2021

ANNUAL REPORT

ACCESS
FINANCIAL SERVICES LTD.

Contents

ACCESS FINANCIAL SERVICES LTD. 20 years TIMELINE

2000

Kington branch opened September 2000

2001

Montego Bay branch opened October 2001

2004

Spanish Town branch opened June 2004

2006

Mandeville branch opened July 2006

Ocho Rios branch opened August 2006

2008

May Pen branch opened May 2008

2009

Savanna-La-Mar branch opened February 2009

Santa Cruz branch opened December 2009

Linstead branch opened December 2009

Portmore Pines branch opened December 2009

Access Financial Services is the first company to list on the Junior Stock Exchange

2010

Old Harbour branch opened August 2010

Brown's Town branch opened August 2010

2012

Duke Street branch opened February 2012

Jamaica Stock Exchange Award for Best Performing Company on the Junior Market

Jamaica Stock Exchange Best Practices Award Overall Winner on the Junior Market

Jamaica Stock Exchange Award for Best Website on the Junior Market

Citi Award for Excellence in Microfinance Product Innovation

Citi Award for Excellence in Microfinance for the Caribbean

2013

- Junction branch opened February 2013
- Black River branch opened February 2013

2014

- Christiana branch opened May 2014
- Jamaica Stock Exchange Best Practices Award Overall Winner on the Junior Market
- Jamaica Stock Exchange Award for Best Website on the Junior Market
- Jamaica Stock Exchange Award for Best Annual Report on the Junior Market

2015

- Rex James appointed Chairman

2016

- Access acquired Damark Limited

2017

- Access acquired Micro Credit Loans

ACCESS FINANCIAL SERVICES LTD. 20 years

2018

Damark and Micro Credit Loans merged and rebranded as DamarkMCL.

Embassy Loans Inc. (Florida, USA) acquired.

2020

20th Anniversary Education Scholarship Program launched

Founder Marcus James appointed Group CEO

Christopher Williams appointed Chairman

MISSION

To offer exceptional value to stakeholders by providing financial services to microentrepreneurs and individuals underserved by traditional providers. This will be achieved by a customer-centric, highly competent and committed team providing superior services tailored to our customers' needs.

VISION

Access Financial Services Limited, the leading financial services provider, is a highly profitable employer of choice, serving exceptionally satisfied customers while being focused, innovative and prudent.

CORE VALUES

- Customer First
- Integrity
- Accountability
- Respect
- Caring Environment
- Continuous Improvement

Notice of Annual General Meeting

Pursuant to the Order of the Supreme Court of Jamaica dated the 31st day of May 2021 in the matter SU 2021 CD 00196 (which can be found at www.accessfinanceonline.com)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held **virtually** on Thursday, the 9th day of September 2021 at 11:00 a.m., to consider and, if thought fit, the passing of the following resolutions:

1. To adopt the Reports of the Directors and Auditors and the Audited Financial Statements of the Company for the year ended 31st March 2021.

   Resolution No. 1 – Directors and Auditors Reports, and Audited Financial Statements

   THAT the Reports of the Directors and Auditors and the Audited Financial Statements of the Company for the year ended 31st March 2021 be hereby adopted.

2. To declare the interim dividends paid during the year as final.

   Resolution No. 2 – Dividend Payment

   THAT on the recommendation of the Directors, the interim dividends paid by the Company on August 28 and November 27, 2020, and February 19, 2021 be and are hereby declared as final for the 2021 financial year.

3. Messrs. Neville James and James Morrison are the Directors to retire by rotation pursuant to Article 97 of the Company's Articles of Incorporation. Mr. Neville James, who is a Shareholder Director appointed by Springhill Holdings Limited pursuant to Article 99 of the Company's Articles, has been duly re-appointed by the said Shareholder.

   Resolution No. 3 – Re-Election of A Director

   THAT Mr. James Morrison, a Director retiring by rotation, be re-elected a Director of the Company.

4. To re-appoint the retiring Auditors:

   Resolution No. 4 – Re-Appointment of Auditors

   THAT KPMG, Chartered Accountants of 6 Duke Street, Kingston, having consented to continue as Auditors of the Company, be re-appointed as the Company's Auditors until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be authorized to fix their remuneration.

5. To approve the remuneration of Directors:

   Resolution No. 5 – Directors' Remuneration

   THAT the amount shown in the Audited Financial Statements of the Company for the year ended 31st March 2021 as remuneration paid to the Directors for their services as Directors be and is hereby approved.

SPECIAL BUSINESS

6. To amend the Articles of Incorporation by special resolution.
   To consider and, if thought fit, pass the following special resolution:

Resolution No. 6 – Amendments to Articles of Incorporation

THAT the Articles of Incorporation of the Company be and are hereby amended by:
(i) inserting new definition in Article 1 after "Electronic";
(ii) amending Articles 6A, 54 and 79; and
(iii) adding new Articles 53A and 54A

to provide as follows: -

INSERTIONS

"Electronic Means" shall include but not limited to technology utilized by facsimile machines, scanning devices, e-mail or mail sent using computer or other similar automated or photographic devices, webcasting, teleconferencing, videoconferencing, live stream or broadcast or a combination of these.

53A. (1) Subject to the approval of a simple majority of the Directors and is so far as permitted by law, the Company may in lieu of holding a physical meeting, convene and hold a meeting of its members as a:

(a) hybrid meeting; or

(b) virtual meeting,

and a hybrid meeting or virtual meeting shall be identified as such in the notice convening such meeting.

(2) For the purpose hereof:

(a) a "hybrid meeting" means a meeting held at one or more physical venue or venues using any technology that gives members and Directors, as a whole (including members and Directors not physically in attendance at any of the venues) a reasonable opportunity to attend the meeting by Electronic Means; and

(b) a "virtual meeting" means a meeting held primarily by Electronic Means or as define by the Board from time to time which gives members and Directors, a reasonable opportunity to attend the meeting by Electronic Means.

(c) a "physical meeting" means a meeting held at a physical venue with the members and Directors attending such meeting face to face.

(3) Notwithstanding anything to the contrary in these Articles, the notice of a virtual meeting need not specify a place as a physical location but shall include an electronic or virtual location or details sufficient to facilitate the attendance by members at an electronic or virtual location and such a meeting shall be recorded as held in Jamaica. The notice of a hybrid meeting shall specify a physical location and an electronic or virtual location.

(4) If the Company holds a hybrid meeting it shall have power to limit the number of persons in attendance at any physical venue to such number as is reasonable in all the circumstances.

(5) Where the Company holds a hybrid meeting or a virtual meeting, the use of Electronic Means for the purpose of enabling members to attend such meetings may

be made subject only to such requirements and restrictions as are:

(a) necessary to ensure the identification of the members of the Company, and the security of the electronic communication; and

(b) necessary to provide reasonable evidence of the entitlement of any person, who is not a member, to attend such meeting.

(6) A member who attends a hybrid meeting or a virtual meeting by Electronic Means shall vote by proxy only. Notwithstanding anything to the contrary contained in these Articles, a proxy form may be returned to the Company by fax or other Electronic Means and this shall be deemed as deposited for the purpose of Article 73 and valid, provided that the Company is able to identify that the proxy has been duly stamped in accordance with the applicable law.

(7) A member who participates in a general meeting, which is either a hybrid meeting or a virtual meeting, is deemed to be present at the general meeting and shall count to constitute a quorum. Any hybrid meeting or virtual meeting is deemed to have been convened and held in Jamaica and shall be governed by the laws of Jamaica.

(8) Any failure of technology or any failure or inability of a member to attend or remain in a meeting held in accordance with these Articles as a result of a mistake or of events beyond the control of the Company shall not constitute a defect in the calling of such a meeting and shall not invalidate any resolutions passed or proceedings taking place at that meeting provided that a quorum is present at all times.

54. An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one (21) days' notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen (14) days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place **(whether it is a physical meeting, hybrid meeting or virtual meeting)**, the day and the hour of the meeting and, in case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner, if any as may be prescribed by the Company in general meeting, to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company;

Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this regulation, be deemed to have been duly called if it is so agreed –

(a) in the case of a meeting called as the annual general meeting by all members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per centum (95%) in nominal value of the shares giving that right.

54A. (1) Without prejudice to Article 54, the Company is permitted to provide their shareholders with notice of a meeting and copies of the notice documents by:

(a) personal delivery to the member;

(b) prepaid or registered post to such member at his registered address provided to the Company for the giving of notice to him;

(c) Electronic Means, including to facsimile transmission number or electronic mail address provided to the Company by the member; or

(d) posting or uploading the notice and any notice documents via the Company's website and/or such other websites available to the Company from time to time for the dissemination of information.

(2) A notice may be served by the Company upon any member by advertisement in a daily newspaper circulating in Jamaica. Notice published in a daily newspaper shall be deemed to be served on the date of publication.

(3) Notice or notice document given to a member by Electronic Means shall be taken to be given twenty-four (24) hours after the notice or notice document was electronically transmitted to the member.

(4) For the purpose hereof a "notice document" includes notices of the General Meetings, resolutions, draft resolutions proposed to be passed, circulars, proxy forms, financials including profit and loss accounts, balance sheets and auditor's reports and any other documents necessary or relevant for the conduct of a General Meeting.

(5) A defect in any electronic notice or failure in case of the electronic delivery system shall not invalidate the notices unless the failure is such as to cause non-delivery or mis-delivery of more than 5% of the notices dispatched.

STRIKEOUTS AND INSERTIONS

6A. MAXIMUM NUMBER OF DIRECTORS
~~SEVEN (7)~~ ELEVEN (11)

79. Unless otherwise determined by a general meeting, the number of Directors of the Company shall be no more than **~~seven (7)~~ eleven (11)** in number. Each Shareholder of the Company who holds at least twenty per centum (20%) of the issued shares shall be entitled, by notice in writing to the Secretary of the Company, to appoint no more than one (1) Shareholder Director at any time, and from time to time to remove or replace any Shareholder Director so appointed. Such appointments or removals of Shareholder Directors (as the case may be) shall take effect immediately upon receipt of the relevant Shareholder's notice at the offices of the Company by the Secretary or as from such date (if any) thereafter as may be specified in such notice.

BY ORDER OF THE BOARD

SHERRI MURRAY
SECRETARY

Dated 18th June 2021

Note: Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy is prohibited to speak at the meeting unless he or she is also a member of the Company.

The attached proxy form must be completed, impressed with stamp duty of $100 (cancelled by the person signing the proxy form) and lodged at the offices of the Company's Registrar and Transfer Agents, the Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston, not less than forty-eight (48) hours before the time appointed for holding the meeting.

DIRECT ACCESS

Have your loans sent directly to
your bank account. Its fast and safe.

Access Direct to Bank

Chairman's Statement

Dear Shareholders:

The onset of the COVID-19 pandemic in March 2020, resulted in the 2021 financial year being the most challenging period in the history of our company. The pandemic tested the company's risk management framework and required that senior management make operational changes and adapt to the established COVID-19 safety protocols to ensure the safety of team members and customers. I am happy to report that our Management Team remained agile and vigilant which resulted in minimal disruption to the Company's operations and the delivery of solid financial results for our Shareholders.

COVID-19 challenged the status quo and required that we operate with less physical contact between team members and customers. This necessity presented us with opportunities to pivot and reshape our business operations and the delivery of products and services. Accordingly, we fast tracked some of our short to medium term Information Technology strategies and implemented work from home policies for team members. The execution of these changes allowed us to operate in an environment with little or no physical contact among our staff and customers as loan applications were submitted online via our websites **www.accessfinanceonline.com** and **www.damarkmclonline.com**, with loan proceeds deposited directly to customers' bank accounts. The online application process allowed us to reduce the loan turnaround time and provide more convenience and ease in doing business with our customers. Notably, the clients of Embassy Loans Inc., our wholly owned subsidiary in Florida, USA, were already conducting a significant portion of their transactions electronically and seamlessly moved to processing 100% of loan applications through electronic mediums.

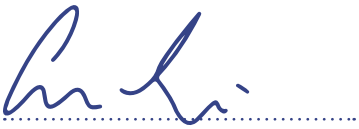
The health and safety of our staff and customers became mission critical for us. To ensure their safety across the Group, the Remote Work Arrangements Policy was introduced to provide staff with the capability to work remotely and create flexible work plans. Our Group complied with all the COVID-19 safety guidelines issued by the Health Authorities in Jamaica and Florida and with these initiatives, our business continuity plans were successfully executed without any major disruption to our operations.

In September 2020, Access Financial Services Limited celebrated 20 years of operation. The Company was founded by our Group CEO and fellow Director, Marcus James with the mission of providing financial services to micro entrepreneurs and individuals underserved by traditional financial institutions. We have remained true to that vision as we continue to provide financial solutions to thousands of customers to improve their financial wellbeing. To commemorate this significant milestone, the Company launched a Scholarship Program with the beneficiaries being children of our loyal customers. A total of $800,000 was awarded to the first cohort of students from primary to tertiary level institutions. We are committed to continuing this program as our way of giving back to our customers.

There is still uncertainty ahead as we continue to navigate the impact of the COVID-19 pandemic globally, however, we are confident that our Company is positioned to weather the storms. We have made and will continue to make significant investment in technology to enhance delivery channels and improve our customer experience. The AFS team is relentless in improving the Company's internal processes to increase efficiencies at all levels of our operation and remains committed to serving customers seeking to better their livelihoods and that of their families.

In the new financial year, I will be handing over the reins as Chairman of the Board to Marcus. Based on his vast wealth of experience and knowledge, the Board of Directors is confident in his ability to provide strong leadership and direction to the Board and Management. On behalf of the Board of Directors, I would like to thank our team for their stellar performance and continued dedication, our loyal customers for their unwavering support, and our Shareholders for remaining confident that we can increase the value of their investment in our Company.

Respectfully,



Christopher Williams
Chairman

"Our management team remained agile & vigilant which resulted in minimal disruption to the Company's operations and the delivery of solid financial results for our Shareholders"

Group CEO's Statement

AFS Group commenced the 2021 financial year with our Business Continuity Plan (BCP) activated and the implementation of risk management strategies designed to minimize the impact of the global pandemic COVID-19 on the company's operations. Management was tasked with balancing the health and safety of our team members and customers, while at the same time minimizing the economic shock of the pandemic. Given the downturn in the global economy, the Group was faced with reduced demand for loans and higher credit risk of the loan applications received. This environment required that management devised innovative ways to assist customers while mitigating risks. While the Group experienced a reduction in the demand for loans and the resulting downturn in Net interest income; with the implementation of cost containment strategies, we were able to achieve respectable financial results for the year ended March 31, 2021, with Total comprehensive income of $343 Million and Consolidated net profit after tax of $266 Million.

Financial Performance

The Group generated revenues of $1.8 Billion; a 16% decline compared to the similar period last year of $2.2 Billion. Consolidated net profit after tax was $266 Million or 19% less than the prior year amount of $330 Million. Return on equity for the year was 11.5% and Earnings per share was $0.97. While these financial results represent a reduction when compared with prior year, they must be considered in the context of the Group operating under extraordinary circumstances given the impact of COVID-19 on the economies of Jamaica and the United States. Disbursements for Access (the company) declined significantly during the first quarter of the financial year; however, it has shown steady improvement since July 2020 as the Government of Jamaica revised the COVID-19 protocols across the country. This has resulted in increased economic activities and consumer confidence. Embassy Loans Inc. (Embassy Loans), our wholly owned subsidiary in Florida, USA, recorded lower disbursements as the stimulus packages granted by the United States Government resulted in lower demand. Total assets as at March 31, 2021 was $5.49 Billion compared to $5.96 Billion as at March 31, 2020 of which Loans and advances represents 74% and 75%, respectively.

Customer First

Our customers, particularly those who operate in the Business and Service sectors were severely impacted by the pandemic and the restrictions implemented to contain the spread of the virus. In order to alleviate some of their financial burdens, we granted deferred loan payment waivers and reduced interest rates and fees where possible. More importantly, our technology platform was enhanced to allow customers to apply for loans online and have loan proceeds sent directly to bank accounts minimizing the need for in branch interaction. In this new operating environment, we are continuously seeking ways to identify initiatives to enhance customer experience by improving customer service and reducing loan turnaround time.

Team Members

During the height of the COVID-19 experience our team members showed exemplary levels of resilience as they were unwavering in their support of our customers. Once the COVID-19 safety protocols were enacted we implemented a Remote Work Policy to mitigate the risk of

team members contracting the virus. This shift resulted in disruption to the way team members worked as they were required to work from home on some days and from the office on others. To support this transition, our Management Team provided training for all team members on how to maintain a strong working relationship and productivity, and how to effectively manage remote employees. We also invested in technology to ensure that team members had the tools to work effectively from home and connectivity to the core operating systems was secure and seamless. Despite the uncertainty resulting from the pandemic our team took on these challenges and the changes that we implemented without hesitation.

Over the years we have remained consistent in building relationships with and investing in our team members through training and development. Our most recent staff satisfaction survey results show a 16% increase in the number of team members that are "Happy Working at Access" when compared with prior year.

Operations

During the year, the focus of our operations team was cost containment. We accelerated the use of digital modalities to conveniently grant loans to our customers and enhanced the efficiency of our communication and digital marketing initiatives. Given the increase in online activities and mobile data traffic, our Information Technology infrastructure has been bolstered to improve the level of security across our network.

The period also required close management of delinquency. Our collections and compliance team worked closely with our customers and their employers, and through their efforts, we have been able to minimize the impact of payment defaults and achieve a record year in collections on bad debt.

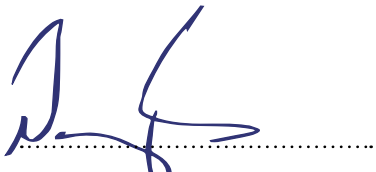
Strategic Direction

As we look to emerge on the other side of the COVID-19 pandemic, we will not miss the opportunities that were presented during the crisis. We will continue to build capacity and even greater resilience, and key on our agenda for the 2022 financial year will be:

- Increasing the use of technology for non-branch delivery channels
- Leveraging technology to improve customer service and operational efficiency
- Increasing focus on compliance and risk management as we become regulated under the Microcredit Act 2021
- Introduction of new products and services to meet the financial needs of our target market

The recent passing of the Microcredit Act in Jamaica will come into full effect in 2022. The Act will seek to regulate and license microfinance entities and provide greater financial inclusion, improved customer service and greater disclosure to customers. We have been preparing for operating in a regulated environment for a number of years and we welcome the improved accountability and transparency it will bring to the industry.

In closing, I would like to thank Christopher Williams for his stewardship as Chairman of the Board over the past year. I have played many roles in the organization since starting Access 21 years ago and I am humbled as I assume the role of Executive Chairman. Under the leadership and guidance of the current and former members of the Board, the Company has grown tremendously, and I take great pleasure on their behalf to thank the entire Access team for their dedication and focus in serving all our loyal customers in order to create value for all Shareholders.



Marcus James
Group CEO

Board of Directors

CHRISTOPHER WILLIAMS

NON-EXECUTIVE,
NON-INDEPENDENT CHAIRMAN
MEMBER HUMAN RESOURCES & COMPENSATION COMMITTEE

Christopher Williams was appointed to the Board in 2015 and appointed Chairman in 2020.

He is the Co-Founder and CEO of PROVEN Management Limited, the management company for PROVEN Investment Limited. He is a skilled senior executive with over twenty years' experience in Merchant Banking, Asset Management and Stock Brokerage. He is the Chairman of the Caribbean Alternative Investment Association (CARAIA), Branson Center of the Caribbean, PROVEN REIT Limited, Jamaica College Foundation, and Jamaica Association for the Deaf. He was recently appointed Chairman for Professional Football Jamaica Ltd. (PFJL). He is a Director of Usain Bolt Foundation, PROVEN Wealth Limited; Bosil Bank Limited, Proven Management Limited and JAMPRO.

MARCUS JAMES

EXECUTIVE DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER
MEMBER AUDIT & RISK MANAGEMENT COMMITTEE

Marcus James is the founder and Group Chief Executive Officer of Access Financial Services Limited and has been an Executive Director since 2000. He is the Chairman of Airports Authority of Jamaica (AAAJ) Pension Fund and a board member of British Caribbean Insurance Company (BCIC) and iPrint Digital Jamaica. He is a founding member of the Young Entrepreneurs Association of Jamaica (YEA) and received the Young Entrepreneurs Association Entrepreneurial Spirit Award in 2011. He was nominated for the 2013 Jamaica Observer Business Leader Award.

NEVILLE JAMES

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR
MEMBER CORPORATE GOVERNANCE COMMITTEE

Neville James was appointed to the Board in 2014.

He is a communications consultant with broad experience in broadcasting and journalism. He was the conceptualizer of radio station, KLS FM, which began broadcasting in 1989 and which was the first new local radio station in over 30 years. He also served as Chairman of the Board. Mr. James has served in various leadership positions including CEO/Manager of the Private Sector Organization of Jamaica (PSOJ) and is a former Chairman of the Media Association of Jamaica.

He currently serves on the boards of the National Crime Prevention Fund, Pals Jamaica Limited and Renew Limited. He the recipient of the award of Commander of the Order of Distinction (CD).

CHARMAINE BOYD-WALKER

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR
MEMBER AUDIT & RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEES

Charmaine Boyd-Walker was appointed to the Board in 2015.

She is a financial management professional having amassed over twenty years' experience in finance through a diverse career path. She is Snr Vice President - Finance, Risk and Compliance at PROVEN Management Limited and sits as a Director of PROVEN Wealth Ltd., International Financial Planning Jamaica Limited, PROVEN REIT Limited and International Financial Planning Cayman Limited.

JAMES MORRISON

NON-EXECUTIVE INDEPENDENT DIRECTOR
CHAIRMAN AUDIT & RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEES

James Morrison was appointed to the Board in 2018.

He is a Chartered Accountant with expertise spanning the areas of accounting, auditing, corporate restructuring and company evaluations. He has held executive and senior management positions in the public and private sectors and has served as Director and Chairman of Audit and Finance committees of these entities. Prior to his retirement from the Supreme Ventures Group, he held the positions of Interim CEO, Senior Vice President Group Finance and Chief Financial Officer.

Board of Directors

MICHAEL SHAW

NON-EXECUTIVE INDEPENDENT DIRECTOR
MEMBER AUDIT & RISK MANAGEMENT AND HUMAN RESOURCES & COMPENSATION COMMITTEES

Michael Shaw was appointed to the Board in June 2020.

Mr. Shaw is an experienced banking executive, with local and international experience, who brings a wealth of knowledge in sales management, risk management and governance practices. With over 30 years' experience in the financial sector and a former Managing Director at Scotiabank Belize. He is regarded for having a solid track record of revenue generation and improving operational efficiencies.

He currently serves as Chairman of the National Water Commission, and is a Board member of the Urban Development Corporation (UDC), the Jamaica Mortgage Bank, and Polypet Ltd.

JUSTINE COLLINS

NON-EXECUTIVE INDEPENDENT DIRECTOR
MEMBER HUMAN RESOURCES & COMPENSATION COMMITTEE

Justine Collins was appointed to the Board in June 2020.

She is an Attorney-at-law with the law firm Hart Muirhead Fatta and specializes in Commercial and Corporate Law. She has an avid interest in technology law with research focus on blockchain applications, computer law, financial technology, and E-commerce law. Justine has presented submissions on the Data Protection Bill to the Joint Select Committee of Parliament and currently lectures at the Jamaica Stock Exchange E-campus on Data Protection law.

She is a member of the Caribbean Blockchain Alliance, the Jamaican Chapter of the Internet Society, and the Computer Society of Jamaica.

INSTANT ACCESS

Communicating with us is simple using Facebook Messenger. It's easy and instant.

accessfinanceja

Senior Management Team

Marcus James
Group Chief Executive Officer

Marcus is the founder of Access Financial Services Limited and has served as an Executive Director since 2000. He was appointed Group CEO in June 2020 with overall responsibility for the strategic development and management of the Group's operations in Jamaica and its wholly owned subsidiary Embassy Loans Inc. in Florida, United States.

Frederick Williams
General Manager

Frederick has responsibility for the daily operations of the business and provides leadership support to the Group CEO. In this role, he is tasked with leading the Company's digital transformation strategy, improving efficiencies to better serve our customers, and building strong and diverse teams to position the Company for growth and profitability.

Catherine Thomas
Manager – Operations & Credit

Catherine is responsible for strategically guiding the operations of the organization. She is tasked with optimizing the company's operational efficiencies, enhancing distribution channels, and maximizing technological innovations to improve customer outreach.

Deveta McLaren
Manager – Sales and Marketing

Deveta has responsibility for maximizing the potential of the sales team to drive sales in new and existing channels to meet customer acquisition and revenue targets. She also has oversight responsibility for marketing to drive brand awareness, market share and customer experience.

Hugh Campbell
Manager – Collections & Internal Controls

Hugh manages the collections and compliance functions of the organization. His mandate is to minimize the company's credit losses by ensuring its collection processes are effective and efficient and ensuring that the company operations are conducted within established guidelines.

Keisha Smith
Manager – Human Resources & Training

Keisha has responsibility for the development and efficient management of the human resources of the company. This includes recruitment, selection and on-boarding of new employees and the enhancement of the skills of team members for optimum performance and productivity to meet organizational goals.

Brian Salmon
Financial Controller

Brian is responsible for the Company's finance function which includes financial reporting, financial planning and analysis, tax compliance and treasury management. He is also charged with the implementation and monitoring of a strong internal control environment for the Company's operations.

Michael Burke
Manager – Information Technology

Michael's mandate is to develop and implement policies that guide the selection, planning, deliver, and maintenance of IT services within the Company. He is tasked with improving IT efficiency, achieving predictable service delivery by mitigating risks and managing the alignment of IT investments to business requirements.

Managers & Team Members

Access Financial Services

CEO's Office
Marcus James - Group Chief Executive Officer
Frederick Williams - General Manager
Nyoka Miller - Exec. Assistant

Credit & Operations
Catherine Thomas - Manager
Mechell McKenzie-Clarke - Asst. Credit Manager
Terry-Ann Bisnaught - Risk Analyst
Tara Badson - Senior Customer Service Supervisor
Lee Allen
Tasheika Bennett
Lloyd Bryan
Diamond Cassanova
Nerissa Codlyn
Michael Collington
Shadee Spence-Deleon Diedrick
Jason Forbes
Shawneca Hamilton
Jonelle Harriott
Anna-Kay Hinds
Adrian Andrews
Latania Lewis
Felicia Hutton
Andrew Morris
Opal Perry
Letrecia Reid
Natalie Reid
Delorita Pitt-Smith
Karen Senior
Kerone Brown
Qwayne Swaby
Andre Thompson
Simone Toban
Adrian Walker
Yvonne Walters
Peter Washington
Lee-Anna Stewart
Mancine Fong-Bow
Tyreek Miller
Jamall Smith

Telesales
Simonea Service - Manager
Melissa Mills
Sandy Lawrence

Information Technology
Michael Burke - Manager
Daniel Bruce
Craig Gabbidon

Internal Audit
Kerry Hazel

Legal
Carla Stephens -Paralegal
Dushane Francis
Toschane Hanson

Human Resource & Training
Keisha Smith - Manager
Rion Rodgers - HR Officer
Margaret Blackwood - Project Manager
Chantelle Grant

Sales & Marketing
Deveta McLaren - Manager
Nicholas Mundell - *Marketing Manager*
Leecraft Barnes

Finance
Brian Salmon - Financial Controller
Terry-Ann Hunter - Chief Accountant
Wayne Stephens - Accounts Supervisor
Adrian Redding - Business Analyst
Jodian Anglin
Arlene Barrett
Tashawna Clemetson-McDonald
Delroy Douglas
Shakira Brooks
Shaneek Hemmings
Shantell McFarlane
Gloria Pounall
Johnathon Vassell
Alsene Walcott
Gabrielle Alexander

Collections & Internal Controls
Hugh Campbell -Manager
Dawn Kameka-Burrowes - Supervisor
Nadine Brown-Hanniford
Karen Cobourne
Romona Davey
Shanna Kay Esty
Carla-Jay Howell
Tiana Steel
Denise Johnson
Jovanni Maxam
Samantha Hutchinson
Uriel McKay
Rene Meredith
Matthew Smith
Melissa Wint

Black River
Aldria Brown - Manager
Shantel James
Nickodie Logan
Isolyn Samuels
Shamarah Senior-Steele
Felicia Stewart

Brown's Town
Angela Lindsay Brown - Manager
Petrona Bailey
Sashana Brown
Shermaine Grant
Camalla McDonald
Angalee McKenzie

Christiana
Brenda King - Manager
Vivene Brown
Aretha Bryan
Kelly Christian
Kanara Williams
Marsha Peart

Duke Street
Sashana Deans -Manager
Natasha Golding
Shyanna Masters
Crystal Simon
Celia Waugh

Junction
Nordia Dennie - Manager
Patrice Allen
Barrington Austin
Valencia Powell
Nettie Warren
Sedonia Masters
Tricia Johnson

Kingston
Bronia Simpson -Manager
Michelle Campbell - Supervisor
Danielle Anderson
Shantel Redman
Jenelle Bryan
Melissa Davis
Tamara Douglas
Adrian Hewitt
Sherrine McLean
Terrence Rae
La-Tanya Robertson
Maxine Prince
Chavel Roman
Tishroy Robinson

Linstead
Colette Harris-Laing -Manager
Michel Gunzell
Latoya Lewin
Romone Morgan-Cameron
Joyce Smith

Mandeville
Karen Bradford - Manager
Cordel Cohen
Miguel Demetrius
Marshalee Fraser
Simone Smith
Tracy-Ann Thompson
Jody-Kay Wallace
Yonicke Williams
Jade Newman

May Pen
Nadia Manradge - Manager
Kimarley Ashley
Kenisha Brown
Natalee M. Reid
Tameca Whyte
Keisha-Kaye Williams
Ava Gaye Bucknor

Montego Bay
Chantal Taffe-Allen - Manager
Chavell Blagrove
Paul Green
Lison Brown Cunningham
Carla Samms
Nadine Murray
Sashain Hyatt

Ocho Rios
Aretha Douglas -Manager
Jacqueline Brown
Meleta Gayle
Tracey-Ann Laing
Toraineo Morris
Anika Paisley

Portland
Kadia Grant
Nicola Garwood
Davian Powell
Lolita Riley
Chantel Shaw

Portmore Pines
Danielle Lawrence -Manager
Krysta-Gaye Hislop
Marcia Hibbert
Chenice Johnson
Ashley Jones
David Yee Sing

Santa Cruz
Tameka Crawford -Manager
Janice Hart-Griffiths
Latoya Levy
Tavana Lewis
Eileen Smikle
Shakerra Headley

Savanna-La-Mar
Carolyn Plummer - Manager
Mellisa Carter
Deanolyn Crooks
Trishell Miller
Pauline Webster
Dwayne White

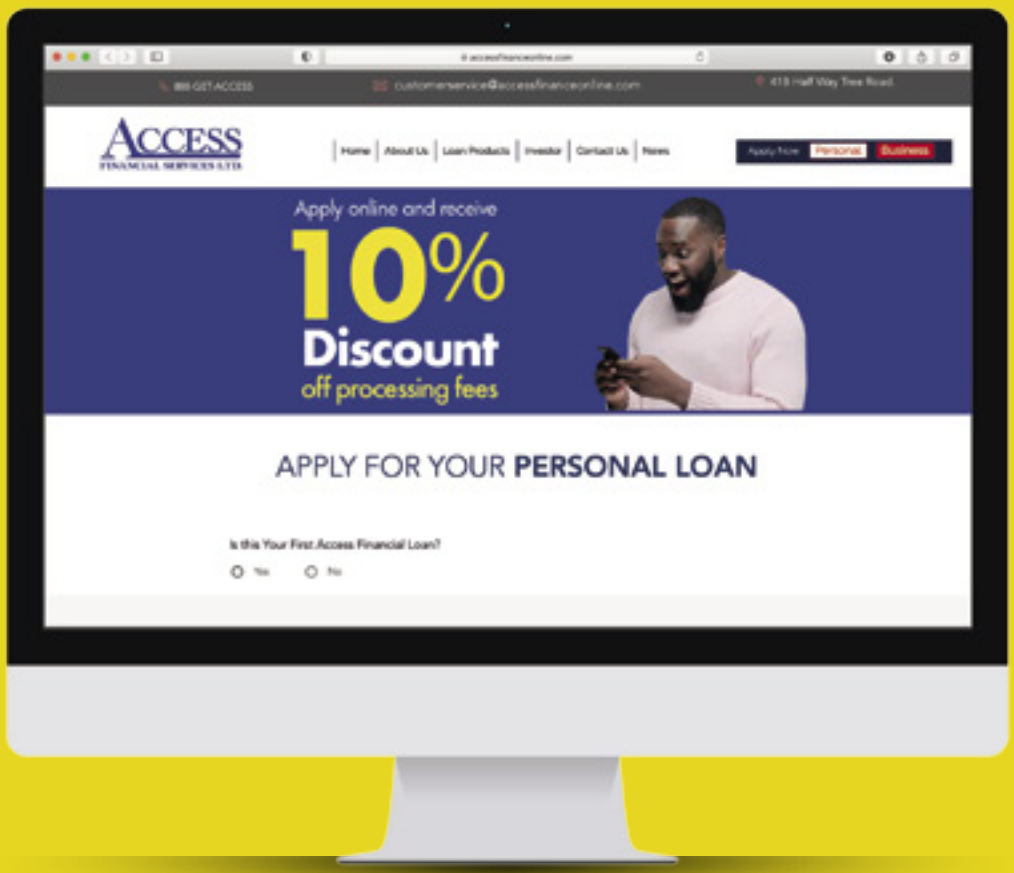
Spanish Town
Atasha Alveranga-Brown - Manager
Latoya Blair
Kashief Clarke
Nordia Daley
Delceta Grant
Ricardo Marsh
DamarkMCL

DamarkMCL

Kingston
Jeffrey Thompson - Manager
Ruth-Ann Oakley - Business Development Officer
Lavorne Stewart
Olivia Clue
Sherene Henry
Craig Lunan
Natasha Robinson

Spanish Town
Renaldo Allen - Manager
Jodian Burrell
Shavonnae Green
Keysha Osbourne
Ellice Thomas

EASY ACCESS



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Disclosure of Shareholdings

AS AT MARCH 31, 2021

DIRECTORS	Direct	Connected Party	Total
Marcus James	7,375	130,195,209	130,202,584
Christopher Williams	258,847	67,861,415	68,120,262
Charmaine Boyd-Walker	-	-	-
Neville James	358,222	6,823,500	7,181,722
James Morrison	-	-	-
Justine Collins	-	-	-
Michael Shaw	-	-	-

SENIOR MANAGEMENT	Direct	Connected Party	Total
Marcus James	7,375	130,195,209	130,202,584
Frederick Williams	-	-	-
Deveta McLaren	1,761	-	1,761
Catherine Thomas	-	-	-
Hugh Campbell	5,305	-	5,305
Michael Burke	5,410	-	5,410
Keisha Smith	1,305	-	1,305
Brian Salmon	-	-	-

TOP 10 SHAREHOLDERS	Units	Percentage
Springhill Holdings Limited	129,932,209	47.33%
PROVEN Investments Limited	67,861,415	24.72%
NCB Capital Markets Ltd. A/C 2231	22,740,193	8.28%
NCB Insurance Company Limited	10,543,200	3.84%
QWI Investments Limited	8,482,000	3.08%
Generation 4 Investment Company Ltd.	6,823,500	2.49%
Winston Hoo	4,200,695	1.53%
MF&G Trust & Finance Ltd. – A/C 57	2,597,694	0.95%
JCSD Trustee Services Ltd, - Sigma Global Venture	1,904,635	0.69%
Barita Finance Limited	1,242,213	0.45%

Corporate Data as at March 31, 2021

Members of the Board of Directors

- **Christopher Williams** Chairman
- **Marcus James** Group Chief Executive Officer
- **Neville James**
- **Charmaine Boyd-Walker**
- **James Morrison**
- **Michael Shaw**
- **Justine Collins**

Company Secretary

- **Sherri Murray**

Senior Management Team

- **Marcus James** Group CEO
- **Frederick Williams** General Manager
- **Deveta McLaren** Manager Sales & Marketing
- **Catherine Thomas** Manager Operations & Credit Administration
- **Brian Salmon** Financial Controller
- **Hugh Campbell** Manager Collections & Internal Controls
- **Keisha Smith** Manager Human Resources & Training
- **Michael Burke** Manager Information Technology

Registered Office

41B Half-Way Tree Road
Kingston 5, Jamaica

Bankers

Sagicor Bank Jamaica Limited
17 Dominica Drive
Kingston 5, Jamaica

The Bank of Nova Scotia Jamaica Limited
2 Knutsford Boulevard
Kingston 5, Jamaica

National Commercial Bank (Jamaica) Limited
94 Half-Way Tree Road
Kingston 5, Jamaica

Website: www.accessfinanceonline.com
AccessFinanceJA @AccessFinancial

Internal Auditors

PricewaterhouseCoopers
Scotiabank Centre
Corner Duke and Port Royal Streets
Kingston, Jamaica

External Auditors

KPMG
6 Duke Street
Kingston, Jamaica

Attorneys

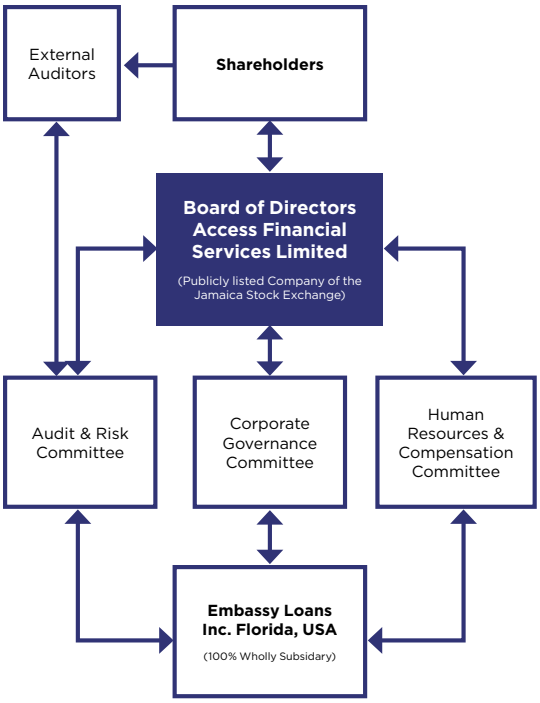
Hart Muirhead Fatta
2nd Floor
Victoria Mutual Building
53 Knutsford Boulevard
Kingston 5, Jamaica

Registrar Agent

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica

Corporate Governance

Access Financial Services Limited (AFS) is a leading microfinance institution established in Jamaica with a wholly owned subsidiary Embassy Loans Inc., located in Florida, USA. The Company offers a range of business and personal loans to the microfinance sector; a sector which contributes significantly to economic growth and development of Jamaica. AFS was incorporated in 2000 and was the first company to list on the Junior Market of the Jamaica Stock Exchange (JSE) in 2009.



The AFS Corporate Governance framework guides the interaction between shareholders, the Board of Directors, executive management, employees, and other key stakeholders. It is designed to engender the confidence of all stakeholders in the effective and transparent management of the Company's affairs. Elements of the Rules of the Jamaica Stock Exchange (JSE), the PSOJ's Corporate Governance Code, international best practices and requirements of applicable legislation are incorporated in the Corporate Governance Framework.

Board Responsibility

The Board has been collectively given the mandate by its shareholders for the growth, general policy direction and oversight of the Company. The Board, through the Chairman, works closely with board sub-committees and management to ensure the effectiveness of the Company's operations and that shareholders' value is maintained over the long term. The Board is committed to maintaining the highest level of transparency, accountability, and integrity in all areas of the Company's operations. The primary responsibilities of the Board include oversight for Access and its subsidiary Embassy Loans Inc, and its general functions include, but are not limited to:

- Approving and monitoring strategic plans.
- Reviewing, and approving annual performance targets, annual budget, quarterly financial statements and audited financial statements.
- Approving acquisitions and major capital expenditure.
- Overseeing subsidiary operations including compliance with licensing requirements in Jamaica and Florida, United States.
- Evaluating the Company's performance against set financial targets.
- Monitoring the performance of the Group CEO and Senior Management relative to agreed performance metrics.
- Reviewing and monitoring risk management, adequacy of internal controls, compliance of management with the Codes of Conduct and regulatory compliance.
- Reviewing and approving company disclosures externally; and
- Selecting and appointing

suitably qualified directors to the Board.

During the 2021 financial year, some of the key activities undertaken by the board included:

- Reviewing and approving of Company policies.
- Reviewing the Company's financial results and evaluating the impact of COVID-19 on the financial performance of the Company.
- Evaluating the Company's Business Continuity Plan to effectively navigate the COVID-19 pandemic.
- The establishment of a Corporate Governance Committee and changes to the Audit & Risk Management and Human Resources & Compensation Committees.
- Reviewing and approving changes to the structure of the Senior Management Team.

Board Composition

As at March 31, 2021, the Board consisted of seven (7) Directors as prescribed by Article 79 of the Company's Articles. Mr. Christopher Williams, Mr. Neville James, and Ms. Charmaine Boyd-Walker are Non-Independent Non-Executive Directors. Mr. James Morrison, Miss Justine Collins and Mr. Michael Shaw are Independent Non-Executive Directors. Mr. Marcus James is an Executive Director.

Changes to the composition to the Board during the year included the retirement of Rex James as Chairman, the demitting of Norman Reid as board member. Mr. Christopher Williams was appointed as Chairman of the Board, and Ms. Justine Collins and Mr. Michael Shaw joined the Board in June 2020. Mr. Michael Shaw was also appointed to the Board of Directors for Embassy Loans Inc. and sits on its Audit Committee.

The following definitions are consistent with standards such as those of the governance codes of the PSOJ.

Executive Director

An Executive Director is employed to the Company and has responsibility for the operations of the Company.

Non-Executive Director

A Non-Executive Director is one who is not an Executive Director.

Independent Director

An Independent Director:

- Is free of any interest, position, association, or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interest of the entity and its shareholders generally.
- Has not had any material business dealings with the Company, its Shareholders, Directors, or any senior employee within the last three (3) years.
- Does not have close family ties with any of the Company's Advisors, Directors or Senior Management Team.
- Does not or have represented a shareholder owning more than 10% of the voting rights of the Company.
- Has not served on the Board for more than nine (9) years from date of first election.

Chairman

In his capacity as Chairman, Mr. Christopher Williams' primary function is to lead and guide the effective decision-making of the board, provide management oversight, and approve communication protocols with all stakeholders of the Company. He is the principal contact for the Group CEO, offering sage advice and counsel. Although not an Independent Director, the Board believes that his interest in AFS does not compromise his ability to carry out his role in a fair and balanced manner.

Group CEO and Executive Director
Mr. Marcus James, Group Chief Executive Officer and Executive Director, reports to the Board, and is responsible for the day-to-day management of the Company's affairs; and the execution of expansion strategies and maximizing synergies across the group.

Company Secretary
Mrs. Sherri Murray, Company Secretary, was appointed by the Board of Directors to undertake the administrative and corporate governance functions related to Board and Annual General Meetings. The appointment and removal of the Corporate Secretary is subject to the approval of the Board.

Access to Independent Professional Advice
The Board of Directors have access to independent professional advice at the Company's expense where it is deemed necessary to effectively execute its functions and responsibilities. This includes the appointment of attorney(s) to provide representation and advice.

Board Meetings
On an annual basis, the Board sets financial and non-financial performance targets for the Company. The Board meets on a quarterly basis, or as required, to review the Company's financial performance against established targets, and to examine the strategic initiatives geared towards achieving the Company's objectives.

AREA OF EXPERTISE

	Strategy and Leadership	Audit & Risk	Governance	Mergers and Aquisition	Finance & Banking	Information Technology	Legal	
Rex James	✔	✔	✔		✔			Resigned effective 1st meeting held June 19, 2020
Marcus James	✔	✔	✔	✔	✔			
Christopher Williams	✔	✔	✔	✔	✔			
Neville James	✔	✔	✔					
Charmaine Boyd Walker	✔	✔	✔	✔	✔			
Norman Reid	✔	✔	✔		✔			Resigned effective 1st meeting held June 19, 2020
James Morrison	✔	✔	✔	✔	✔			
Justine Collins	✔	✔	✔	✔		✔	✔	Appointed at meeting held on June 19, 2020
Michael Shaw	✔	✔	✔	✔	✔			Appointed at meeting held on June 19, 2020

BOARD APPOINTMENT, ROTATION, COMPOSITION & ROLES

Appointment
The appointment of Board members is governed by the Company's Articles of Incorporation. It states that Shareholders with 20% or more of issued shares can appoint one (1) Shareholder Director. Mr. Christopher Williams, Mrs. Charmaine Boyd-Walker and Mr. Neville James are Shareholder Directors, appointed under this provision. Directors are also appointed to fill any casual vacancy or as an addition to the Board.

Rotation, Retirement and Tenure
Board rotation and retirement is also governed by the Company's Articles. At the first Annual

General Meeting, one-third (1/3) of the directors, except for the Group Chief Executive Officer, shall retire. The Director who has been in office longest, since their last election or appointment, shall retire. However, retiring directors shall be eligible for re-election or re-appointment. The tenure of each director is three (3) years. A Board member may resign or retire at any time by providing the Chairman with a written notice of resignation.

Board Skills and Experience

With diverse functional expertise, educational qualification, independence, gender mix and combination of Independent and Non-Independent Directors, the Board is placed to bring care, diligence, and skill in the exercise of its decision-making process for the best interest of the Company.

Each member of the Board has held a senior managerial position in a public organization or a recognized privately held entity. The skills set of the Directors include but not limited to:

- Strategy and Leadership
- Finance and Banking
- Governance
- Mergers and Acquisitions
- Audit and Risk Management
- Legal
- Information Technology

Board Meetings

During the year, four (4) Board meetings were held. The following table reflects the attendance of the Directors:

MEETINGS OF THE BOARD					
	Annual General Meeting Sept, 17, 2020	Number of Board Meetings	Eligible to Attend	Attended	% Attendance
Christopher Williams	X	4	4	4	100%
Rex James [1]	N/A	4	1	0	0%
Marcus James	X	4	4	4	100%
NevilleJames	X	4	4	4	100%
Charmaine Boyd Walker	X	4	4	4	100%
Norman Reid [1]	N/A	4	1	1	100%
James Morrison	X	4	4	4	100%
Justine Collins [2]	X	4	3	2	67%
Michael Shaw [2]	X	4	3	2	67%

1. Resigned effective 1st meeting held on June 19, 2020
2. Appointed at meeting held on June 19, 2020

Shareholders are provided opportunities to raise questions relating to their Company's financial statements and operations

BOARD COMMITTEES

The Board has constituted three (3) standing committees to which specific responsibilities of the Board have been delegated. The Chairperson for each sub-committee is selected by the Board. These Committees and Members are:

- **Audit & Risk Management**
  - James Morrison (Chairman)
  - Charmaine Boyd-Walker
  - Michael Shaw
  - Marcus James
- **Human Resource & Compensation**
  - Christopher Williams (Chairman)
  - Justine Collins
  - Michael Shaw
- **Corporate Governance**
  - James Morrison (Chairman)
  - Charmaine Boyd-Walker
  - Neville James

Audit & Risk Management Committee

The Audit & Risk Management Committee acts to ensure that the Company adheres to its governance mandate in the specific areas of accounting policies, internal controls, financial compliance systems and procedures, risk management as well as financial reporting practices. The Audit & Risk Management Committee provides a critical service to the Board by bringing to their attention pertinent information raised by internal and external audits.

During the year, the Committee undertook the following activities:

- Approved Risk Management Policies/Procedures for management to effectively, identify, manage, monitor, and escalate risk related issues to the Board.
- Ensured compliance with applicable laws and the Jamaica Stock Exchange Rules.
- Reviewed and approved the Company's Quarterly and Audited Financial Statements and the impact of new accounting standards on the financials.
- Reviewed the Internal Audit Report, the Internal Audit Plan, External Audit Report and Management letter and tracking management's response.
- Reviewed the Corporate Governance Framework.

The Internal Audit function of the Company is carried out through a co-source agreement with PricewaterhouseCoopers. For the period under review, extensive control tests were conducted, covering key strategic business areas, risk assessment and mitigation.

The Audit & Risk Management Committee meets quarterly to review reports generated by the internal audit process and annually to review and approve the report from the external auditors.

During the year, the Audit & Risk Management Committee held six (6) meetings as reflected in the Table below:

MEETINGS OF THE **AUDIT & RISK MANAGEMENT COMMITTEE**

	Number of Meetings	Eligible to Attend	Attended	% Attendance
James Morrison	6	6	6	100%
Marcus James	6	6	6	100%
Charmaine Boyd Walker	6	6	6	100%
Michael Shaw	6	6	6	100%

Human Resources and Compensation Committee

The chief objective of the Human Resource and Compensation Committee is to provide oversight and contribute to the human resource strategic policy deliberations, while ensuring the optimization of the Company's human capital. This includes reviewing human resources policies and overall compensation for the organization. AFS's Human Resource and Compensation Committee provides advice and guidelines to the Board on matters brought to the Committee's attention or on its own volition.

During the year, the Committee reviewed the remuneration of Directors, Officers, and Employees.

The Committee had one (1) meeting and the attendance of the Committee members is reflected in the Table below.

MEETINGS OF THE **HUMAN RESOURCES & COMPENSATION COMMITTEE**				
	Number of Meetings	**Eligible to Attend**	**Attended**	**% Attendance**
Christopher Williams	1	1	1	100%
Neville James [1]	1	1	1	100%
Justine Collins [2]	N/A	N/A	N/A	N/A
Michael Shaw [2]	N/A	N/A	N/A	N/A

1. Resigned from the Committee September 2020
2. Appointed to the Committee September 2020

Corporate Governance Committee

The Corporate Governance Committee (CGC)) exercises an independent review function to assist AFS in fulfilling its corporate governance oversight responsibilities. The Committee evaluates and monitors the Company's adequacy of, and compliance with all governance matters pursuant to the Company's governance policies. The CGC acts to ensure that AFS adheres to its Corporate Governance mandate as outline in its Board Charter, the Companies Act (2004) and other applicable laws, regulations, and the Jamaica Stock Exchange (JSE) Rules. The CGC will assess the company's governance and compliance and take appropriate action to always ensure AFS compliance with all requirements.

During the year, the Committee met once, and the attendance of the Committee members is reflected in the Table below.

MEETINGS OF THE **CORPORATE GOVERNANCE COMMITTEE**				
	Number of Meetings	**Eligible to Attend**	**Attended**	**% Attendance**
James Morrison	1	1	1	100%
Neville James	1	1	1	100%
Charmaine Boyd Walker	1	1	1	100%

Compensation for Meeting Attendance
The Board sets remuneration for attendance at meetings at rates that are attractive to retain the Directors, taking into consideration all relevant internal and external factors. Executive Directors and Non-Independent Directors do not receive remuneration for directorships. Remuneration includes a fee for each Board and Committee meeting attended.

A fee of $126,700 is payable to directors per Board meeting and $50,000 per Committee meeting attended. Compensation for meetings attended by Independent Board members during the financial year ending March 31, 2021, is detailed in the Table below:

Name of Director	Board Meeting Fees	Committee Meeting Fees
Neville James	$380,100.00	-
James Morrison	$642,600.00	$262,500.00
Michael Shaw	$775,125.00	$300,000.00
Justine Collins	$190,050.00	-
Norman Reid	$190,050.00	$75,000.00

Disclosure and Communication with Shareholders
The Board provides accurate and timely information on the operations of the Company and all material and market sensitive information to the Jamaica Stock Exchange (JSE) in a timely manner. The Company holds an Annual General Meeting of Shareholders which serves as a forum through which:

- Audited Accounts, Directors' Report and Auditor's Reports are approved and adopted, respectively.
- Resolutions on dividend payments are approved.
- Directors are elected and re-elected; and
- External Auditors are appointed or re-appointed.

Shareholders are provided an opportunity during and after the Annual General Meeting to raise questions relating to the financial statements and the operation of their Company as well as provide suggestions to Management and the Board of Directors.

During the year and outside of the Annual General Meeting, material information relating to the Company's operations are disseminated to Shareholders, staff and the general public through Press Releases, Media Releases, the Company's website and the JSE's website.

The Company ensures that Shareholders' value is maintained through responsible business practices

DIRECTOR INDUCTION, CONTINUING DEVELOPMENT, ANNUAL REVIEW & TRAINING
Upon appointment, each Director participates in an induction programme that covers the Company's strategy, general financial and legal affairs, financial and regulatory reporting by the Board, any specific aspects unique to the AFS and its activities, and the responsibilities and expectations of a Director.

The training of Directors is critical to ensure the maintenance of good governance. The Board through the Corporate Governance Committee will recommend such ongoing training for Directors as is necessary for them to maintain the knowledge and

expertise required to better understand the operations of the Company and to properly discharge their role and function as Directors.

During the financial year 2021, the new Directors received their orientation training and some directors received training on Jamaica's Data Protection Act 2020. A presentation on the Micro Credit Act 2021 was tabled to the Board for information.

Board Charter and Terms of References
The AFS Board Charter and Terms of Reference for the three (3) sub committees of the Board can be viewed on the Company's website at www.accessfinanceonline.com.

Human Resources Practices
The wellbeing of employees is treated as priority by the Company. Open communication is encouraged among all employees and formal and informal feedback is encouraged. Through its Human Resources department, semi-annual performance appraisals are conducted, and annual staff satisfaction surveys are performed. The findings are reviewed by the Management team and the Board of Directors and action plans developed for areas of concern. Upon being employed, employees are familiarized with the Company's Code of Ethics and all policies and procedures are accessible electronically for reference.

The continuous training of employees is key to the Company's operations. Throughout the year, employees were immersed in the areas of compliance, risk management and sales techniques. During the year, a Succession Planning program was implemented to ensure the Company has the right talent and cross-functional teams to support business continuity and employees' personal growth. Given the COVID-19 protocols that were implemented by the Government, the Remote Work Arrangements Policy was introduced to provide employees with flexible work plans to meet the health and safety requirements.

Employee wellbeing is a priority for the Company

Corporate Social Responsibility
Access is committed to maintaining a healthy balance between financial growth and the interest of its employees, customers and other stakeholders. To this end, the social responsibilities of the Company are purposely carried out to ensure its:

- Mission and Vision are realized.
- Employees are appropriately trained and equipped with the right tools to effectively discharge their responsibilities.
- Customers' needs are consistently met in a fair and transparent manner in accordance with our Customer First Core Value.
- Shareholders' value is maintained through responsible business practices.
- Team members are actively engaged in the development of the communities within which the Company operates.

Management Discussion & Analysis

OVERVIEW

The Management Discussion & Analysis (MD&A) provides information relevant to assessing and understanding the consolidated financial results of Access Financial Services Limited (AFS) hereafter referred to as "we", "our", or "Group". The Group consists of Access Financial Services Limited ("the Company" or "Access") which operates throughout the island of Jamaica, and Embassy Loans Inc. ("Embassy Loans"), a wholly owned subsidiary located in Florida, United States of America.

FINANCIAL HIGHLIGHTS				
	2021	2020	Change	
			$	%
Financial Performance				
Total Revenue	$1.82B	$2.15B	($336M)	-16%
Total Expenses	$1.48B	$1.76B	($281M)	-16%
Net Profit After Tax	$266M	$330M	($64M)	-19%
Earnings per Share	$0.97	$1.20	($0.23)	-19%
Financial Position				
Net Loans & Advances	$4.09B	$4.47B	($384M)	-9%
Total Assets	$5.49B	$5.96B	($471M)	-8%
Total Liabilities	$3.04B	$3.79B	($752M)	-20%
Total Stockholders' Equity	$2.45B	$2.17B	$280M	13%

The Group recorded Total revenue of $1.82 Billion, which represents a $336 Million or 16% decrease year over year. Total operating expenses, including loan losses, amounted to $1.48 Billion, which represents a $281 Million or 16% decrease year over year. This resulted in Net profit after tax of $266 Million, a decrease of $64 Million or 19% year over year. As a result, Earnings per share also declined by 19% to $0.97. These results reflect the direct impact of COVID-19 over the past 12 months, which has seen a decline in disbursements year over year in line with the reduction in global economic activity.

Net loans and advances as at March 31, 2021 stood at $4.09 Billion, a decrease of $384 Million or 9% when compared to the prior year. Based on the Statistical Institute of Jamaica (STATIN) real Gross Domestic Product (GDP) disclosures, the Jamaican economy experienced negative growth of 6.7% for the first quarter of 2021 when compared to the similar quarter of 2020. The negative growth was driven mainly by international travel restrictions; the spin off effect on the tourism industry; reduced operating hours of businesses; and the resulting loss of jobs across a number of industries. The impact was predominantly felt in the Services Industries which fell by 9.9% and was also reflected on the employed labour force which fell by 5.9% in January 2021 as indicated by the Labour Force Survey. The Group strategically reduced its credit exposure based on perceived risks evaluated by industry, and managed to contain the negative impact on its loan portfolio from the elevated credit risk levels. Total assets declined by 8% to J$5.49 Billion when compared to J$5.96 Billion at the end of the last financial year; driven by a 9% decrease in Net Loans and Advances.

Total liabilities decreased by 20% to J$3.04 Billion when compared to J$3.79 Billion for the prior reporting period. This was due mainly to the reduction in Loans payable from the repayment of matured debt during the year, and the use of internally generated funds to meet our financing obligations.

Total stockholders' equity improved by J$280 Million or 13%; driven by internally generated profits.

THE ECONOMIC ENVIRONMENT

Jamaican Economy

The International Monetary Fund (IMF) has projected real GDP growth at 1.5% for the 2021 calendar year. Global restrictions on travel as a result of COIVD-19, especially from the United States of America (USA) have reduced since June 2020 and the tourism industry is operating below potential in line with reduced visitor arrivals. Local businesses have also modified their hours of operations in line with restrictions implemented by the Government of Jamaica (GOJ) to control the spread of the virus. The recovery of the economy is hinged on the availability of vaccines; the return to normalcy for business operations; and companies and customers pivoting to the on-line delivery of goods and services where possible.

The Group recorded consolidated Net profit after tax of $266M

Between April 1, 2020, and March 31, 2021, the Jamaican Dollar depreciated by approximately 8.68% which was 0.81% above the prior year. The continued devaluation of the domestic currency is expected to increase the price of imported goods; and reduce the spending power of local consumers. The IMF has forecasted an inflation rate of 5% for the 2021 calendar year, which is within the Bank of Jamaica's long-term inflation range of 4%-6%.

On March 18, 2021, Credit Rating Agency Fitch affirmed Jamaica's Credit rating of B+ with a stable outlook which was the same on April 10, 2020. Local interest rates have continued to be competitive as the Bank of Jamaica policy rate holds firm at 0.5 %.

United States Economy

According to the IMF's World Economic Outlook Report April 2021, global prospects remain highly uncertain one year into the pandemic due to new virus mutations and the accumulating casualties, even as growing vaccine coverage lifts sentiment. The United States economy is projected to grow by 6.4% for 2021, and 3.5% for 2022. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. The outlook depends not just on the outcome of the battle between the virus and vaccines, it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis.

THE REGULATORY AND LEGISLATIVE ENVIRONMENT

Microcredit Act 2021

The GOJ in embarking on its mandate to develop an effective regulatory framework for the provision of sustainable microcredit for individuals and MSMEs, has passed the Microcredit Act 2021 in January 2021. The Act seeks to, among other things, license and regulate the microcredit institutions, discourage lending at excessive interest rates that are unjustified by the risk, outlaw predatory lending practices and to promote transparency of the terms of credit. It also aims to reduce the risk of the microcredit institution being used to facilitate money laundering and terrorist financing. The Act will be implemented in July 2021 and will bring microcredit institutions under the regulatory supervision of the Bank of Jamaica. Microcredit institutions are required to be licensed and become compliant with the Act within the 12-month transitionary period.

While the legislation is poised to strengthen the sector, it will affect the operations including increased operating costs from licensing requirements. The legislation aims to strengthen the legal and corporate framework of the sector. Microcredit institutions must be compliant with provisions encompassing corporate governance, fit and proper requirements, best practices, reporting requirements, record keeping and the protection of customer data, which aligns with the recently enacted Data Protection Act 2020. While we have been embracing provisions of corporate governance and best practices prior to the passing of the legislation, we are committed to implement the necessary policies and practices to be fully compliant with the new regulatory requirements.

FINANCIAL PERFORMANCE

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(Expressed in Thousands of Jamaican Dollars, except per stock unit amounts)	31-Mar-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	Change 2021 vs 2020		Five- Year
						$	%	Compounded Annual Growth Rate (CAGR)
Statement of Financial Performance								
Net-interest Income	1,269,100	1,449,429	1,267,118	1,361,199	1,154,905	(180,329)	-12%	2%
Non- interest Income	549,954	705,259	381,204	343,154	247,244	(155,305)	-22%	17%
Operating Revenue	**1,819,054**	**2,154,688**	**1,648,322**	**1,704,354**	**1,402,149**	**(335,634)**	**-16%**	**5%**
Staff Cost	670,511	725,444	491,166	382,083	299,562	(54,933)	-8%	17%
Allowance for credit losses	294,989	297,048	146,825	226,658	128,282	(2,059)	-1%	18%
Non interest Expenses	512,249	736,671	463,673	587,611	223,777	(224,422)	-30%	18%
Net Profit after Tax	**265,687**	**329,747**	**446,345**	**422,080**	**710,548**	**(64,060)**	**-19%**	**-18%**
Earnings per stock unit ($)	0.97	1.20	1.63	1.54	2.59	(0.23)	-19%	-18%
Dividends paid per stock unit ($)	0.43	0.49	1.24	0.89	0.65	(0.06)	-12%	-8%

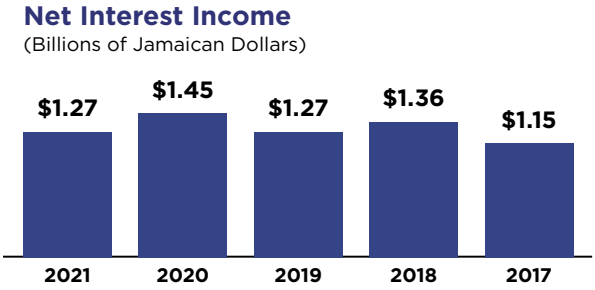
NET PROFIT AFTER TAX

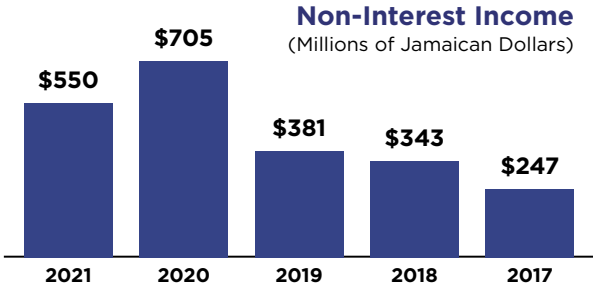
The Group recorded consolidated Net profit after tax of $266 Million for the year ended March 31, 2021, compared to $330 Million for the year ended March 31, 2020. This represents a 19% decline in Net profit year over year, which is attributable to lower loan disbursements in line with lowered economic activities and demand for consumer credit as a result of the direct impact of COVID-19. Disbursements for Access (the company) declined significantly during the first quarter of the financial year, however it has shown steady improvement since July 2020 as the Government of Jamaica revised the COVID-19 protocols across the country. Embassy Loans Inc., our wholly owned subsidiary in Florida, USA, recorded lower disbursements as the stimulus packages granted by the United States Government resulted in lower demand for loans from customers.

OPERATING REVENUES

$1.27 Billion
Net Interest Income

$550 Million
Non-Interest Income





Net Interest Income declined by $180 Million or 12% year over year to $1.27 Billion compared to $1.45 Billion in the prior year due mainly to a 9% decline in the loan portfolio (Net loans and advances).

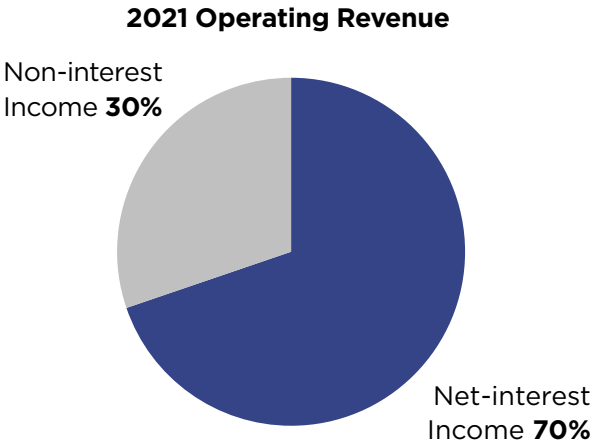
Non-interest income which represents Net fees and commission income, income from money services, foreign exchange gains (losses), and other income, also declined by $155 Million or 22% due mainly to 9% decline in the loan portfolio (Net loans and advances).

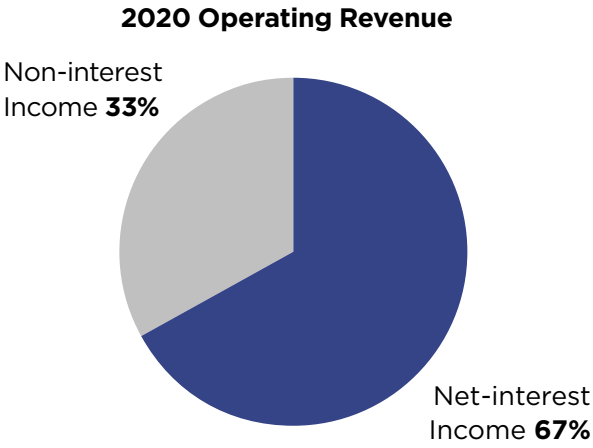
NON-INTEREST INCOME

(Expressed in Thousands of Jamaican Dollars)	31-Mar-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	Change 2021 vs 2020 $	Change 2021 vs 2020 %	Five-Year Compounded Annual Growth Rate (CAGR)
Net fees and commission	412,549	617,750	311,384	314,089	221,669	(205,201)	-33%	13%
Money services fees and commission	935	1,787	29,657	1,443	2,131	(852)	-48%	-15%
Foreign exchange (loss)/gains	(12,851)	(5,477)	(4,581)	1,312	16,104	(7,374)	135%	-196%
Other income	149,321	91,199	44,744	26,310	7,340	58,122	64%	83%
Total Non-interest Income	549,954	705,259	381,204	343,154	247,244	(155,305)	-22%	17%

- The decrease in Net fees and commission of $205 Million or 33% is a direct result of reduced disbursements in line with lowered economic activity and demand for consumer loans.
- Money services fees and commission income decreased due to more customers opting to receive their loan disbursements directly to their bank account.
- Other income increased by $58M or 64% year over year, due to our success in delinquency management efforts to recover bad debt.

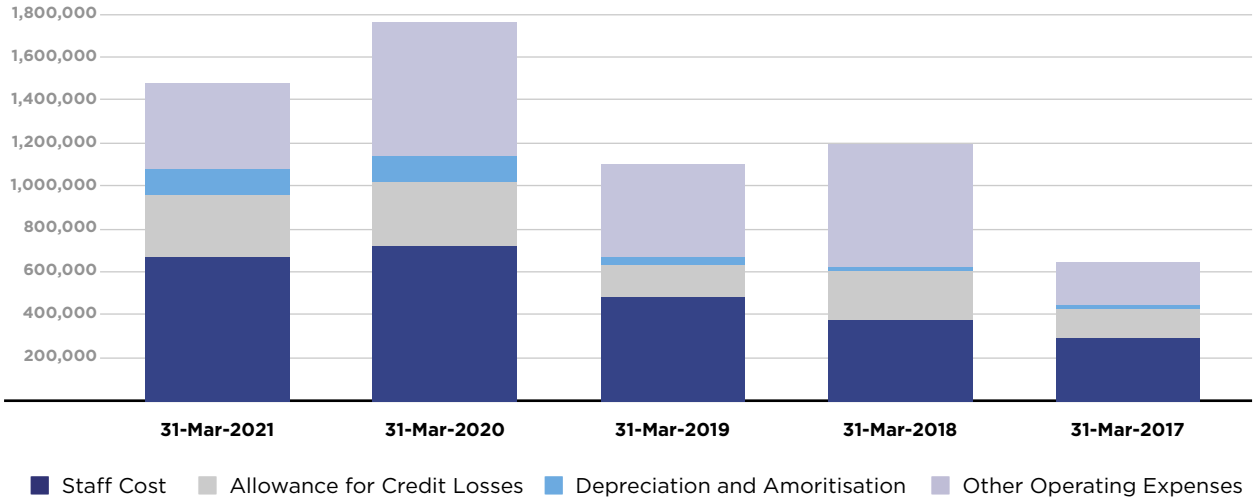
A combination of reduced Interest income and Net fee income resulted in the Group recording Total operating income of $1.82 Billion, compared to the prior year's amount of $2.15 Billion. Non-interest income for the year in review was 30% of Operating revenue, compared to 33% in the prior year. The Group will continue to seek ways to diversify revenue streams to optimize revenue mix.





OPERATING EXPENSES

OPERATING EXPENSES								
						Change 2021 vs 2020		Five- Year
(Expressed in Thousands of Jamaican Dollars)	31-Mar-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	$	%	Compounded Annual Growth Rate (CAGR)
Staff Cost	670,511	725,444	491,166	382,083	299,562	(54,933)	-8%	17%
Allowance for Credit Losses	294,989	297,048	146,825	226,658	128,282	(2,059)	-1%	18%
Depreciation and Amoritisation	118,351	118,120	30,332	19,038	23,575	231	0%	38%
Other Operating Expenses	393,898	618,551	433,341	568,573	200,202	(224,653)	-36%	14%
Total Operating Expenses	1,477,749	1,759,163	1,101,664	1,196,352	651,622	(281,414)	-16%	18%



16% Decrease in total operating expenses

For the year in review, Total operating expenses amounted to $1.48 Billion, a decrease of $281 Million or 16% when compared to the prior year.

- Staff costs decreased by $55 Million or 8% which was mainly attributable to the management of staff vacancies, the execution of the Access Branch Network Optimization program and changes in the compensation structure for the former Embassy Loans principals.
- Allowance for credit losses remained relatively flat year over year despite the higher levels of delinquency from COVID-19. Various delinquency management strategies were implemented during the year to maintain the credit quality of the portfolio.
- Depreciation and amortization remained flat at $118 Million year over year, while Other operating expenses decreased by $225 Million or 36% year over year, due mainly to cost containment measures implemented to offset the reduction in Operating revenues.

OTHER OPERATING EXPENSES

(Expressed in Thousands of Jamaican Dollars)	31-Mar-2021	31-Mar-2020	Change	
			$	%
Advertising	38,873	66,975	(28,102)	-42%
Agency fees	12,059	18,610	(6,551)	-35%
Audit fees	28,492	24,237	4,255	18%
Bank charges	6,585	8,473	(1,888)	-22%
Cleaning and sanitation	4,739	7,121	(2,382)	-33%
Courier & collection services	5,077	6,936	(1,859)	-27%
Directors' fees	2,827	3,121	(294)	-9%
Insurance	3,216	4,196	(980)	-23%
Irrecoverable GCT	35,973	47,561	(11,588)	-24%
Legal and professional fees	24,247	48,899	(24,652)	-50%
Loans Written off	93,352	210,245	(116,893)	-56%
Motor vehicle expenses	999	1,161	(162)	-14%
Printing and stationery	7,881	13,290	(5,409)	-41%
Rent	994	505	489	97%
Repairs and maintenance	3,131	3,195	(64)	-2%
Security	6,332	7,484	(1,152)	-15%
Subscriptions & donations	10,125	8,521	1,604	19%
Travel and entertainment	1,386	4,165	(2,779)	-67%
Utilities	55,170	64,390	(9,220)	-14%
Other expenses	52,440	69,466	(17,026)	-25%
Totals	393,898	618,551	(224,653)	-36%

FINANCIAL POSITION

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA								
						Change 2021 vs 2020		Five- Year
(Expressed in Thousands of Jamaican Dollars)	31-Mar-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	$	%	Compounded Annual Growth Rate (CAGR)
Statement of Financial Position								
Net loans and advances	4,086,669	4,470,914	3,410,963	2,638,228	2,619,163	(384,245)	-9%	9%
Total Assets	5,491,089	5,962,443	4,506,043	3,224,595	3,222,430	(471,354)	-8%	11%
Total Liabilities	3,039,810	3,791,520	2,608,662	1,215,266	1,390,885	(751,710)	-20%	17%
Total Equity	2,451,279	2,170,923	1,897,381	2,009,329	1,831,545	280,356	13%	6%

The Group's Total assets have decreased by $471 Million or 8% year over year, due mainly to a decline in the demand for personal & business loans year over year. Net loans and advances now stands at $4.09 Billion, which reflects a decrease of $384 Million or 9% when compared to the prior year. The decline in the loan portfolio results from lower disbursements during the year for both Access and Embassy Loans, in line with the reduction in economic activity.

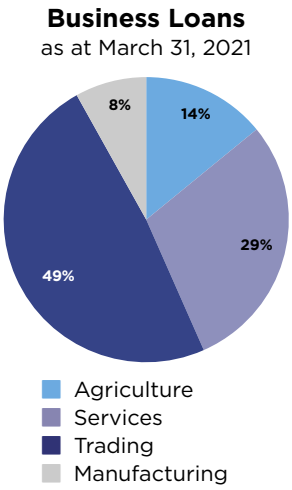
Total equity for the Group increased by $280 Million or 13% due to internally generated profits.

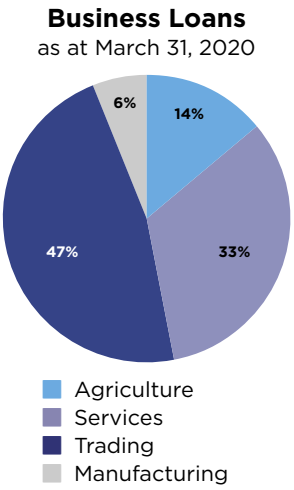
ANALYSIS OF LOANS AND ADVANCES PORTFOLIO

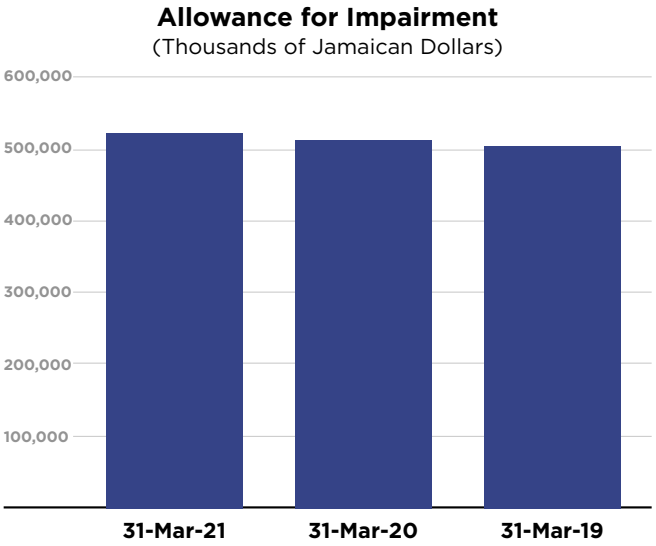
ANALYSIS OF LOANS AND ADVANCES PORTFOLIO				
(Expressed in Thousands of Jamaican Dollars)	31-Mar-2021	% of Total	31-Mar-2020	% of Total
Personal	**4,272,441**	**92.7%**	**4,511,468**	**90.6%**
Business				
Agriculture	47,121	1.0%	64,178	1.3%
Services	97,944	2.1%	156,826	3.1%
Trading	162,203	3.5%	221,555	4.4%
Manufacturing	27,101	0.6%	27,944	0.6%
	334,369	**7.3%**	**470,503**	**9.4%**
Total	**4,606,809**	**100.0%**	**4,981,971**	**100.0%**
Due within 1 month	6,571	0.1%	52,692	1.1%
1 to 3 months	96,731	2.1%	112,029	2.2%
3 to 12 months	860,253	18.7%	1,175,981	23.6%
Over 12 months	3,643,254	79.1%	3,641,269	73.1%
Total	**4,606,809**	**100.0%**	**4,981,971**	**100.0%**
Allowance for Impairment	(520,140)		(511,057)	
Net Loan and Advances	**4,086,669**		**4,470,914**	

As at March 31, 2021, Personal Loans amounted to $4.27 Billion representing 92.7% of the gross loan portfolio, when compared to $4.51 Billion or 90.6% as at March 31, 2020. Access's Business Loan portfolio declined to $334 Million, representing 7.3% of the gross loan portfolio compared to $471 Million and 9.4% at the end of the prior year.

Allowance for impairment as at March 31, 2021 was $520 Million, a marginal increase over the $511 Million recorded for 2020. Over the years, the Allowance for impairment has been increasing in line with the Expected Credit Loss model (ECL) for compliance with IFRS 9 Financial Instruments, and the growth in the loan portfolio. Various methodologies will be utilized to improve delinquency management and the collection of bad debt based on our customer segment.







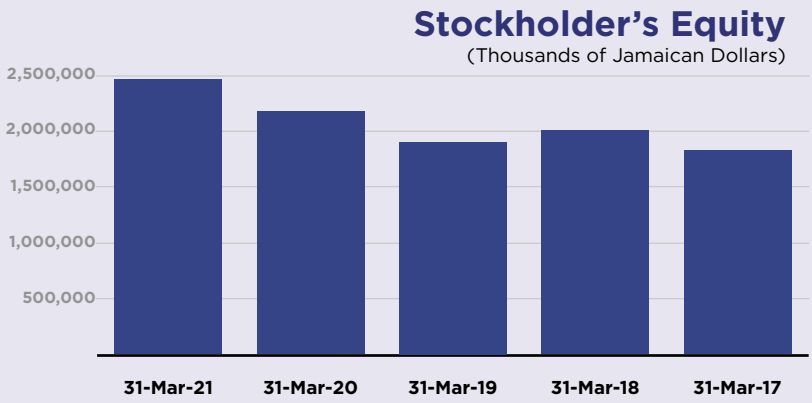
Total loans payable stood at $2.54 Billion as at March 31, 2021, of which $916 Million or 36% is due within 12 months. The decrease in loans payable from J$3.23 Billion as at March 31, 2020 to J$2.54 Billion as at March 31, 2021 is due to the repayment of matured debt during the year, and the use of internally generated funds to meet our financing obligations.

LOANS PAYABLE

FUNDING PORTFOLIO				
(Expressed in Thousands of Jamaican Dollars)	31-Mar-2021	% of Total	31-Mar-2020	% of Total
Corporate Bond Holders	1,286,299	51%	1,483,402	46%
Sagicor Bank Jamaica Limited	16,794	1%	44,211	1%
JMMB Bank Limited	85,911	3%	297,291	9%
PROVEN Investments Limited	-	0%	100,000	3%
Development Bank of Jamaica Limited	1,153,770	45%	1,139,628	35%
Micro Investment Development Agency	-	0%	5,187	0%
Inter-American Development Bank	-	0%	21,566	1%
Other	-	0%	133,959	4%
Total	**2,542,774**	**100%**	**3,225,245**	**100%**
1 to 3 months	168,489	7%	20,031	1%
3 to 12 months	747,041	29%	1,165,196	36%
Over 12 months	1,627,244	64%	2,040,018	63%
Total	**2,542,774**	**100%**	**3,225,245**	**100%**

STOCKHOLDER'S EQUITY

Stockholder's equity stood at $2.45 Billion as at March 31, 2021 compared to $2.17 Billion for the prior year primarily due to the current year's profitability.



DIVIDENDS & SHAREHOLDER'S RETURN

KEY RATIOS AND PER STOCK UNIT DATA					
	31-Mar-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017
Profitability Ratios					
Return on Average Equity	11.5%	16.2%	22.9%	22.0%	45.4%
Return on Average Total Asset	4.6%	6.3%	11.5%	13.1%	24.2%
Per Stock Unit Data					
Earnings per Share	$0.97	$1.20	$1.63	$1.54	$2.59
Dividends	$0.43	$0.49	$1.24	$0.89	$0.65
Dividend payout ratio	44.4%	40.8%	76.3%	57.9%	25.1%
Dividend yield	1.9%	2.0%	2.7%	1.8%	1.9%
Book value	$8.93	$7.91	$6.91	$7.32	$6.67
Market price	$22.16	$24.95	$46.00	$50.52	$34.00
High	J$28.56	J$48.00	J$53.00	J$56.00	J$43.80
Low	J$19.00	J$17.65	J$36.00	J$32.00	J$16.00
Year end	J$22.16	J$24.95	J$46.00	J$50.52	J$34.00
Price to Earnings Ratio	22.9	20.8	28.3	32.9	13.1

Dividends paid during the financial year totaled $0.23 per share, compared to $0.49 per share in the prior year. At the subsequent Board Meeting after the year ended March 31, 2021, the Board of Directors approved a final dividend of $0.20 per share bringing the total dividends to $0.43 in relation to the 2021 financial year.

Therefore the dividend pay-out ratio for the financial year amounted to 44% with a dividend yield of 1.9%. As at March 31, 2021 the share price of AFS shares on the Jamaica Stock Exchange was $22.16.

44% dividend pay-out ratio.

RISK MANAGEMENT STRUCTURE

Our risk management structure is directed by the Board of Directors, who define the risk management framework and the processes to identify, measure and monitor risk by the Group.

Risk measuring, monitoring and management
Management continues to manage risk along the quadrants of the Group's strategic, operational, financial and management objectives. The following risks inherent to our business activities have been identified and managed as follows:

Credit Risk
The Group is exposed to credit risk, which is the risk that its customers, clients or counterparties will cause financial loss by failing to discharge their contractual obligations.

Credit exposures arise principally from the Group's loans and advances and cash balances held with financial institutions. The Group mitigates risk associated with loans through a vigorous credit adjudication and administration policy, which ensures that loans and advances are made to customers with an appropriate credit history. Risk associated with cash and short-term deposits transactions in financial institutions are mitigated by ensuring that transactions are done with institutions of high credit quality as well limiting the exposure that the Company has to any one institution.

Liquidity Risk
Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to fulfill commitments to lend. The Group's liquidity management process includes:

- Monitoring future cash flows and liquidity daily.
- The appropriate matching of assets and liabilities.
- Maintaining committed lines of credit.
- Optimizing returns on investments.

Market Risk
Market risk 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. The Group manages currency risk by ensuring that the net exposure in foreign assets and liabilities is kept at an acceptable level by monitoring currency positions. The Group is exposed to price risk from the changes in available for sale equity investments. The Group does not have significant exposure in this regard, as it does not have significant holdings in securities.

Interest Rate Risk
The Group is exposed to interest rate risk arising from its variable rate borrowings. This is managed by rate exposure and taking into consideration the options of refinancing, renewal of existing positions and using fixed rate loans when possible.

Operational Risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Some examples of operational risk are fiduciary or disclosure breaches, technology failure and environmental risk. The Group's management framework supports the mitigation of Operational Risk by establishing the standards for assessment, management, monitoring, and the provision of assurance that the risk and internal controls frameworks are operating as intended.

Reputational Risk
Reputational risk is the potential that negative publicity, whether true or false regarding the Group's business practices, action or inaction will or may cause a decline in the company's value, liquidity, or customer base and earning potential. The Board of Directors and the Senior Management team oversee the management of reputational risk.

Our Team

Respond, Recover and Thrive

For the financial year 2020/21, Access Financial Services Limited (AFS or Access) through its Human Resource & Training Department played a key role in keeping the workforce safe, productive and motivated during the myriad of physical, mental and health challenges brought about by the impact of the COVID-19 pandemic. The Company embarked on building critical skills and competencies for the growth of the organization, while prioritizing workforce redesign for remote work connectivity and flexible work schedules to meet the health and safety standards during the pandemic.

Winning on Culture during Covid-19

The impact of the COVID-19 pandemic could have been deleterious to our corporate culture given the significant changes in the work environment and the consequent team interactions. This was however minimized based on the increased communication and guidance from the Business Continuity Plan Committee (BCPC). In fact, the quality and frequency of the communication provided was identified by the staff as a key factor in assisting them to manage the impact of COVID-19. As an organization, we were therefore able to maintain business operations and minimize the number of employees that contracted the virus.

Redesigned the workforce, prioritizing remote work connectivity and flexible work schedules

Learning & Development

Operating during the pandemic also allowed us to adapt our approach to Learning & Development. Access pivoted to innovative approaches by converting face-to-face learning opportunities into virtual experiences. This empowered employees and trained leaders to continue developing critical skills and competencies from the safety of an online platform. We recognized that the investment we make in our staff to provide them with the requisite knowledge to carry out their duties and prepare for opportunities in the future, was the best response during the crisis.

At the start of the financial year in response to the change the work status quo, team leaders and team members received training in “Managing the Remote Employee” and “Transitioning to a Work at Home Employee”. In anticipation of the new norms and protocols related to customer interaction, the Sales force was equipped with the requisite skills through the execution of training in Tele-Sales, Closing the Sales, Sales Management Strategy and Relationship Selling. The objective of these training courses is intended to deepen the skills of team members to meet and exceed the needs of the customers both digitally and remotely. Other training activities included ongoing training in Loan Management, Intermediate Excel, and Cyber Security.

$800,000

IN SCHOLARSHIPS GRANTED TO 40 CHILDREN

20th Anniversary Celebrations

Celebrating the Company's 20th year in operations allowed us to reflect on our past with a deep sense of pride and accomplishment and gave us the opportunity to craft the next 20 successful years. To commemorate this significant milestone, the Company launched the 20th Anniversary Scholarship Program. Through this program, scholarships were awarded to the children of AFS valued clients; with $800,000 in scholarships being granted to 20 children enrolled in primary to tertiary institutions. Our team members were delighted to be a part of the Company's milestone celebration and to honor their diligence and commitment, the Company held a 20th Anniversary Awards Ceremony which saw team members being rewarded and recognized, and special awards made to our top performers and long serving team members.

...scholarships were awarded to the children of AFS valued clients; with $800,000 in scholarships being granted to 20 children enrolled in primary to tertiary institutions...

Access PEP Scholarship Awards

Nine (9) employees' children were the recipient of the Annual Access PEP Scholarship. Most of the awardees were placed at schools of their top three (3) choices, and to celebrate their success, the Company hosted a luncheon in their honour with a Guest Speaker delivering an inspiring and motivational charge to start their secondary education journey.

Staff Engagement

Staff Satisfaction Survey

We continued to give our employees a voice and increased their engagement through our staff satisfaction survey. This survey done annually in the last quarter, saw increased respondents and a general increase in the levels of staff satisfaction from the previous year's survey. Staff satisfaction scores increased by 16.1%, despite the challenges brought about by COVID-19 as well as the result of changes to the organizational structure.

Branch Locations

Access Financial Services

KINGSTON

Head Office
41B Half Way Tree Road
Kingston
Phone:876-929-9253/618-0937
Fax: 876-929-1345/906-1164

Duke Street
56 East Queen Street
Kingston
Phone: 876-764-1402
Fax: 876-967-0157

ST. CATHERINE

Portmore Pines
Shop #5, Phase 3
Portmore Pines Plaza
Greater Portmore
Phone: 876-764-1397
Fax: 876-949-7479

Spanish Town
23 Wellington Street
Spanish Town
Phone: 876-764-1415
Fax: 876-749-5406

Linstead
Shop #5, Island Plaza
Shopping Complex
70A Kings Street
Linstead
Phone: 876-764-1401
Fax: 876-903-2693

MANCHESTER

Mandeville
Shop F#6, Super Plus Shopping Centre
25-27 Manchester Road
Mandeville
Phone: 876-764-1413
Fax: 876-625-6427

Christiana
Shop #6A
Mid Town Super Centre
Christiana

CLARENDON

May Pen
Shop #12, Bargain Village Plaza
37 Main Street, May Pen
Phone: 876-764-1394
Fax: 876-902-4175

WESTMORELAND

Savanna-La-Mar
Shop #31-32
97 Great George Street
Savanna-La-Mar
Phone: 876-764-1412
Fax: 876-918-1811

ST. JAMES

Montego Bay
Shop F201
Baywest Shopping Centre
Harbour Street, Montego Bay
Phone: 876-764-1411
Fax: 876-979-7158

ST. ANN

Ocho Rios
Shop #7, Island Plaza
Ocho Rios
Phone: 876-764-1410
Fax: 876-974-8455º

Brown's Town
Shop #3, Burlington Point
2 Church Street
Brown's Town
Phone: 876-764-1399
Fax: 876-975-9369

ST. ELIZABETH

Santa Cruz
Lot #23, Santa Cruz Plaza
Santa Cruz
Phone: 876-764-1398
Fax: 876-966-4355

Black River
Shop #2, Intown Plaza
2 School Street
Black River
Phone: 876-764-1416
Fax: 876-965-2848

Junction
Shop #3C
Roye Shopping Centre
Junction
Phone: 876-764-1393
Fax: 876-965-8183

PORTLAND

Portland
Shop #D6, City Centre Plaza
Port Antonio, Portland
Phone: 876-764-1403

DAMARKMCL

KINGSTON

Head Office
Shop #7, Empire Plaza
1-3 Retirement Road, Kingston 5
Phone: 876-754-4850-1
Fax: 876-754-4849

ST. CATHERINE

Spanish Town
4 Cumberland Road
Spanish Town
Phone: 876-618-5899
Fax: 876-618-5900

Financial Statements

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+1 (876) 922-6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Access Financial Services Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), set out on pages 59 to 115 which comprise the Group's and Company's statements of financial position as March 31, 2021, the Group's and Company's 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 Group and the Company as at March 31, 2021, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

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.

Measurement of Expected Credit Losses

Key Audit Matter	*How the matter was addressed in our audit*
IFRS 9 *Financial Instruments*, is complex and requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and estimates, particularly regarding significant increase in credit risk and forward-looking information. The identification of significant increases in credit risk is a key area of judgement as the criteria determine whether a 12-month or lifetime loss allowance is recorded in respect of a financial asset. Forward-looking information, reflects a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios, the probability weightings and management overlay. These estimates involve increased judgment as a result of the economic impacts of COVID-19 on the Group's financial assets.	We performed the following procedures: • Obtained an understanding of the model used by management for the calculation of expected credit losses on investments and loans. • Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the criteria used for determining significant increase in credit risk and independently assessed the assumptions for probabilities of default, loss given default and exposure at default. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's methodology for determining forward-looking information and management overlay.

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Measurement of Expected Credit Losses (continued)

Key Audit Matter	*How the matter was addressed in our audit*
Management considered the following: • qualitative factors that create COVID-19 related changes to significant increase in credit risk. • increased uncertainty about potential future economic scenarios and their impact on credit losses. We therefore determined that the estimates of impairment in respect of investments and loans have a high degree of estimation uncertainty. *See notes 7 and 24(a) of the financial statements.*	• Assessed the adequacy of the disclosures of the key assumptions and judgements.

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.

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information (continued)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Those charged with governance are responsible for overseeing the Group'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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 57 to 58, forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on additional matters as required by the Jamaican Companies Act

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

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

The engagement partner on the audit resulting in this independent auditors' report is Nyssa Johnson.

KPMG

Chartered Accountants
Kingston, Jamaica

June 10, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Appendix to Report on the Audit of the Financial Statements

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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

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

Access Financial Services Limited

Statements of Financial Position

March 31, 2021

	Notes	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Assets					
Cash and cash equivalents	4	543,492	575,608	274,896	396,183
Financial investments	5	5,109	4,383	5,109	4,383
Other accounts receivable	6	47,003	64,030	118,343	145,332
Loans and advances	7	4,086,669	4,470,914	3,755,911	3,876,568
Taxation recoverable		-	49,715	-	47,691
Investment in subsidiary	8	-	-	857,541	857,541
Property, plant and equipment	9	61,509	73,075	58,657	69,779
Intangible assets and goodwill	10	480,699	461,628	41,860	42,465
Right-of-use assets	14	124,867	155,683	76,525	95,495
Deferred tax assets	11	141,741	107,407	122,973	102,118
Total assets		5,491,089	5,962,443	5,311,815	5,637,555
Liabilities and equity					
Liabilities					
Payables	12	330,202	405,007	224,963	231,803
Loans payable	13	2,542,774	3,225,245	2,687,651	3,225,245
Lease liabilities	14	142,414	161,268	87,749	97,786
Taxation payable		24,420	-	26,003	-
Total liabilities		3,039,810	3,791,520	3,026,366	3,554,834
Stockholder's equity					
Share capital	15	96,051	96,051	96,051	96,051
Fair value reserve	16(a)	3,096	2,370	3,096	2,370
Foreign exchange translation	16(b)	130,977	53,897	-	-
Retained earnings		2,221,155	2,018,605	2,186,302	1,984,300
Total equity		2,451,279	2,170,923	2,285,449	2,082,721
Total liabilities and equity		5,491,089	5,962,443	5,311,815	5,637,555

The financial statements on pages 59 to 115 were approved for issue by the Board of Directors on June 3, 2021, and signed on its behalf by:

Christopher Williams — Director

Marcus James — Director

The accompanying notes form an integral part of the financial statements

Access Financial Services Limited

Statements of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2021

	Notes	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Operating income					
Interest income from loans	3(k)	1,519,924	1,701,642	1,472,791	1,595,934
Interest income from securities		6,009	1,372	6,009	1,372
Total interest income, calculated on the effective interest method		1,525,933	1,703,014	1,478,800	1,597,306
Interest expense		(256,833)	(253,585)	(245,999)	(231,868)
Net interest income		1,269,100	1,449,429	1,232,801	1,365,438
Net fees and commissions on loans		412,549	617,750	138,392	183,219
		1,681,649	2,067,179	1,371,193	1,548,657
Other operating income:					
Money services fees and commission		935	1,787	935	1,787
Foreign exchange losses		(12,851)	(5,477)	(12,918)	(7,027)
Other income		149,321	91,199	96,172	56,831
		137,405	87,509	84,189	51,591
		1,819,054	2,154,688	1,455,382	1,600,248
Operating expenses					
Staff costs	17	670,511	725,444	447,007	454,672
Allowance for credit losses	7(b)	294,989	297,048	324,709	291,884
Depreciation and amortisation	9,10,14	118,351	118,120	84,548	84,257
Other operating expenses	18	393,898	618,551	244,392	345,037
		1,477,749	1,759,163	1,100,656	1,175,850
Profit before taxation		341,305	395,525	354,726	424,398
Taxation	19	(75,618)	(65,778)	(89,587)	(58,077)
Profit for the year		265,687	329,747	265,139	366,321
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Unrealised gains on investments at fair value through other comprehensive income		726	569	726	569
Foreign currency translation loss on overseas subsidiary		77,080	77,736	-	-
Total other comprehensive income		77,806	78,305	726	569
Total comprehensive income		343,493	408,052	265,865	366,890
Earnings per stock unit	20	0.97	1.20	0.97	1.33

The accompanying notes form an integral part of the financial statements

Access Financial Services Limited

Statements of Changes in Shareholders' Equity

Year ended March 31, 2021

	Share capital (note 15) $'000	Fair value reserve [note 16(a)] $'000	Translation reserve [note 16(b)] $'000	Retained earnings $'000	Total $'000
Balances at March 31, 2019	96,051	1,801	(23,839)	1,823,368	1,897,381
Total comprehensive income for 2020					
Profit for the year	-	-	-	329,747	329,747
Other comprehensive income	-	569	77,736	-	78,305
	-	569	77,736	329,747	408,052
Transaction with owners					
Dividends paid (note 21)	-	-	-	(134,510)	(134,510)
Balances at March 31, 2020	96,051	2,370	53,897	2,018,605	2,170,923
Total comprehensive income for 2021					
Profit for the year	-	-	-	265,687	265,687
Other comprehensive income	-	726	77,080	-	77,806
	-	726	77,080	265,687	343,493
Transaction with owners					
Dividends paid (note 21)	-	-	-	(63,137)	(63,137)
Balances at March 31, 2021	96,051	3,096	130,977	2,221,155	2,451,279

The accompanying notes form an integral part of the financial statements

Access Financial Services Limited

Company Statement of Changes in Shareholders' Equity

Year ended March 31, 2021

	Share capital (note 15) $'000	Fair value reserve [note 16(a)] $'000	Retained earnings $'000	Total $'000
Balances at March 31, 2019	96,051	1,801	1,752,489	1,850,341
Total comprehensive income for 2020				
Profit for the year	-	-	366,321	366,321
Other comprehensive income	-	569	-	569
	-	569	366,321	366,890
Transaction with owners				
Dividends paid (note 21)	-	-	(134,510)	(134,510)
Balances at March 31, 2020	96,051	2,370	1,984,300	2,082,721
Total comprehensive income for 2021				
Profit for the year	-	-	265,139	265,139
Other comprehensive income	-	726	-	726
	-	726	265,139	265,865
Transaction with owners				
Dividends paid (note 21)	-	-	(63,137)	(63,137)
Balances at March 31, 2021	96,051	3,096	2,186,302	2,285,449

The accompanying notes form an integral part of the financial statements

Access Financial Services Limited

Group Statement of Cash Flows

Year ended March 31, 2021

	Notes	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		265,687	329,747
Items not affecting cash resources:			
Exchange loss on foreign balances		12,851	5,477
Depreciation and amortisation	9,10	49,292	50,179
Depreciation of right-of-use asset	14(a)	69,059	67,941
Gain on disposal of property, plant and equipment		(17)	-
Interest income		(1,525,933)	(1,703,014)
Interest expense		240,421	235,887
Lease interest expense	14(c)	16,412	17,698
Loans and receivables written off	18	93,352	210,245
Increase in allowance for loan losses	7(b)	294,989	297,048
Impairment of intangible assets	10	900	-
Income tax	19(a)	110,442	37,041
Deferred tax	19(a)	(34,824)	28,737
		(407,369)	(423,014)
Changes in operating assets and liabilities:			
Loans and advances		(22,770)	(1,560,943)
Other accounts receivable		20,791	(31,474)
Loans payable, net		(681,428)	1,009,366
Accounts payable		(87,278)	25,219
		(1,178,054)	(980,846)
Interest received		1,527,001	1,697,596
Interest paid		(241,464)	(236,147)
Taxation paid		(22,195)	(99,492)
Cash provided by operating activities		85,288	381,111
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment and intangible assets	9,10	(24,644)	(38,058)
Proceeds from disposal of fixed assets		474	-
Net cash used by investing activities		(24,170)	(38,058)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payments	14(d)	(83,759)	(80,008)
Dividends paid	21	(63,137)	(134,510)
Net cash used by financing activities		(146,896)	(214,518)
(Decrease)/increase in cash and cash equivalents at end of the year		(85,778)	128,535
Effect of exchange rate fluctuations on cash and cash equivalents		53,662	35,258
Cash and cash equivalents at beginning of year		575,608	411,815
Cash and cash equivalents at end of year (note 4)		543,492	575,608

The accompanying notes form an integral part of the financial statements

Access Financial Services Limited

Company Statement of Cash Flows

Year ended March 31, 2021

	Notes	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		265,139	366,321
Items not affecting cash resources:			
Exchange loss on foreign balances		12,918	7,027
Depreciation and amortisation	9,10	33,999	32,588
Depreciation of right-of-use asset	14(a)	50,549	51,669
Gain on disposal of property, plant and equipment		(17)	-
Interest income		(1,478,800)	(1,597,306)
Interest expense		236,834	222,306
Lease interest expense	14(c)	9,165	9,563
Loan and receivables written-off	18	12,913	37,740
Increase in allowance for loan losses	7(b)	324,709	291,884
Impairment of intangible assets	10	900	-
Income tax	19(a)	110,442	43,974
Deferred tax	19(a)	(20,855)	14,103
		(442,104)	(520,131)
Changes in operating assets and liabilities:			
Loans and advances		(230,255)	(1,311,927)
Other accounts receivable		(63,904)	(18,106)
Loans payable, net		(536,551)	1,009,361
Accounts payable		(19,313)	20,309
		(1,292,127)	(820,494)
Interest received		1,580,280	1,486,973
Interest paid		(237,877)	(222,566)
Taxation paid		(22,636)	(94,578)
Net cash provided by operating activities		27,640	349,335
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment and intangible assets	9,10	(24,644)	(34,761)
Proceeds from disposal of fixed assets		474	-
Net cash used by investing activities		(24,170)	(34,761)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payment	14(d)	(60,924)	(58,941)
Dividends paid	21	(63,137)	(134,510)
Net cash used by financing activities		(124,061)	(193,451)
(Decrease)/increase in cash and cash equivalents at the end of the year		(120,591)	121,123
Effect of exchange rate fluctuations on cash and cash equivalents		(696)	(7,071)
Cash and cash equivalents at beginning of year		396,183	282,131
Cash and cash equivalents at end of year (note 4)		274,896	396,183

The accompanying notes form an integral part of the financial statements

1. Identification and principal activities

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.

The Company acquired a 100% shareholding in its subsidiary, Embassy Loans Inc., on December 15, 2018

The Company and its subsidiary are collectively referred to as "the Group" in these financial statement.

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

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

New and amended standards and interpretations that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to *References to Conceptual Framework in IFRS Standards* covers all aspects of standard setting including the objective of financial reporting.

  The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

  - New 'bundle of rights' approach to assets means that an entity may recognise a right to use an asset rather than the asset itself;
  - A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than previously.
  - A new control-based approach to de-recognition allows an entity to derecognise an asset when it loses control over all or part of it; the focus is no longer be on the transfer of risks and rewards.

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

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

(a) Statement of compliance (continued):

New and amended standards and interpretations that became effective during the year (continued):

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (continued);

  "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

New and amended standards and interpretations that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

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

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

  The Group does not expect the amendment to have a significant impact on its financial statements.

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

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

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

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

(a) Statement of compliance (continued):

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

- Annual Improvements to IFRS Standards 2018-2020 (continued)

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

  The Group does not expect the amendments to have a significant impact on its financial statements.

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

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

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

  The Group does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after June 1, 2022, with early application permitted. It provides guidance for COVID-19 related rent concessions.

  The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19.

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

(a) Statement of compliance (continued):

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

- Amendments to IFRS 16 *Leases* (continued)

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

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before 30 June 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose:

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

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

  The Group does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IFRS 9 *Financial Instruments,* IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases*, is effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis.

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

(a) Statement of compliance (continued):

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

- Amendments to IFRS 9 *Financial Instruments* IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases* (continued)

  A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revise discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

  The Group does not expect the amendment to have a significant impact on its financial statements.

(b) Basis of preparation:

The financial statements are prepared under the historical cost basis, except for investments at fair value.

(c) Functional and presentation currency:

These financial statements are presented in thousands of Jamaica dollars ($'000), which is the Company's functional currency, unless otherwise indicated. The financial statements of the subsidiary, which has a different functional currency, are translated into the presentation currency in the manner described in note 3(g)(ii).

(d) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and judgements that affect the selection of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income, expenses, gains and losses for the year then ended. Actual amounts could differ from those estimates. The estimates and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. The critical judgements made in applying accounting policies and the key areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements, and or that have a significant risk of material adjustment in the next financial period, are as follows:

(i) Judgements:

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

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

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

(i) Judgements (continued):

The key relevant judgements are as follows:

(i) Classification of financial assets:

The assessment of the business model within which financial assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) requires management to make certain judgements on its business operation [see note 3(b)].

(ii) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and the selection and approval of models used to measure ECL requires significant judgement [see note 3(i)].

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

(i) Allowance for impairment losses:

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

(ii) Income taxes:

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and comply in all material respects with IFRS.

(a) Basis of consolidation:

(i) 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 Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised 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 Group incurs in connection with a business combination are expensed as incurred.

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iii) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments – Classification, recognition and de-recognition, and measurement:

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise cash and cash equivalents, financial investments, other accounts receivable, and loans and advances. Financial liabilities comprise accounts payable and loans payable.

Financial assets

(i) Classification of financial assets

In applying IFRS 9, the Group classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 3(i). Interest income from these financial assets is included in 'Total interest income' using the effective interest method.

3. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued):

Financial assets (continued)

(i) Classification of financial assets (continued)

Debt instruments (continued)

- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI.

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Gains and losses on equity investments at FVTPL are included in the 'Other operating income' caption in the income statement. Gains and losses on equity investments at FVOCI are included in other comprehensive income.

Business model assessment

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

3. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued):

Financial assets (continued)

(i) Classification of financial assets (continued)

Business model assessment (continued)

Factors considered by the Group in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

3. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued):

Financial assets (continued)

(ii) Measurement of gains and losses on financial assets

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Gains and losses on equity instruments classified at FVOCI are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial liabilities

The Group's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to set off the recognised amounts and it intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Amortised cost

Amortised cost is calculated using the effective interest method. Premiums, discounts and initial transaction costs are included in the carrying amount of the related instruments and amortised based on the effective interest rates.

(c) Financial instruments – Other:

(i) Cash and cash equivalents

Cash comprises cash in hand and demand and call deposits and are measured at amortised cost. Cash equivalents are short-term, highly liquid financial assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. These include certificates of deposit where the maturities do not exceed three months from the date of acquisition.

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued):

(ii) Other accounts receivable

Other accounts receivable are measured at amortised cost less impairment losses.

(iii) Payables

Payables are measured at amortised cost.

(iv) Interest-bearing borrowings

Interest-bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(d) Property, plant and equipment:

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

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

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

Right-of-use assets	20%-50%
Furniture and fixtures	10%
Leasehold improvement	10%
Computer equipment	20%
Motor vehicle	25%

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

3. Significant accounting policies (continued)

(e) Intangible assets:

(i) Intangible assets which represents computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any. The depreciation rate for computer software is 20%.

(ii) Customer relationship and non-compete agreements that are acquired by the Company are deemed to have a finite useful lives of eight years and are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The depreciation rate for customer relationship is 12.5%.

(iii) 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.

(iv) 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 acquiree. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment annually.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(f) Impairment of non-financial assets:

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(g) Foreign currency translation:

(i) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. These rates represent the weighted average rates at which the Group trades in foreign currency.

3. Significant accounting policies (continued)

(g) Foreign currency translation (continued):

(i) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and presented in fair value reserve.

Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income, are recognised in other comprehensive income and presented in the fair value reserve in stockholders' equity.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Jamaica dollar at the spot exchange rate at the reporting date. The income and expenses of the foreign operations are translated into Jamaica dollar at the average exchange rates for the period. Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and included in translation reserve.

(h) Income tax:

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

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the reporting date.

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

3. Significant accounting policies (continued)

(i) Impairment of financial assets:

The Group recognises loss allowances for expected credit losses (ECL) on the financial instruments measured at amortised cost and debt instruments at FVOCI. No impairment loss is recognised on equity instruments.

Framework

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. See below for a description of how the Group determines when a significant increase in credit risk has occurred.

  A financial asset is credit impaired ('Stage 3') when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below and note 24(a) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See note 24(a) for an explanation of how the Group has incorporated this in its ECL models.

- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired ('Stage 3'). Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

3. Significant accounting policies (continued)

(i) Impairment of financial assets (continued):

Credit-impaired financial assets (continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired ('Stage 3'). Evidence that a financial asset is credit-impaired includes the following observable data (continued):

- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In addition, a loan that is overdue for 30 days or more is considered credit-impaired even when the regulatory definition of default is different.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

3. Significant accounting policies (continued)

(i) Impairment of financial assets (continued):

Measurement of ECL (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover; and
- other receivables: Loss allowance for other receivables, is measured at an amount equal to lifetime ECL.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

(j) Employee benefits defined contribution plans:

Contributions to defined contribution pension plans are charged to profit or loss in the year to which they relate. The pension scheme is administered by Employee Benefits Administrator Limited.

3. Significant accounting policies (continued)

(k) Revenue recognition:

(i) Interest income and expense

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

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and interest expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that have become credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to the gross basis even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income, includes interest on financial assets measured at amortised cost and interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

Interest income is recognised 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.

(ii) Fee and commission income

Fee and commission income are recognised on the accrual basis when service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

3. Significant accounting policies (continued)

(l) Leases:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

3. Significant accounting policies (continued)

(l) Leases (continued):

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Segment reporting:

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

The Group operates in two geographical areas namely Jamaica and United States. These two has been identified as reporting segments in these financial statements (see note 23). Operations in both geographical areas are same. There are no difference in recording transactions, assets and liabilities between these reporting segments.

3. Significant accounting policies (continued)

(n) Dividend distribution:

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

(o) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. The Group has only one quoted equity which carries at fair value and the prices are obtained from Jamaica Stock Exchange. This classify as level 1 category fair value (see note 5).

4. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Short term deposits	163,410	265,574	163,410	265,574
Cash at bank	375,977	305,184	107,381	125,759
Cash in hand	4,105	4,850	4,105	4,850
	543,492	575,608	274,896	396,183

5. Financial investments

	Group and Company	
	2021	2020
	$'000	$'000
FVOCI investments:		
Quoted equity – General Accident Insurance Company Limited	5,109	4,383

The Group designated this investment as equity securities at FVOCI because this equity security represents investments that the Group intends to hold for long term for strategic purpose. During the year dividend income of $160,000 (2020: $103,000) was recognized from this investment.

6. Other accounts receivable

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Taxation recoverable	3,773	3,802	3,773	3,802
Prepayments and deposits	24,868	36,657	19,593	24,713
Interest receivable [note 22(b)]	-	-	87,142	103,818
Other	18,362	23,571	7,835	12,999
	47,003	64,030	118,343	145,332

7. Loans and advances

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

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Due within 1 month	6,571	52,692	4,019	34,907
1 to 3 months	96,731	112,029	92,404	84,138
3 to 12 months	860,253	1,175,981	576,284	636,417
Over 12 months	3,643,254	3,641,269	3,562,953	3,567,503
Gross loans and advances	4,606,809	4,981,971	4,235,660	4,322,965
Less: Allowance for impairment [note 24(a)]	(520,140)	(511,057)	(479,749)	(446,397)
	4,086,669	4,470,914	3,755,911	3,876,568

(b) Allowances for loan losses:

Balance at beginning of year	511,057	502,076	446,397	446,133
Allowance made during the year	294,989	297,048	324,709	291,884
Translation adjustment	5,451	3,553	-	-
Loans written off	(291,357)	(291,620)	(291,357)	(291,620)
Balance at the end of the year	520,140	511,057	479,749	446,397

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

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Personal loans	4,272,440	4,511,468	3,901,291	3,852,462
Business loans:				
Agriculture	47,121	64,178	47,121	64,178
Services	97,944	156,826	97,944	156,826
Trading	162,203	221,555	162,203	221,555
Manufacturing	27,101	27,944	27,101	27,944
	334,369	470,503	334,369	470,503
	4,606,809	4,981,971	4,235,660	4,322,965

8. Investment in subsidiary

	Company	
	2021	2020
	$'000	$'000
Embassy Loans Inc.	857,541	857,541

9. Property, plant and equipment:

	Group					
	Leasehold improvement $'000	Computer equipment $'000	Furnitures and fixtures $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Cost						
March 31, 2019	65,291	83,234	40,705	17,809	2,649	209,688
Additions	60	4,072	2,235	5,088	23,382	34,837
Disposal	(505)	(500)	(1,325)	-	-	(2,330)
Transfers	5,543	2,864	-	-	(8,507)	(100)
Transition adjustment	281	1,966	-	126	-	2,373
March 31, 2020	70,670	91,636	41,615	23,023	17,524	244,468
Additions	-	5,448	1,968	185	3,045	10,646
Disposal	(1,292)	(100)	(2,160)	-	-	(3,552)
Transfers	1,452	15,901	1,704	-	(20,072)	(1,015)
Transition adjustment	389	2,993	-	175	-	3,557
March 31,2021	71,219	115,878	43,127	23,383	497	254,104
Depreciation						
March 31, 2019	49,276	67,498	24,427	10,778	-	151,979
Charge for the year	5,046	6,470	3,457	4,397	-	19,370
Eliminated on disposal	(505)	(500)	(1,325)	-	-	(2,330)
Transition adjustment	282	1,966	-	126	-	2,374
March 31, 2020	54,099	75,434	26,559	15,301	-	171,393
Change for the year	3,637	9,565	3,368	4,443	-	21,013
Eliminated on disposal	(920)	(70)	(2,105)	-	-	(3,095)
Transition adjustment	389	2,720	-	175	-	3,284
March 31,2021	57,205	87,649	27,822	19,919	-	192,595
Net book values						
March 31, 2021	14,014	28,229	15,305	3,464	497	61,509
March 31, 2020	16,571	16,202	15,056	7,722	17,524	73,075

9. Property, plant and equipment (continued)

	Company					
	Leasehold improvement $'000	Computer equipment $'000	Furnitures and fixtures $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Cost						
March 31, 2019	60,796	51,779	40,705	15,789	2,649	171,718
Additions	60	775	2,235	5,088	23,382	31,540
Transfers	5,543	2,864	-	-	(8,507)	(100)
Disposal	(505)	(500)	(1,325)	-	-	(2,330)
March 31, 2020	65,894	54,918	41,615	20,877	17,524	200,828
Additions	-	5,448	1,968	185	3,045	10,646
Disposal	(1,292)	(100)	(2,160)	-	-	(3,552)
Transfers	1,452	15,901	1,704	-	(20,072)	(1,015)
March 31, 2021	66,054	76,167	43,127	21,062	497	206,907
Depreciation						
March 31, 2019	44,781	36,043	24,427	8,758	-	114,009
Charge for the year	5,046	6,470	3,457	4,397	-	19,370
Eliminated on disposal	(505)	(500)	(1,325)	-	-	(2,330)
March 31, 2020	49,322	42,013	26,559	13,155	-	131,049
Change for the year	3,637	8,848	3,368	4,443	-	20,296
Eliminated on disposal	(920)	(70)	(2,105)	-	-	(3,095)
March 31, 2021	52,039	50,791	27,822	17,598	-	148,250
Net book values						
March 31, 2021	14,015	25,376	15,305	3,464	497	58,657
March 31, 2020	16,572	12,905	15,056	7,722	17,524	69,779

10. Intangible assets and goodwill

	Group					
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
March 31, 2019	73,463	65,424	32,914	330,785	1,917	504,503
Additions	960	-	-	-	2,361	3,321
Transfers	204	-	-	-	(204)	-
Translation adjustment	-	15,759	(8,620)	36,627	-	43,766
March 31, 2020	74,627	81,183	24,294	367,412	4,074	551,590
Additions	8,115	-	-	-	5,883	13,998
Transfers	8,372	-	-	-	(8,372)	-
Translation adjustment	-	3,275	2,730	29,568	-	35,573
March 31, 2021	91,114	84,458	27,024	396,980	1,585	601,161
Amortisation and impairment						
March 31, 2019	45,193	9,625	-	4,623	-	59,441
Charge for the year	9,768	21,041	-	-	-	30,809
Translation adjustment	-	(288)	-	-	-	(288)
March 31, 2020	54,961	30,378	-	4,623	-	89,962
Change for the year	10,253	18,026	-	-	-	28,279
Impairment for the year	-	-	900	-	-	900
Translation adjustment	-	1,321	-	-	-	1,321
March 31,2021	65,214	49,725	900	4,623	-	120,462
Net book values						
March 31, 2021	25,900	34,733	26,124	392,357	1,585	480,699
March 31, 2020	19,666	50,805	24,294	362,789	4,074	461,628

	Company					
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
March 31, 2019	73,463	27,600	4,200	4,623	1,917	111,803
Additions	960	-	-	-	2,361	3,321
Transfers	204	-	-	-	(204)	-
March 31, 2020	74,627	27,600	4,200	4,623	4,074	115,124
Additions	8,115	-	-	-	5,883	13,998
Transfers	8,372	-	-	-	(8,372)	-
March 31,2021	91,114	27,600	4,200	4,623	1,585	129,122
Amortisation and impairment						
March 31, 2019	45,193	9,625	-	4,623	-	59,441
Charge for the year	9,768	3,450	-	-	-	13,218
March 31, 2020	54,961	13,075	-	4,623	-	72,659
Charge for the year	10,253	3,450	-	-	-	13,703
Impairment for the year	-	-	900	-	-	900
March 31,2021	65,214	16,525	900	4,623	-	87,262
Net book values						
March 31, 2021	25,900	11,075	3,300	-	1,585	41,860
March 31, 2020	19,666	14,525	4,200	-	4,074	42,465

10. Intangible assets (continued)

Impairment testing for intangible assets with indefinite life

The recoverable amount of the Micro Credit Limited Trademark and Tradename is based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the Cash Generating Unit (CGU). The carrying amount of the CGU was determined to be its recoverable amount of $600,000 (2020: $1,500,000), therefore an impairment charge of $900,000 was recognised during the year (2020: $Nil). The impairment charge was fully allocated to Trademark and Tradename and included in Other Expenses.

The key assumptions used in the estimation of value in use were as follows:

	2021	2020
Discount rate	21.5%	21.0%
Revenue growth rate	6.8%	9.3%
Terminal value growth rate	3.0%	3.0%

Following the impairment charge recognised for the Micro Credit Limited Trademark and Tradename, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

The recoverable amount of the Damark Trademark and Tradename and Embassy Loans Inc Intellectual Property for the Group is based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The recoverable amount of the CGU was determined to be higher than the carrying value amount of $24,432,000 (2020: $22,794,000), therefore no impairment charge recognised during the year (2020: $Nil).

The estimated recoverable amount of the Damark Trademark and Tradename and Embassy Loans Inc Intellectual Property exceeds carrying amount by approximately $21,206,000 (2020: $29,540,000). Management has estimated that a reasonable change in two key assumptions would cause the recoverable amount to remain in excess of the carrying amount.

Sensitivity Analysis

The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount			
	Jamaica		USA	
	2021	2020	2021	2020
Discount rate	+120%	+109%	+70%	+140%
Loan growth rate	-200%	-170%	Not Applicable	Not Applicable

The discount rate for Jamaica was a pre-tax measure based on the rate of 20-year Government of Jamaica bonds and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

10. Intangible assets (continued)

The discount rate for the United States was a pre-tax measure based on the rate of 20-year United States Government Treasury bonds and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Ten years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity and the long-term compound annual loan growth rate estimated by management based on the expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past 3 years and the estimated loan disbursements for the next 10 years.

Impairment testing for Goodwill

The recoverable amount of the Goodwill for the Group is based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The recoverable amount of the CGU was determined to be higher than the carrying value amount of $392,358,000 (2020: $362,789,000), therefore no impairment charge recognised during the year (2020: $Nil).

The key assumptions used in the estimation of value in use were as follows:

	2021	2020
Discount rate	15.0%	15.0%
Revenue growth rate	7.6%	5.3%
Terminal value growth rate	2.0%	2.0%

The estimated recoverable amount of the goodwill exceeds carrying amount by approximately $602,514,000 (2020: $567,155,000). Management has estimated that a reasonable change in two key assumptions would cause the recoverable amount to remain in excess of the carrying amount.

Sensitivity Analysis

The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	2021	2020
Discount rate	+60.0%	+367%
Loan growth rate	-18.5%	-46%

10. Intangible assets (continued)

Sensitivity Analysis (continued)

The discount rate was a pre-tax measure based on the rate of 20-year United States Government Treasury bonds and in the same currency as the cash flows , adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Ten years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity and the long-term compound annual loan growth rate estimated by management based on the expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past 3 years and the estimated loan disbursements for the next 10 years.

11. 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.

Deferred tax is due to the following temporary differences:

	Group					
	March 31, 2019	Recognised in profit or loss (note 19)	March 31, 2020	Recognised in profit or loss (note 19)	Recognised in OCI	March 31, 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Accounts payable	6,182	1,792	7,974	672	-	8,646
Property, plant & equipment	(2,788)	7,805	5,017	5,259	-	10,276
Loans receivable	132,763	(43,895)	88,868	48,326	(490)	136,704
Intangible assets	-	2,702	2,702	-	-	2,702
Leases	-	(128)	(128)	2,233	-	2,105
Other	(13)	2,987	2,974	(21,666)	-	(18,692)
	136,144	(28,737)	107,407	34,824	(490)	141,741

	Company				
	March 31, 2019	Recognised in profit or loss (note 19)	March 31, 2020	Recognised in profit or loss (note 19)	March 31, 2021
	$'000	$'000	$'000	$'000	$'000
Accounts payable	6,182	1,792	7,974	672	8,646
Property, plant & equipment	(2,788)	7,805	5,017	5,259	10,276
Leases	-	573	573	2,233	2,806
Loans receivable	112,840	(27,260)	85,580	34,357	119,937
Other	(13)	2,987	2,974	(21,666)	(18,692)
	116,221	(14,103)	102,118	20,855	122,973

12. Payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Payables and accruals	124,791	81,439	19,552	22,203
Cash collateral held	116,760	142,013	116,760	142,013
Advance payments	88,651	181,555	88,651	67,587
	330,202	405,007	224,963	231,803

13. Loans payable

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Corporate bond-holders (i)	1,286,299	1,483,402	1,286,299	1,483,402
Sagicor Bank Jamaica Limited (ii)	16,794	44,211	16,794	44,211
JMMB Bank Limited (iii)	85,911	297,291	85,911	297,291
Proven Investments Limited (iv)	-	100,000	-	100,000
Development Bank of Jamaica Limited (v)	1,153,770	1,139,629	1,153,770	1,139,629
Micro Investment Development Agency (vi)	-	5,187	-	5,187
Inter-American Development Bank (vii)	-	21,566	-	21,566
Embassy loans (viii)	-	-	144,877	133,959
Other (ix)	-	133,959	-	-
	2,542,774	3,225,245	2,687,651	3,225,245
The loans mature as follows:				
1 to 3 months	168,489	20,031	168,489	20,031
3 to 12 months	747,041	1,165,196	747,041	1,031,237
	915,530	1,185,227	915,530	1,051,268
Over 12 months	1,627,244	2,040,018	1,772,121	2,173,977
	2,542,774	3,225,245	2,687,651	3,225,245

(i) This represents five year fixed and variable rate bond notes due in 2025 and 2026, arranged by Proven Wealth Limited and registered with JCSD Trustee Services Limited, as Trustee. Interest is payable every six months and the fixed rate bonds interest rate ranges from 7.85% to 8%. The variable rate bonds interest rate is 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.

13. Loans payable (continued)

(ii) This loan attracts interest at 9% per annum and is secured by promissory notes and letter of commitment executed by the Company under seal. This will mature on September 30, 2021

(iii) These loans represent a seven-year Term Loan an at interest rate of 8%. They are secured by promissory note.

(iv) This represented a 3-month Revolving Line of Credit and attracted interest at 10.50% per annum. It is secured by promissory note. This matured during the year.

(v) These loans bear interest averaging 9% (2020 : 9%) and are repayable monthly and quarterly over 24 months. They are secured by promissory note.

(vi) This loan attracts interest at 10% per annum and was repayable within 21 months. It was secured by Promissory Note, assignment of receivables and participation agreement. This was matured during the year.

(vii) This loan attracts interest at the Jamaican Treasury Bill rate + 5%, with principal payments every six months. This was matured during the year.

(viii) The loan represents deferred consideration on the purchase of Embassy Loans. This attracts interest at 20% per annum and payable on demand.

(ix) This represented two senior secured notes issued by the subsidiary bearing interest of 10% per annum. The notes, which matured on December 14, 2020, are secured by a security agreement and a deposit control agreement.

14. Leases

The Group leases property mainly for the operations of its branches. The leases typically run for 1 to 5 years, with options to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

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

(a) Right-of-use assets

	Group		Company	
	Land and building 2021	Land and building 2020	Land and building 2021	Land and building 2020
	$'000	$'000	$'000	$'000
Balance at beginning of the year	155,683	195,466	95,495	123,712
Additions	35,878	23,452	35,878	23,452
Disposals, net	(4,099)	-	(4,099)	-
Adjustments	1,457	-	(200)	-
Depreciation charge for the year	(69,059)	(67,941)	(50,549)	(51,669)
Exchange adjustments	5,007	4,706	-	-
Balance at end of year	124,867	155,683	76,525	95,495

14. Leases (continued)

(b) Lease liabilities

	Group		Company	
	Land and building 2021	Land and building 2020	Land and building 2021	Land and building 2020
Maturity analysis – contractual undiscounted cash flows:				
Less than one year	72,065	66,439	49,592	45,659
One to five years	86,374	121,637	45,544	64,493
	158,439	188,076	95,136	110,152
Less: future interest	(16,025)	(26,808)	(7,387)	(12,366)
Total discounted lease liabilities as at March 31	142,414	161,268	87,749	97,786
Less: current portion	(72,228)	(66,814)	(54,827)	(52,489)
Non-current	70,186	94,454	32,922	45,297

(c) Amounts recognised in profit or loss:

	Group		Company	
	Land and building 2021 $'000	Land and building 2020 $'000	Land and building 2021 $'000	Land and building 2020 $'000
Expense relating to leases of low value assets	994	505	144	144
Depreciation charge for the year	69,059	67,941	50,549	51,669
Interest on lease liabilities	16,412	17,698	9,165	9,563

(d) Amounts recognised in the statement of cash flows:

	Group		Company	
	Land and building 2021 $'000	Land and building 2020 $'000	Land and building 2021 $'000	Land and building 2020 $'000
Total cash outflow for leases	83,759	80,008	60,924	58,941

15. Share capital

	2021 $'000	2020 $'000
Authorised share capital		
350,000,000 (2020:350,000,000) ordinary shares of no-par value		
Stated capital, issued and fully paid:		
274,509,840 (2020: 274,509,840) ordinary shares of no par value	96,051	96,051

16. Equity reserves

(a) Fair value reserve

This represents unrealised gains on revaluation of investment classified as fair value through other comprehensive income.

(b) Foreign exchange translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the foreign subsidiary.

17. Staff costs

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Wages, salaries and statutory contributions	551,132	605,827	357,751	366,047
Pension contributions	21,040	22,091	11,296	11,206
Other staff benefits	98,339	97,526	77,960	77,419
	670,511	725,444	447,007	454,672

18. Other operating expenses

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Advertising	38,873	66,975	24,622	26,858
Agency fees	12,059	18,610	12,059	18,610
Audit fees	28,492	24,237	20,047	20,723
Bank charges	6,585	8,473	2,317	3,844
Cleaning and sanitation	4,739	7,121	3,550	4,829
Courier and collection services	5,077	6,936	5,077	6,936
Directors' fees [note 22(a)]	2,827	3,121	2,827	3,121
Insurance	3,216	4,196	3,216	4,196
Irrecoverable GCT	35,973	47,561	35,973	47,561
Legal and professional fees	24,247	48,899	12,665	33,911
Loans written off	93,352	210,245	12,913	37,740
Motor vehicle expenses	999	1,161	999	1,161
Printing and stationery	7,881	13,290	7,881	13,290
Rent	994	505	144	144
Repairs and maintenance	3,131	3,195	3,131	3,195
Security	6,332	7,484	6,224	7,017
Subscriptions & donations	10,125	8,521	10,125	8,521
Travel and entertainment	1,386	4,165	1,386	4,165
Utilities	55,170	64,390	46,741	55,873
Other expenses	52,440	69,466	32,495	43,342
	393,898	618,551	244,392	345,037

19. Taxation

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
(a) Taxation for the year comprises:				
Current tax expense	107,040	37,041	107,040	43,974
Prior year tax under provision	3,402	-	3,402	-
Deferred tax arising from temporary differences	(34,824)	28,737	(20,855)	14,103
	75,618	65,778	89,587	58,077

(b) Reconciliation of actual tax expense

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Profit before tax	341,305	395,525	354,726	424,398
Expected tax expense at 25%	85,326	98,881	88,682	106,100
Effect of different tax rate in foreign jurisdiction	(201)	(105)	-	-
Adjusted for difference in treatment of:				
Depreciation and capital allowances	538	8,437	538	8,437
Prior year tax adjustment	3,402	-	3,402	-
Disallowed expenses	(13,447)	1,798	(3,035)	(13,227)
	75,618	109,011	89,587	101,310
Adjustment for the effect of tax remission	-	(43,233)	-	(43,233)
	75,618	65,778	89,587	58,077

(c) Remission of income tax:

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

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

Therefore, on October 31, 2019 the tax benefit expired. The financial statements for 2020 were prepared on the basis that the Company would retain the full benefit of the tax remissions effected in 2020 and prior periods.

20. 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.

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Net profit attributable to stockholders ($'000)	265,687	329,747	265,139	366,321
Number of ordinary stock units ('000)	274,510	274,510	274,510	274,510
Earnings per stock unit ($)	0.97	1.20	0.97	1.33

21. Dividends

	Company	
	2021	2020
	$'000	$'000
In respect of 2020	63,137	134,510

At meetings of The Board of Directors on 30 July 2020, 29 October 2020, and 4 February 2021, dividend payments of $0.05, $0.08, and $0.10 respectively were approved by the Board of Directors.

After the reporting date, The Board of Directors proposed $0.20 dividend per share at a meeting held on June 3, 2021. The dividends have not been recognized as liabilities.

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.

(a) The statement of profit or loss and other comprehensive income includes the following transactions with related parties in the ordinary course of business.

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Key management compensation (included in staff costs Note 17)				
Key management includes director and senior managers :				
Salaries and other short-term employee benefits	161,557	150,253	60,805	55,723
Post employment benefits	16,032	12,438	4,284	3,484
Interest expense	5,466	13,581	-	-
Directors' emoluments				
Fees (note 18)	2,827	3,121	2,827	3,121
Management remuneration	19,019	16,995	13,324	16,955

22. Related party transactions and balances (continued)

(a) (Continued)

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Lease payments – related entities				
Renew Limited	22,240	19,449	22,240	19,449
Aeric Investments Limited	5,538	-	5,538	-
Loan interest income- subsidiary:				
Embassy Loans Inc.	-	-	87,479	104,916
Loan interest expense– related entities:				
Proven Investments Limited	(2,589)	(4,904)	(2,589)	(4,904)
Loan commitment and origination fees – related entities:				
Proven Investments Limited	-	(4,718)	-	(4,718)

(b) The statement of financial position includes balances arising in the ordinary course of business with related parties as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balances due from:				
Embassy Loans Inc. (note 6)	-	-	87,142	103,818
Balances due to:				
Embassy Loans Inc. (note 13)	-	-	(144,877)	(133,959)
Proven Investments Limited	-	(100,000)	-	(100,000)
Loans Payable:				
Other Related Party	-	133,959	-	-

23. Segment information

	2021			
	Jamaica	United States	Eliminations	Group
	$'000	$'000	$'000	$'000
Interest income	1,478,800	134,612	(87,479)	1,525,933
Segment results	354,726	(13,421)	-	341,305
Taxation				(75,618)
Profit for the year				265,687
Interest expense	(245,999)	(98,246)	87,412	(256,833)
Allowance for credit losses	(324,709)	29,720	-	(294,989)
Impairment	(900)	-	-	(900)
Depreciation and amortization	(84,548)	(33,803)	-	(118,351)
Total segment assets	5,311,805	1,123,957	(944,683)	5,491,089
Total segment liabilities	(3,026,366)	(607,656)	594,212	(3,039,810)

23. Segment information (continued)

	2020			
	Jamaica	United States	Eliminations	Group
	$'000	$'000	$'000	$'000
Interest income	1,597,306	210,624	(104,916)	1,703,014
Segment results	424,398	(6,994)	(21,879)	395,525
Taxation				(65,778)
Profit for the year				329,747
Interest expense	(231,868)	(103,203)	81,486	(253,585)
Allowance for credit losses	(291,884)	(5,164)	-	(297,048)
Depreciation and amortisation	(84,257)	(33,814)	-	(118,071)
Total segment assets	5,637,555	1,286,247	(961,359)	5,962,443
Total segment liabilities	(3,554,834)	(1,144,258)	907,572	(3,791,520)

24. Financial instruments – risk management

The Group has exposure to financial instruments risks such as credit, liquidity and market risks from its use of financial instruments, as well as operational risk.

The Group has documented strategies, polices, procedures, processes and authority delegated throughout the organization to manage its risk and monitor compliance.

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 credit risk, foreign exchange risk, interest rate risk, and investments of excess liquidity.

The risk management policies and procedures are established to identify, evaluate and analyse the risks faced by the Group, to set appropriate controls and to monitor adherence to standards set. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered and to ensure prudential and regulatory compliance.

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

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk

Credit risk exposure is the amount of loss that the Group would suffer if all counterparties to which the Group was exposed were to default at once. There are no financial assets not recognised; accordingly, this exposure is represented substantially by the carrying amount of financial assets recognised in the statement of financial position, without taking account of the value of any collateral held. At the reporting date, the maximum exposure to credit risk on financial assets, without taking account of the value of any collateral held, was the same as the carrying amounts in the statement of financial position.

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

- Concentration of risk – Loans and advances

The following table summarises the Group's credit exposure for loans and advances at their carrying amounts, as categorised by the customer sector:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Personal loans	4,272,440	4,511,468	3,901,291	3,852,462
Business loans	334,369	470,503	334,369	470,503
	4,606,809	4,981,971	4,235,660	4,322,965
Less: Provision for credit losses	(520,140)	(511,057)	(479,749)	(446,397)
	4,086,669	4,470,914	3,755,911	3,876,568

(ii) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortized cost:

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(ii) Credit quality analysis

- Loans receivable at amortised cost:

	Group 2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	3,429,211	243	299	3,429,753
Past due 1-30 days	458,922	-	-	458,922
Past due 31-60 days	283,969	84,735	-	368,704
Past due 60-90 days	80,300	48,182	-	128,482
Over 90 days	-	-	220,948	220,948
Total	4,252,402	133,160	221,247	4,606,809
Loss allowance	(293,416)	(29,835)	(196,889)	(520,140)
	3,958,986	103,325	24,358	4,086,669

	Group 2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	3,768,462	4,055	1,376	3,773,893
Past due 1-30 days	831,099	7,801	5,252	844,152
Past due 31-60 days	104,236	39,212	945	144,393
Past due 60-90 days	25,445	50,449	10,912	86,806
Over 90 days	-	-	132,727	132,727
Total	4,729,242	101,517	151,212	4,981,971
Loss allowance	(395,978)	(16,779)	(98,300)	(511,057)
	4,333,264	84,738	52,912	4,470,914

	Company 2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	3,426,658	243	299	3,427,200
Past due 1-30 days	454,595	-	-	454,595
Past due 31-60 days	-	84,735	-	84,735
Past due 60-90 days	-	48,182	-	48,182
Over 90 days	-	-	220,948	220,948
Total	3,881,253	133,160	221,247	4,235,660
Loss allowance	(253,025)	(29,835)	(196,889)	(479,749)
	3,628,228	103,325	24,358	3,755,911

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(ii) Credit quality analysis (continued)

- Loans receivable at amortised cost (continued):

	Company 2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	3,378,444	4,055	1,376	3,383,875
Past due 1-30 days	613,301	7,801	5,252	626,354
Past due 31-60 days	78,491	39,212	945	118,648
Past due 60-90 days	-	50,449	10,912	61,361
Over 90 days	-	-	132,727	132,727
Total	4,070,236	101,517	151,212	4,322,965
Loss allowance	(298,002)	(16,779)	(131,616)	(446,397)
	3,772,234	84,738	19,596	3,876,568

(iii) Management of credit risk

The way in which the company manages the credit risk to which it is exposed on the financial assets it holds is set out below.

(1) Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated loss ratios and the default correlations between counterparties.

The Group uses ECL models developed by independent service providers to determine the ECL allowances for its loans receivable. The models measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The COVID-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The increase in inflation rate, interest rates, unemployment rate and decrease in gross domestic products have resulted in an increase in the credit risk of loans and advances.

(2) Cash and cash equivalents, including resale agreements

The Group limits its exposure to risk on cash and cash equivalents by holding balances with reputable financial institutions. The Group holds collateral for balances with brokers/dealers when securities are held under resale agreements.

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iii) Management of credit risk

(3) Other receivables

Other receivables mainly consists of interest receivable from subsidiary and this amounts are considered recoverable as the subsidiary has the intention and ability to pay.

(iv) Impairment

Inputs, assumptions and techniques used for estimating impairment

See accounting policy at note 3(i).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and third party policies including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in credit scores;
- qualitative indicators; and
- a backstop of 30 days past due.

Credit risk grades:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Significant increase in credit risk (continued)

Credit risk grades (continued):

Each exposure is allocated to a credit risk score on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. financial statements, management accounts, budgets and projections.
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.
- External data from credit reference agencies, including industry-standard credit scores.
- Payment record – this includes overdue status as well as a range of variables about payment ratios.

Determining whether credit risk has been increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

Credit risk is deemed to have increased significantly based on the days past due of the loan repayments. In addition, the Group considers degradation of credit risk drivers an additional indicator of credit risk increase. These are qualitative indicators of credit quality and include such factors such as the borrower's employment arrangements, payment method, industry or personal conditions.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Determining whether credit risk has been increased significantly (continued)

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Definition of default:

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the company to actions such as realising security (if any is held);
- the borrower is more than 30 days past due on any material credit obligation to the company.
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Definition of default (continued):

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's Finance team and provide the best and worst estimate view of the economy.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Incorporation of forward-looking information (continued)

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans without collateral, LGD is estimated on the basis of the average recovery rate for these loans.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the company considers a longer period.

24. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Measurement of ECL (continued)

	Group 2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Loans receivable:				
Balance at April 1, 2020	395,978	16,779	98,300	511,057
Net remeasurement of loss allowance	(108,013)	13,056	389,946	294,989
Translation adjustments	5,451	-	-	5,451
Loans written off	-	-	(291,357)	(291,357)
Balance at March 31, 2021	293,416	29,835	196,889	520,140

	Group 2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Loans receivable:				
Balance at April 1, 2019	309,966	24,996	167,113	502,075
Net remeasurement of loss allowance	82,458	(8,217)	222,807	297,048
Translation adjustments	3,554	-	-	3,554
Loans written off	-	-	(291,620)	(291,620)
Balance at March 31, 2020	395,978	16,779	98,300	511,057

	Company 2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Loans receivable:				
Balance at April 1, 2020	298,000	16,779	131,618	446,397
Net remeasurement of loss allowance	(44,975)	13,056	356,628	324,709
Loans written off	-	-	(291,357)	(291,357)
Balance at March 31, 2021	253,025	29,835	196,889	479,749

	Company 2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Loans receivable:				
Balance at April 1, 2019	220,706	24,996	200,431	446,133
Net remeasurement of loss allowance	77,294	(8,217)	222,807	291,884
Loans written off	-	-	(291,620)	(291,620)
Balance at March 31, 2020	298,000	16,779	131,618	446,397

24. Financial instruments – risk management (continued)

(b) 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) Optimising cash returns on investments

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.

	Group 2021						
	Carrying amount $'000	Contractual cash flows $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Payables	330,202	330,202	35,826	294,376	-	-	330,202
Loans payable	2,542,774	3,313,908	205,695	881,451	473,727	1,753,035	3,313,908
Lease liability	142,414	158,439	19,411	52,615	57,008	29,405	158,439
Total financial liabilities	3,015,390	3,802,549	260,932	1,228,442	530,735	1,782,440	3,802,549

	Group 2020						
	Carrying amount $'000	Contractual cash flows $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Payables	405,007	405,007	55,814	349,193	-	-	405,007
Loans payable	3,225,245	4,072,077	73,273	1,355,618	874,530	1,768,655	4,072,077
Lease liability	161,268	188,076	16,708	49,731	57,635	64,002	188,076
Total financial liabilities	3,791,520	4,665,160	145,795	1,754,542	932,165	1,832,657	4,665,160

24. Financial instruments – risk management (continued)

(b) Liquidity risk (continued)

	Company 2021						
	Carrying amount $'000	Contractual cash flows $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Payables	224,963	224,963	19,213	205,750	-	-	224,963
Loans payable	2,687,651	3,313,908	205,695	881,451	473,727	1,753,035	3,313,908
Lease liability	87,749	95,136	13,792	35,760	34,535	11,049	95,136
Total financial liabilities	3,000,363	3,634,007	238,700	1,122,961	508,262	1,764,084	3,634,007

	Company 2020						
	Carrying amount $'000	Contractual cash flows $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Payables	231,803	231,804	35,379	196,425	-	-	231,804
Loans payable	3,225,245	4,062,030	73,273	1,211,612	874,530	1,902,614	4,062,030
Lease liability	97,786	110,152	11,513	34,146	36,855	27,638	110,152
Total financial liabilities	3,554,834	4,403,986	120,165	1,442,183	911,385	1,930,252	4,403,986

(c) Market risk

(i) 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 Group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

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

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Assets				
Cash and bank balances	368,140	184,410	99,545	4,985
Related party receivables	-	-	87,142	103,818
Receivables (loan and advances)	330,758	595,978	-	1,632
	698,898	780,388	186,687	110,435

24. Financial instruments – risk management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Liabilities				
Balances to Embassy Loans Inc.	-	-	144,877	133,959
Lease liabilities	102,522	130,844	54,857	67,361
	102,522	130,844	199,734	201,320

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 6% (2020: 6%) depreciation and a 2% (2020: 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	Group		Company	
	2021		2021	
	% change in currency rate	Effect on profit $'000	% change in currency rate	Effect on on profit $'000
USD	-6	35,783	-6	(781)
USD	+2	11,928	+2	260

(ii) 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 Group is exposed to equity securities price risk arising from its holding of available-for-sale investments. As the Group 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.

24. Financial instruments – risk management (continued)

(c) Market risk (continued)

(ii) Price risk (continued)

Cash flow and fair value interest rate risk (continued)

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.

The Group is primarily exposed to cash flow interest rate risk on its variable rate borrowings. The Group 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 Group. The Group'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 and loans and advances as most are at fixed rates and the one at variable rate is not considered significant.

(d) 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.

(e) Financial instruments measured at fairvalue

The Company's equity investments of financial instruments measured are classified at Level 1 of the fair value hierarchy. There were no transfers between levels during the period.

(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 during the year in the Group's management process.

25. Impact of the COVID-19 Pandemic

In March 2020, The World Health Organisation declared the novel coronavirus, COVID-19, as a global pandemic. As a first step Group instituted measures at Group's head office and branches to safeguard and protect our stakeholders by not only providing information to their employees, business partners and clients and but also equipping all personnel with supplies to prevent contagion and establishing protocols to access our premises.

This also necessitated the establishment and implementation of a Remote Work Arrangement Policy to ensure that Group's staff could work remotely and operate using a flexible work plan. Technology enhancements was also implemented to allow Group to conduct business with their customers electronically, therefore minimizing the physical contact of the staff and customers on our premises. The Business Continuity Plan for a pandemic was put in place and members of the Crisis Management Team of the Company attended regular meetings in which the impacts to its business are assessed and measures are discussed to curb the spread of the COVID-19 and maintain business operations.

The impact of COVID-19 on Group's loan portfolios resulted in increased credit risk due to higher delinquency levels, and increased liquidity risk due to lower cash inflows from customer loan repayments and/or deferral of loan payments. The increased exposures from these risks were managed by the Crisis Management Team throughout the year.

Finally, the Group has implemented a cost reduction program to increase the use of technology for efficiency and to reduce operating costs. These and other initiatives are intended to contain the financial impact from the reduction in revenues.

Notes

Form of Proxy can be obtained
on the Company's website at
www.accessfinanceonline.com