055	-
1 to 3 months past due	347,922,996	58,660,579	246,698,064	185,252,577
3 to 12 months past due	399,924,870	399,924,870	271,803,628	271,803,628
	3,390,761,353	458,585,449	3,076,218,747	457,056,205

No impairment allowance has been made for loans that are not past due and there were no loans renegotiated during the year.

(c) Specific allowances for loan losses:

	2018 $	2017 $
Balance at beginning of year	457,056,205	328,774,016
Allowance made during the year	226,657,740	128,282,189
Loans written off	(224,495,954)	-
Adjustment during the year	(632,542)	-
Balance at the end of the year	458,585,449	457,056,205

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS:

(a) Property, plant and equipment

	Leasehold Improvement $	Capital Work in progress $	Computer Equipment $	Furniture and Fixtures $	Motor Vehicles $	Total $
At cost -						
1 April 2016	48,669,456	2,517,316	38,969,576	30,162,699	31,578,500	151,897,547
Disposal	-	-	-	-	(20,889,500)	(20,889,500)
Additions	504,672	-	5,528,192	4,027,235	-	10,060,099
Transfer	2,517,316	(2,517,316)	-	-	-	-
31 March 2017	51,691,444	-	44,497,768	34,189,934	10,689,000	141,068,146
Disposal	-	-	-	-	(7,400,000)	(7,400,000)
Additions	3,840,596	-	10,000,788	4,371,220	12,500,000	30,712,604
Transfers	(2,212)	-	-	-	-	-
Adjustment	-	-	513,656	(347,769)	-	163,675
31 March 2018	55,529,828	-	55,012,212	38,213,385	15,789,000	164,544,425
Depreciation -						
1 April 2016	22,422,204	-	30,908,322	14,802,866	31,578,499	99,711,891
Eliminated on disposal	-	-	-	-	(20,889,500)	(20,889,500)
Charge for the year	6,705,337	-	5,245,786	4,161,309	-	16,112,432
31 March 2017	29,127,541	-	36,154,108	18,964,175	10,688,999	94,934,823
Adjustment	5,414,048	-	(6,023,802)	(1,208,549)	-	(1,818,303)
Eliminated on disposal	-	-	-	-	(7,400,000)	(7,400,000)
Charge for the year	5,273,868	-	5,768,538	3,653,497	2,343,750	17,039,653
31 March 2018	39,815,457	-	35,898,844	21,409,123	5,632,749	102,756,173
Net Book Value -						
31 March 2018	15,714,371	-	19,113,368	16,804,262	10,156,251	61,788,252
31 March 2017	22,563,903	-	8,343,660	15,225,759	1	46,133,323

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

14. **PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (CONT'D):**

(b) Intangible assets:

	Computer Software $	Customer Relationship $	Trademark & Tradename $	Goodwill $	Total $
At cost -					
1 April 2016	40,386,836	-	-	-	40,386,836
Additions	9,196,522	21,800,000	2,700,000	4,623,000	38,319,522
31 March 2017	49,583,358	21,800,000	2,700,000	4,623,000	78,706,358
Adjustment	1,041,505	-	-	-	1,041,505
Additions	9,533,314	5,800,000	1,500,000	-	16,833,314
31 March 2018	60,158,177	27,600,000	4,200,000	4,623,000	96,581,177
Amortization -					
1 April 2016	36,885,711	-	-	-	36,885,711
Charge for the year	4,737,915	2,725,000	-	-	7,462,915
31 March 2017	41,623,626	2,725,000	-	-	44,348,626
Adjustment	(11,166,384)	-	-	-	(11,166,384)
Charge for the year	6,910,205	3,450,000	-	4,623,000	14,983,205
31 March 2018	37,367,447	6,175,000	-	4,623,000	48,165,447
Net Book Value -					
31 March 2018	22,790,730	21,425,000	4,200,000	-	48,415,730
31 March 2017	7,959,732	19,075,000	2,700,000	4,623,000	34,357,732

No impairment on trademark and trade name was recognized during the year. Goodwill for Damark based on management decision was written off during the year.

15. **DEFERRED INCOME TAXES:**

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

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

	2018 $	(Restated) 2017 $	(Restated) 2016 $
Deferred tax assets	122,249,960	122,184,079	86,454,874

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

15. **DEFERRED INCOME TAXES (CONT'D):**

The movement in deferred taxation is as follows:

	2018 $	(Restated) 2017 $	(Restated) 2016 $
Balance at start of year	122,184,079	86,454,874	1,206,847
Credit for the year (note 8)	65,881	35,729,205	85,248,027
Balance at end of year	122,249,960	122,184,079	86,454,874

Deferred tax is due to the following temporary differences:

	2018 $	(Restated) 2017 $	(Restated) 2016 $
Accelerated capital allowance	247,572	4,356,517	4,261,370
Bad debt provision	114,646,367	114,264,051	82,193,504
Interest receivable	(5,114)	(568,048)	-
Interest payable	1,444,227	1,419,507	-
Accrued vacation leave	2,712,052	2,712,052	-
Other	3,204,856	-	-
	122,249,960	122,184,079	86,454,874

Deferred taxation charged to profit or loss comprises the following temporary differences:

	2018 $	(Restated) 2017 $	(Restated) 2016 $
Accelerated capital allowance	(4,108,945)	95,147	3,054,523
Bad debt provision	382,311	32,070,547	82,193,504
Interest receivable	562,934	(568,048)	-
Interest payable	24,720	1,419,507	-
Accrued vacation leave	-	2,712,052	-
Other	3,204,861	-	-
	65,881	35,729,205	85,248,027

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

16. **PAYABLES:**

	2018 $	2017 $
Payables and accruals	69,623,401	106,002,449
Advance payments	124,165,006	80,066,905
	193,788,407	186,069,354

17. **LOANS PAYABLE:**

Loans are comprised as follows:

	2018 $	2017 $
Corporate Bond Holders (i)	199,848,619	199,848,619
Sagicor Bank Jamaica Limited (ii)	56,666,667	127,252,333
Development Bank of Jamaica Limited (iii)	611,501,489	542,925,879
Micro Investment Development Agency (iv)	22,716,340	26,966,140
Proven Investments Limited (v)	-	149,506,112
Inter-American Development Bank (vi)	74,007,685	84,580,212
	964,740,800	1,131,079,295

(i) This represents five year fixed and variable rate bond notes due 2020 arranged by Proven Wealth Limited and registered with JCSD Trustee Services Limited, as Trustee. Interest is payable every six months and is fixed at 11% per annum for two years and variable thereafter. The applicable variable rate will be 250 basis points above the prevailing Government of Jamaica six months weighted average treasury bill yield occurring one month before the interest payment date. The note is unsecured and uncollaterized.

(ii) This loan attracts interest at 9% per annum and is secured by promissory notes and letter of commitment executed by the borrower under seal.

(iii) These loans bear interest at 10% and are repayable quarterly over twelve months. They are secured by a promissory note.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

17. **LOANS PAYABLE (CONT'D):**

(iv) This loan attracts interest at 10% per annum and is repayable within 21 months. It is secured by Promissory Note, Assignment of Receivables and Participation Agreement.

(v) This loan attracts interest at 7% per annum and was repayable over three (3) years.

(vi) This loan attracts interest at the Jamaican Treasury Bill rate + 5%, with principal payments every six months.

	2018 $	2017 $
1 to 3 months	-	68,919,960
3 to 12 months	240,311,591	317,962,589
	240,311,591	386,882,549
Over 12 months	724,429,209	744,196,746
	964,740,800	1,131,079,295

18. **PROJECT ADVANCE:**

This refers to monies advanced by Inter-American Development Bank (IDB) for a project, "Advancing Financial Institution", for Micro Entrepreneurs in Jamaica.

The project seeks to improve the socio-economic conditions of rural micro entrepreneurs involved in productive agricultural activities by improving their access to financial services.

19. **SHARE CAPITAL:**

	2018 $	2017 $
Authorized share capital:		
350,000,000 ordinary shares of no par value		
Stated capital, issued and fully paid:		
274,509,840 ordinary shares of no par value	96,050,714	96,050,714

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

20. **FAIR VALUE RESERVE:**

This represents unrealized gains on revaluation of available-for-sale investments.

21. **DIVIDENDS:**

	2018 $	2017 $
In respect of 2017	-	174,431,396
In respect of 2018	244,313,758	-
	244,313,758	178,431,396

At Board of Directors meetings held on 11 May 2017, 20 July 2017, 26 October 2017 and 24 January 2018, dividend payments of $0.32, $0.23, $0.17, and $0.17 respectively were approved by the Board of Directors.

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

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The following transactions were carried out with related parties.

	2018 $	2017 $
Transactions during the year:		
Key management compensation (included in staff costs Note 7):		
Key management includes director and senior managers		
Salaries and other short-term employee benefits	45,008,094	39,993,751
Directors' emoluments –		
Fees	2,592,775	1,795,325
Management remuneration (included above)	15,863,987	14,007,630
Operating lease expenses	14,268,300	18,499,579
Loan interest – Proven Investments Limited	6,622,688	21,580,415
Year-end Balances:		
Loans payable		
Proven Investments Limited	-	149,506,112

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

23. **LEASE COMMITMENTS:**

Operating lease commitments, which are subject to formally agreed terms at year end expire as follows:

	2018 $	2017 $
Within 1 year	44,071,086	35,649,716
Subsequent years (2-5)	25,868,119	34,125,478
	69,939,205	69,775,194

24. **SEGMENT INFORMATION:**

The company is a retail lending institution to the micro enterprise sector for personal and business purposes. It also operates a money services division that offers bill payment services.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

Financial information related to the operating segment results from continuing operations for the year ended 31 March 2018 and can be found in the statement of profit or loss and other comprehensive income. There are no differences in the measurement of the reportable segment results and the company's results.

Details of the segment assets and liabilities for the period ended 31 March 2018, can be found in the statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the company's assets and liabilities.

Entity-wide disclosures:

The revenue for operations can be found in the statement of comprehensive income.

The company does not have any customers from which revenue exceeds 10% of total revenue.

25. **BUSINESS COMBINATION:**

i) **31 March 2018**

On 19 June 2017, the company entered into an agreement to purchase the business of Micro Credit Limited as a going concern comprising mainly loan portfolio, fixed assets, trademark and customer relationship, with effective date being 1 April 2017.

In accordance with IFRS 3, Business Combinations, the transaction was accounted for as a business combination using the acquisition method.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

25. **BUSINESS COMBINATION (CONT'D):**

i) **31 March 2018 (cont'd)**

Based on independent valuation, implied residual goodwill estimation is as follows:

	$'000
Purchase consideration	80,747
Net assets acquired	
Loan portfolio and other assets	74,086
Customer relationships	5,800
Property, plant and equipment	5,326
Trademark and trade name (brand)	1,500
	86,712
Negative Goodwill	5,965

ii) **31 March 2017**

On 27 May 2016, the company entered into an agreement to purchase the business of Damark Limited as a going concern comprising mainly loan portfolio, fixed assets, trademark and customer relationship.

In accordance with IFRS 3, Business Combinations, the transaction was accounted for as a business combination using the acquisition method.

Based on independent valuation, implied residual goodwill estimation is as follows:

	$'000
Purchase consideration	180,000
Net assets acquired	
Loan portfolio	148,706
Customer relationships	21,800
Trademark and Trade name (Brand)	2,700
Property, plant and equipment	2,171
	175,377
Goodwill	4,623

The customer relationship component for Micro Credit Limited and Damark amount requires amortization over a useful life estimated at 8 years. Tradename/ Trademarks is treated as having an indefinite life as there are no immediate plans to discontinue using this trade name, for Micro Credit Limited and Damark.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

26. **RESTATEMENT OF PRIOR YEAR BALANCES:**

The re-computation of the deferred taxation was as a result of the omission of the provision for bad debt.

This resulted in a restatement of prior year balances of the deferred tax assets.

Effect on the statement of comprehensive income as at 31 March 2017:

	As previously reported $	Effect of restatement $	As restated $
OPERATING INCOME:			
Interest income loans	1,257,556,171	-	1,257,556,171
Interest income securities	9,118,272	-	9,118,272
Total interest income	1,266,674,443	-	1,266,674,443
Interest expense	(111,769,822)	-	(111,769,822)
Net Interest income	1,154,904,621	-	1,154,904,621
Net fees and commission on loans	221,669,046	-	221,669,046
	1,376,573,667	-	1,376,573,667
Other operating income:			
Money services fees and commission	2,131,066	-	2,131,066
Foreign exchange gains	16,104,493	-	16,104,493
Other income	7,339,749	-	7,339,749
	25,575,308	-	25,575,308
	1,402,148,975	-	1,402,148,975
OPERATING EXPENSES:			
Staff costs	299,562,428	-	299,562,428
Allowance for credit losses	128,282,189	-	128,282,189
Depreciation & amortization	23,575,347	-	23,575,347
Other operating expenses	200,202,139	-	200,202,139
	651,622,103	-	651,622,103
Profit before tax	750,526,872	-	750,526,872
Tax	72,049,817	(32,070,547)	39,979,270
Net profit	678,477,055	32,070,547	710,547,602
Other comprehensive income	742,715	-	742,715
TOTAL COMPREHENSIVE INCOME	679,219,770	-	711,290,317
Earnings per stock unit	2.47	-	2.59

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

26. RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):

Effect on the statement of comprehensive income as at 31 March 2017:

	As previously reported	Effect of restatement	As restated
	$	$	$
ASSETS:			
Cash and cash equivalent	355,682,431	-	355,682,431
Financial investments	2,756,092	-	2,756,092
Other accounts receivables	42,153,793	-	42,153,793
Loans and advances	2,619,162,542	-	2,619,162,542
Property, plant and equipment	46,133,323	-	46,133,323
Intangible assets	34,357,732	-	34,357,732
Deferred tax assets	7,920,028	114,264,051	112,184,079
TOTAL ASSETS	3,108,165,941	114,264,051	3,222,429,992
LIABILITIES AND EQUITY			
LIABILTIES:			
Payables	186,069,354	-	186,069,354
Loan payable	1,131,079,295	-	1,131,079,295
Taxation	73,735,984	-	73,735,984
	1,390,884,633	-	1,390,884,633
EQUITY:			
Share capital	96,050,714	-	96,050,714
Fair Value Reserves	742,715	-	742,715
Retained earnings	1,620,487,879	114,264,051	1,734,751,930
Total equity	1,717,281,308	114,264,051	1,831,545,359
TOTAL LIABILITIES AND EQUITY	3,108,165,941	114,264,051	3,222,429,992

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

26. RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):

Effect on the statement of comprehensive income as at 31 March 2016:

	As previously reported	Effect of restatement	As restated
	$	$	$
OPERATING INCOME:			
Interest income loans	1,339,794,857	-	1,339,794,857
Interest income securities	8,813,751	-	8,813,751
Total interest income	1,348,608,608	-	1,348,608,608
Interest expense	(89,288,109)	-	(89,288,109)
Net Interest income	1,259,320,499	-	1,259,320,499
Net fees and commission on loans	192,129,168	-	192,129,168
	1,451,449,667	-	1,451,449,667
Other operating income:			
Money services fees and commission	3,355,855	-	3,355,855
Other income	15,936,278	-	15,936,278
	19,292,133	-	19,292,133
	1,470,741,800	-	1,470,741,800
OPERATING EXPENSES:			
Staff costs	323,657,230	-	323,657,230
Allowance for credit losses	213,348,901	-	213,348,901
Depreciation & amortization	37,287,246	-	37,287,246
Other operating expenses	228,738,458	-	228,738,458
	803,031,835	-	803,031,835
Profit before tax	667,709,965	-	667,709,965
Tax	67,828,976	(82,193,504)	(14,364,528)
Net profit	599,880,989	82,193,504	682,074,493
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME	599,880,989	-	682,074,493
Earnings per stock unit	2.19	-	2.48

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

26. RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):

Effect on the statement of comprehensive income as at 31 March 2016:

	As previously reported $	Effect of restatement $	As restated $
ASSETS:			
Cash and cash equivalent	352,839,096	-	352,839,096
Financial investments	2,013,377	-	2,013,377
Other accounts receivables	37,018,901	-	37,018,901
Loans and advances	2,105,123,093	-	2,105,123,093
Property, plant and equipment	52,185,656	-	52,185,656
Intangible assets	3,501,125	-	3,501,125
Deferred tax assets	4,261,370	82,193,504	86,454,874
TOTAL ASSETS	2,556,942,618	82,193,504	2,639,136,122
LIABILITIES AND EQUITY			
LIABILTIES:			
Payables	220,983,153	-	220,983,153
Loan payable	1,028,965,756	-	1,028,965,756
Project advance	75,861,397	-	75,861,397
Taxation	14,639,378	-	14,639,378
	1,340,449,684	-	1,340,449,684
EQUITY:			
Share capital	96,050,714	-	96,050,714
Retained earnings	1,120,442,220	82,193,504	1,202,635,724
Total Equity	1,216,492,934	82,193,504	1,298,686,438
TOTAL LIABILITIES AND EQUITY	2,556,942,618	82,193,504	2,639,136,122