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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 9 to 61, which comprise the Group's and Company's statements of financial position as March 31, 2019, 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, 2019, 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 Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

1. *Acquisition of Embassy Loans Inc.*

Key Audit Matter	*How the matter was addressed in our audit*
Accounting for the acquisition of Embassy Loans Inc. as a subsidiary required significant judgement and estimation to determine the fair value of the net assets acquired and the goodwill arising on the acquisition, in accordance with IFRS 3, *Business Combinations.* The determination of fair values involved judgment in the application of discounted cash flow analysis, including the projected cash flows and discount rates reflecting the business risk and capital structure. These measurements, which require the use of judgements, are therefore, subject to higher risk of error. *See note 9 of the financial statements.*	In performing our audit in respect of this matter, we did the following: • Involved our own business valuation specialists in challenging the valuation methodologies and assumptions used by management's valuation expert to identify and measure the fair value of net assets, including intangible assets. We considered historical customer retention rates and growth trends, and reconciled underlying data to customer contracts and relationship databases; • Tested the mathematical accuracy of the calculations including cash flows projections performed by management and management's expert, which formed the basis of accounting measurement for the transaction; • Evaluated the adequacy of disclosures in respect of the acquisition and the assumptions involved in the measurement of goodwill and other intangible assets.

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (Continued)

2. *Measurement of Expected Credit Losses*

Key Audit Matter	*How the matter was addressed in our audit*
IFRS 9, *Financial Instruments*, was implemented by the Group effective April 1, 2018. The standard is new and 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.	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.

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (Continued)

2. *Measurement of Expected Credit Losses (Continued)*

Key Audit Matter	*How the matter was addressed in our audit*
We therefore determined that the estimates of impairment in respect of investments and loans have a high degree of estimation uncertainty. In addition, disclosure regarding the Group's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgements and material inputs to the IFRS 9 ECL results. *See notes 3 and 25 of the financial statements.*	• Assessed the adequacy of the disclosures of the key assumptions and judgements as well the details of the transition adjustment for compliance with the standard.

Other Matter

The financial statements as at and for the year ended March 31, 2018 were audited by another firm of chartered accountants, which expressed an unmodified audit opinion on those financial statements on May 25, 2018.

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

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 7 to 8, forms part of our 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 Nigel Chambers.

KPMG

Chartered Accountants
Kingston, Jamaica

May 30, 2019

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.

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, 2019

	Notes	Group 2019	Company 2019	Company 2018
Assets				
Cash and cash equivalents	5	411,815,191	282,131,143	315,928,141
Financial investments	6	3,814,403	3,814,403	2,773,316
Other accounts receivable	7	40,537,248	23,149,702	35,211,925
Loans and advances	8	3,735,411,744	3,212,408,676	2,932,175,904
Investment in subsidiary	9	-	857,541,118	-
Property, plant and equipment	10	59,625,903	59,625,903	61,788,252
Intangible assets	11	443,143,828	50,444,739	48,415,730
Deferred tax assets	12	136,143,639	116,221,194	122,249,960
Total assets		$4,830,491,956	4,605,336,878	3,518,543,228
Liabilities and equity				
Liabilities				
Payables	13	379,788,265	211,493,623	193,788,407
Loans payable	14	2,216,139,049	2,216,139,049	964,740,800
Current income tax payable		12,735,423	2,914,598	56,737,705
Total liabilities		2,608,662,737	2,430,547,270	1,215,266,912
Stockholder's equity				
Share capital	15	96,050,714	96,050,714	96,050,714
Fair value reserve	16	1,800,922	1,800,922	759,835
Foreign exchange translation		(23,839,026)	-	-
Retained earnings		2,147,816,609	2,076,937,972	2,206,465,767
Total equity		2,221,829,219	2,174,789,608	2,303,276,316
Total liabilities and equity		$4,830,491,956	4,605,336,878	3,518,543,228

The financial statements on pages 9 to 61 were approved for issue by the Board of Directors on May 30, 2019, and signed on its behalf by:

Rex James — Chairman

Marcus James — Chief Executive Officer

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, 2019

	Notes	Group 2019	Company 2019	Company 2018
Operating income				
Interest income from loans	4(i)	1,398,728,799	1,335,869,348	1,456,152,107
Interest income from securities		6,993,840	6,993,840	10,621,054
Total interest income, calculated on the effective interest method		1,405,722,639	1,342,863,188	1,466,773,161
Interest expense		(138,604,618)	(134,750,039)	(105,573,732)
Net interest income		1,267,118,021	1,208,113,149	1,361,199,429
Net fees and commissions on loans		311,383,978	197,680,792	314,089,332
		1,578,501,999	1,405,793,941	1,675,288,761
Other operating income:				
Money services fees and commission		29,657,095	1,648,343	1,442,659
Foreign exchange (losses)/gains		(4,581,460)	(4,581,460)	1,312,406
Other income		44,744,169	36,434,317	26,309,851
		69,819,804	33,501,200	29,064,916
		1,648,321,803	1,439,295,141	1,704,353,677
Operating expenses				
Staff costs	17	491,165,554	425,564,335	382,083,303
Allowance for credit losses	8(b)	146,825,289	134,280,834	226,657,740
Depreciation and amortisation	10	30,332,501	30,332,501	19,038,171
Other operating expenses	18	402,839,493	332,342,838	274,624,954
		1,071,162,837	922,520,508	902,404,168
Profit before taxation		577,158,966	516,774,633	801,949,509
Taxation	19	(100,312,992)	(110,807,296)	(85,921,914)
Profit for the year		476,845,974	405,967,337	716,027,595
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Unrealised gains on investments at fair value through other comprehensive income (2018: available-for-sale investment)		1,041,087	1,041,087	17,120
Foreign currency translation loss on overseas subsidiary		(23,839,026)	-	-
Total other comprehensive loss		(22,797,939)	1,041,087	17,120
Total comprehensive income		$ 454,048,035	407,008,424	716,044,715
Earnings per stock unit	20	$ 1.74	1.48	2.61

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

ACCESS FINANCIAL SERVICES LIMITED

Group Statement of Changes in Shareholders' Equity
Year ended March 31, 2019

	Share capital (note 15)	Fair value reserve	Translation reserve	Retained earnings	Total
Balances at March 31, 2017	96,050,714	742,715	-	1,734,751,930	1,831,545,359
Total comprehensive income for 2018					
Profit for the year	-	-	-	716,027,595	716,027,595
Other comprehensive income	-	17,120	-	-	17,120
	-	17,120	-	716,027,595	716,044,715
Transaction with owners					
Dividends paid (note 21)	-	-	-	(244,313,758)	(244,313,758)
Balance at March 31, 2018	96,050,714	759,835	-	2,206,465,767	2,303,276,316
Adjustment of initial application of IFRS 9, net of taxes (note 3)	-	-	-	(195,102,930)	(195,102,930)
Adjusted balances at April 1, 2018	96,050,714	759,835	-	2,011,362,837	2,108,173,386
Total comprehensive income for 2019					
Profit for the year	-	-	-	476,845,974	476,845,974
Other comprehensive loss	-	1,041,087	(23,839,026)	-	(22,797,939)
	-	1,041,087	(23,839,026)	476,845,974	442,275,581
Transaction with owners					
Dividends paid (note 21)	-	-	-	(340,392,202)	(340,392,202)
Balances at March 31, 2019	$96,050,714	1,800,922	(23,839,026)	2,147,816,609	2,221,829,219

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, 2019

	Share capital (note 15)	Fair value reserve	Retained earnings	Total
Balances at March 31, 2017	96,050,714	742,715	1,734,751,930	1,831,545,359
Total comprehensive income for 2018				
Profit for the year	-	-	716,027,595	716,027,595
Other comprehensive income	-	17,120	-	17,120
	-	17,120	716,027,595	116,044,715
Transaction with owners				
Dividends paid	-	-	(244,313,758)	(244,313,758)
Balances at March 31, 2018	96,050,714	759,835	2,206,465,767	2,303,276,316
Adjustment of initial application of IFRS 9, net of taxes (note 3)	-	-	(195,102,930)	(195,102,930)
Adjusted balances at April 1, 2018	96,050,714	759,835	2,011,362,837	2,108,173,386
Total comprehensive income for 2019				
Profit for the year	-	-	405,967,337	405,967,337
Other comprehensive income	-	1,041,087	-	1,041,087
	-	1,041,087	405,967,337	407,008,424
Transaction with owners				
Dividends paid (note 21)	-	-	(340,392,202)	(340,392,202)
Balances at March 31, 2019	$96,050,714	1,800,922	2,076,937,972	2,174,789,608

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

ACCESS FINANCIAL SERVICES LIMITED

Group Statement of Cash Flows
Year ended March 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	476,845,974	716,027,595
Items not affecting cash resources:		
Exchange gain on foreign balances	4,581,460	(1,312,406)
Depreciation and amortisation	30,332,501	19,038,171
Gain on disposal of property, plant and equipment	-	(2,910,000)
Adjustment to property, plant and equipment	-	(1,205,180)
Increase in allowance for loan losses	146,825,293	226,657,740
Interest income	(1,405,722,639)	(1,466,773,161)
Interest expense	138,604,618	105,573,732
Taxation	49,172,361	85,987,795
Deferred tax	51,140,631	(65,881)
	(508,219,801)	(318,981,595)
Changes in operating assets and liabilities:		
Loans and advances	(668,106,828)	(539,429,672)
Other accounts receivable	131,334,928	(6,962,325)
Loans payable, net	1,123,923,786	(166,338,495)
Accounts payable	9,412,436	1,957,355
	88,344,521	(1,015,830,082)
Interest received	1,397,010,581	1,466,752,704
Interest paid	(125,168,590)	(99,796,825)
Taxation paid	(93,174,643)	(102,986,074)
Cash provided by operating activities	1,267,011,869	248,139,723
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant & equipment and intangible assets	(30,198,158)	(47,545,918)
Acquisition of subsidiary	(796,836,388)	-
Proceeds from disposal of property, plant and equipment	-	2,910,000
Net cash used by investing activities	(827,034,546)	(44,635,918)
CASH FLOW FROM FINANCING ACTIVITY		
Dividends paid, being cash used by financing activity	(340,392,202)	(244,313,758)
Increase/(decrease) in cash and cash equivalents at end of the year	99,585,121	(40,809,953)
Effect of exchange rate fluctuations on cash and cash equivalents	(3,698,071)	1,055,663
Cash and cash equivalents at beginning of year	315,928,141	355,682,431
Cash and cash equivalents at end of year (note 5)	$ 411,815,191	315,928,141

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

ACCESS FINANCIAL SERVICES LIMITED

Company Statement of Cash Flows
Year ended March 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	405,967,337	716,027,595
Items not affecting cash resources:		
Exchange loss/ (gain) on foreign balances	4,581,460	(1,312,406)
Depreciation and amortisation	30,332,501	19,037,171
Increase in allowance for loan losses	134,280,834	226,657,740
Interest income	(1,342,863,188)	(1,466,773,161)
Interest expense	134,750,039	105,573,732
Adjustment to property, plant and equipment	-	(1,205,180)
Taxation	39,744,221	85,987,795
Deferred tax	71,063,075	(65,881)
Gain on disposal of property, plant and equipment	-	(2,910,000)
	(522,143,721)	(318,981,595)
Changes in operating assets and liabilities:		
Loans and advances	(674,650,847)	(539,429,672)
Other accounts receivable	12,095,561	(6,962,325)
Loans payable, net	1,250,004,260	(166,338,495)
Accounts payable	10,046,094	1,957,355
	75,351,347	(1,015,830,082)
Interest received	1,342,829,850	1,466,752,704
Interest paid	(127,090,918)	(99,796,825)
Taxation paid	(93,567,327)	(102,986,074)
Cash provided by operating activities	1,197,522,952	248,139,723
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant & equipment and intangible assets	(30,199,159)	(47,545,918)
Proceeds from disposal of property, plant and equipment	-	2,910,000
Investment in subsidiary	(857,541,118)	-
Net cash used by investing activities	(887,740,277)	(44,635,918)
Cash flow from financing activity		
Dividends paid, being cash used by financing activity	(340,392,202)	(244,313,758)
Decrease in cash and cash equivalents at end of the year	(30,609,527)	(40,809,953)
Effect of exchange rate fluctuations on cash and cash equivalents	(3,187,471)	1,055,663
Cash and cash equivalents at beginning of year	315,928,141	355,682,431
Cash and cash equivalents at end of year (note 5)	$ 282,131,143	315,928,141

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

1. The Company

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 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.

The Company acquired a 100% shareholding in its subsidiary, Embassy Loans Inc., on December 15, 2018 (note 9).

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

2. Statement of compliance, basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). This is the first set of the Group's annual financial statements in which IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 3.

At the date of approval of these financial statements, certain new standards were in issue but had not yet come into effect. They were not adopted early and therefore have not been taken into account in preparing these financial statements. Those which are relevant to the Group are set out below:

IFRS 16, *Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

The Group is assessing the impact that the standard will have on its 2020 financial statements.

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

(a) Statement of compliance (continued):

- IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. IFRIC 23 clarifies how the accounting for income tax treatments that are yet to be accepted by the tax authorities is to be applied to the determination of taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

  An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

  If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

  If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty.

  If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

  IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding:

  - judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - assumptions and other estimates used; and
  - potential impact of uncertainties that are not reflected in the financial statements.

  The Group is assessing the impact that the standard will have on its 2020 financial statements.

- Amendments to IFRS 9 *Financial Instruments,* effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

  (i) Prepayment features with negative compensation:

  Financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

2. Statement of compliance, basis of preparation

(a) Statement of compliance (continued):

- Amendments to IFRS 9 *Financial Instruments* (continued)

  (ii) Modifications to financial liabilities:

  If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed-rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

  The Group is assessing the impact that the amendments will have on its 2020 financial statements.

- *Annual Improvements to IFRS* 2015-2017 cycle contain amendments to IFRS 3 *Business Combinations,* IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs* that are effective for annual periods beginning on or after January 1, 2019.

  (i) The amendments to IFRS 3 and IFRS 11 clarify how an increased interest in a joint operation should be accounted for. If a party maintains or obtains joint control, then the previously held interest is not remeasured. But if a party obtains control, this is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.

  (ii) IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently (either in profit or loss, OCI or equity) with the transactions that generated the distributable profits.

  (iii) IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. The change will apply to borrowing costs incurred on or after the date of initial adoption of the amendment.

  The Group is assessing the impact that the amendments in respect of income taxes and borrowing costs will have on its 2020 financial statements.

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

(a) Statement of compliance (continued):

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

  "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."

  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.

(c) Functional and presentation currency:

These financial statements are presented in Jamaica dollars ($), 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 4(e)(ii).

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with 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, basis of preparation (continued)

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

(i) Judgements (continued)

The key relevant judgements are as follows:

Applicable to 2019 only:

(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 4(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 4(g)]

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

(i) Allowance for impairment losses:

Policies applicable to 2019 only

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.

Applicable under IAS 39 for 2018 and prior years

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators to suggest a potential measurable decrease in the estimated future cash flows from loan receivables, for example, because of default or adverse economic conditions. Management makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

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

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

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

(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.

(iii) Residual value and expected useful life of property, plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

3. Changes in accounting policies

The Group has applied IFRS 9 and IFRS 15 from April 1, 2018. A number of other new standards are also effective from January 1, 2018, but they do not have a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Group. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

The effect of initially applying these standards is mainly attributed to the following:

- an increase in impairment losses recognised on financial assets;
- additional disclosures related to IFRS 9; and
- additional disclosures related to IFRS 15.

3. Changes in accounting policies (continued)

IFRS 9, *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IFRS 7, *Financial Instruments: Disclosures* that are applied to disclosures about 2019, but have not been applied to the comparative information.

As permitted by the transitional provisions of IFRS 9, any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period.

(a) The impact, net of tax, of transition to IFRS 9 on the opening retained earnings, is as follows:

Balance as at March 31, 2018	2,206,465,767
Recognition of expected credit losses under IFRS 9:	
Loans receivable	(260,137,240)
Deferred taxation	65,034,310
Adjustment of initial application of IFRS 9, net of taxes	(195,102,930)
Opening balance under IFRS 9 at April 1, 2018	$2,011,362,837

(b) Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. For an explanation on how the Group classifies financial instruments under IFRS 9, see note 4(b)(i).

(c) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments. Under IFRS 9, credit loss allowances are recognised earlier than under IAS 39. For an explanation of how the Group applies the impairment requirement of IFRS 9 see note 4(i).

3. Changes in accounting policies (continued)

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at April 1, 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at April 1, 2018 relates solely to the new impairment requirements.

	Original classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount at March 31, 2018	Remeasurement	IFRS 9 carrying amount at April 1, 2018
Financial assets					
Cash resources	Loans and receivables	Amortised cost	315,928,141	-	315,928,141
Other accounts receivable	Loans and receivables	Amortised cost	35,211,925	-	35,211,925
Financial investments	Available-for-sale	Fair value through other comprehensive income	2,773,316	-	2,773,316
Loans and advances	Loans and receivables	Amortised cost	2,932,175,904	(260,137,240)	2,672,038,664
			$3,286,089,286	(260,137,240)	3,025,952,046

4. Significant accounting policies

Except as described in note 3, 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
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

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.

(ii) 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.

(iii) 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.

(iv) 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.

4. Significant accounting policies (continued)

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

Financial assets

Policy applicable from April 1, 2018

(i) Classification of financial instruments

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 4(g). Interest income from these financial assets is included in 'Total interest income' using the effective interest method.

- *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.

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable from April 1, 2018 (continued)

(i) Classification of financial assets (continued)

Debt instruments (continued)

- *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.

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable from April 1, 2018 (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.

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable from April 1, 2018 (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.

Policy applicable before April 1, 2018

(i) Classification

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

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

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

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable before April 1, 2018 (continued)

(i) Classification (continued)

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

(ii) Recognition and measurement

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

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

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

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

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable before April 1, 2018 (continued)

(ii) Recognition and measurement (continued)

If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. Impairment testing of loans and advances is described in note 3(g).

Financial liabilities

The adoption of IFRS 9 did not have a significant effect on the Group's accounting policies related to financial liabilities, as IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of 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.

(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.

Cash and cash equivalents are measured at amortised cost.

(ii) Other accounts receivable

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

(iii) Payables

Payables are measured at amortised cost.

4. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(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.

Offsetting

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.

(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 and amortisation are recognised in the income statement on the straight-line basis, over the estimated useful lives of property, plant and equipment and intangible assets except for goodwill. The depreciation rates are as follows:

Furniture and fixtures	10%
Leasehold improvement	10%
Computer equipment	20%
Motor vehicle	25%
Computer software	20%
Customer relationships	12.5%

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

4. 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.

(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 loses, if any.

(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.

4. 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 (2018: available-for-sale) 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 available-for-sale (2018) financial assets, 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 US$ at the spot exchange rate at the reporting date. The income and expenses of the foreign operations are translated into US$ 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.

4. Significant accounting policies (continued)

(i) Impairment of financial assets

Policy applicable from April 1, 2018

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 25(b) 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 25(b) 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).

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued)

Policy applicable from April 1, 2018 (continued)

Credit-impaired financial assets

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;
- 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.

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued)

Policy applicable from April 1, 2018 (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.

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued)

Policy applicable from April 1, 2018 (continued)

Presentation of allowance for ECL in the statement of financial position (continued)

The Group has determined that the application of IFRS 9's impairment requirements at April 1, 2018 resulted in an additional allowance for impairment as follows:

	Group and Company
Loss allowance at March 31, 2018 under IAS 39	458,585,449
Impairment recognised at April 1, 2018 under IFRS 9 on loans and other receivables (see note 3)	260,137,240
Loss allowance at April 1, 2018 under IFRS 9	$718,722,689

Policy applicable before April 1, 2018

Allowance for loan losses:

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

(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.

(k) Revenue recognition

(i) Interest income and expense

Policy applicable from April 1, 2018

Interest income and expense are is 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.

4. Significant accounting policies (continued)

(k) Revenue recognition (continued)

(i) Interest income and expense (continued)

Policy applicable from April 1, 2018 (continued)

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.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2019

4. Significant accounting policies (continued)

(l) Operating leases:

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

(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.

(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. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

5. Cash and cash equivalents

	Group	Company	
	2019	2019	2018
Resale agreements	33,903,816	33,903,816	-
Short term deposits	71,242,735	71,242,733	181,369,306
Cash at bank	306,668,640	176,984,594	134,558,835
	$411,815,191	282,131,143	315,928,141

Resale agreements are backed by Government of Jamaica Securities with a fair value of $35,768,000.

6. Financial investments

	Group and Company	
	2019	2018
FVOCI (2018: Available-for-sale) investments:		
Quoted equities	$3,814,403	2,773,316

7. Other accounts receivable

	Group	Company	
	2019	2019	2018
Taxation recoverable	3,509,178	3,509,178	9,794,301
Prepayments and deposits	12,959,745	13,923,710	9,125,937
Money services – Western Union	-	-	993,670
Other	24,068,325	5,716,814	15,298,017
	$40,537,248	23,149,702	35,211,925

8. Loans and advances

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

	Group	Company	
	2019	2019	2018
Due within 1 month	105,395,993	101,009,290	158,540,842
1 to 3 months	121,961,836	87,432,923	114,164,170
3 to 12 months	1,249,282,228	779,288,353	879,763,561
Over 12 months	2,760,848,070	2,690,811,089	2,238,292,780
Gross loans and advances	4,237,488,127	3,658,541,655	3,390,761,353
Less: Allowance for impairment	(502,076,383)	(446,132,979)	(458,585,449)
	$3,735,411,744	3,212,408,676	2,932,175,904

(b) Allowances for loan losses:

	Group 2019	Company 2019	Company 2018
Balance at beginning of year	458,585,449	458,585,449	457,056,205
IFRS 9 transition adjustment	260,137,240	260,137,240	-
	718,722,689	718,722,689	457,056,205
Allowance made during the year	146,825,289	134,280,834	226,657,740
Acquired on acquisition	77,026,984	-	-
Foreign exchange difference	2,321,253	-	-
Adjustment during the year	(2,632,348)	-	(632,542)
Loans written off	(440,187,484)	(406,870,544)	(224,495,954)
Balance at the end of the year	$502,076,383	446,132,979	458,585,449

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

	Group 2019	Company 2019	Company 2018
Personal loans	3,638,234,273	3,059,287,801	2,916,517,089
Business loans:			
Agriculture	69,296,476	69,296,476	50,271,461
Services	211,770,812	211,770,812	206,321,266
Trading	260,006,392	260,006,392	214,865,645
Manufacturing	58,180,174	58,180,174	2,785,891
	599,253,854	599,253,854	474,244,264
	$4,237,488,127	3,658,541,655	3,390,761,353

8. Business combination

Effective December 15, 2018, the Company acquired Embassy Loans Inc., (Embassy) with offices in Miami, Florida. The principal activities of Embassy are the granting of auto equity loans. The acquisition is expected to provide an enhanced level of income, above-average returns, and preservation of capital for shareholders of the Company.

Embassy contributed revenue of $212,881,243 and attributable post-acquisition profit of $61,660,673 to the Group's results in the period to March 31, 2019. If the acquisition had occurred on April 1, 2018, management estimates that consolidated revenue from Embassy Loans would have been $2,279,256,370 and consolidated profit for the year would have been $679,617,093. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 1, 2018.

The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition:

(a) Identifiable assets acquired and liabilities assumed:

	2019
Loans receivable	565,419,847
Other assets	127,948,193
Cash and cash equivalents	60,704,730
Intangible assets	66,538,058
Other liabilities and accruals	(163,151,268)
Subordinated notes payable	(126,080,474)
Net assets acquired	531,379,086
Goodwill acquired	326,162,032
Total consideration on acquisition in the year	$857,541,118

(b) Cash outflow on acquisition

	2019 $'000
Cash and cash equivalents	(731,461,644)
Shareholder notes for two years at a rate of 10% per annum	(126,080,474)
	(857,541,118)
Cash acquired	60,705,730
	$(796,836,388)

10. Property, plant and equipment:

	Group and Company				
	Leasehold improvement	Computer equipment	Furnitures and fixtures	Motor vehicles	Total
Cost					
March 31, 2017	51,691,444	44,497,768	34,189,934	10,689,000	141,068,146
Disposal	-	-	-	(7,400,000)	(7,400,000)
Additions	3,840,596	10,000,788	4,371,220	12,500,000	30,712,604
Transfers	(2,212)	-	-	-	(2,212)
Adjustment	-	513,656	(347,769)	-	165,887
March 31, 2018	55,529,828	55,012,212	38,213,385	15,789,000	164,544,425
Disposal	-	(7,350,419)	(453,081)	-	(7,803,500
Additions	9,831,197	4,117,225	2,944,911	-	16,893,333
March 31, 2019	65,361,025	51,779,018	40,705,215	15,789,000	173,634,258
Depreciation					
March 31, 2017	29,127,541	36,154,108	18,964,175	10,688,999	94,934,823
Adjustment	5,414,048	(6,023,802)	(1,208,549)	-	(1,818,303)
Eliminated on disposal	-	-	-	(7,400,000)	(7,400,000)
Charge for the year	5,273,868	5,768,538	3,653,497	2,343,750	17,039,653
March 31, 2018	39,815,457	35,898,844	21,409,123	5,632,749	102,756,173
Eliminated on disposal	-	(7,350,419)	(453,081)	-	(7,803,500)
Charge for the year	4,966,076	7,493,849	3,470,759	3,125,000	19,055,684
March 31, 2019	44,781,533	36,042,274	24,426,801	8,757,749	114,008,357
Net book values					
March 31, 2019	$20,579,492	15,736,744	16,278,414	7,031,251	59,625,903
March 31, 2018	$15,714,371	19,113,368	16,804,262	10,156,251	61,788,252

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2019

11. Intangible assets

	Group				
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Total
Cost					
March 31, 2017	49,583,358	21,800,000	2,700,000	4,623,000	78,706,358
Adjustment	1,041,505	-	-	-	1,041,505
Additions	9,533,314	5,800,000	1,500,000	-	16,833,314
March 31, 2018	60,158,177	27,600,000	4,200,000	4,623,000	96,581,177
Adjustment	(356,250)	-	-	-	(356,250)
Additions	13,661,075	-	-	-	13,661,075
Acquisition of subsidiary	-	37,824,000	28,714,058	326,162,032	392,700,090
March 31, 2019	73,463,002	65,424,000	32,914,058	330,785,032	502,586,092
Amortisation and impairment					
March 31, 2017	41,623,626	2,725,000	-	-	44,348,626
Adjustment	(11,166,384)	-	-	-	(11,166,384)
Charge for the year	6,910,205	3,450,000	-	4,623,000	14,983,205
March 31, 2018	37,367,447	6,175,000	-	4,623,000	48,165,447
Charge for the year	7,825,818	3,450,999	-	-	11,276,817
March 31, 2019	45,193,265	9,625,999	-	4,623,000	59,442,264
Net book values					
March 31, 2019	$28,269,737	55,798,001	32,914,058	326,162,032	443,143,828
March 31, 2018	$22,790,730	21,425,000	4,200,000	-	48,415,730

	Company				
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Total
Cost					
March 31, 2017	49,583,358	21,800,000	2,700,000	4,623,000	78,706,358
Adjustment	1,041,505	-	-	-	1,041,505
Additions	9,533,314	5,800,000	1,500,000	-	16,833,314
March 31, 2018	60,158,177	27,600,000	4,200,000	4,623,000	96,581,177
Adjustment	(356,250)	-	-	-	(355,250)
Additions	13,661,076	-	-	-	13,661,076
March 31, 2019	73,463,003	27,600,000	4,200,000	4,623,000	109,887,003
Amortisation and impairment					
March 31, 2017	41,623,626	2,725,000	-		44,348,626
Adjustment	(11,166,384)	-	-	-	(11,166,384)
Charge for the year	6,910,205	3,450,000	-	4,623,000	14,983,205
March 31, 2018	37,367,447	6,175,000	-	4,623,000	48,165,447
Charge for the year	7,825,818	3,450,999	-	-	11,276,817
March 31, 2019	45,193,265	9,625,999	-	4,623,000	59,442,264
Net book values					
March 31, 2019	$28,269,737	17,974,001	4,200,000	-	50,444,739
March 31, 2018	$22,790,730	21,425,000	4,200,000	-	48,415,730

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2019

11. Intangible assets (continued)

Goodwill relating to the business acquired from Damark was written off during the prior year based on management's assessment of the recoverable value of the cash generating unit associated with the acquisition.

12. 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					
	April 1, 2017	Recognised in profit or loss (note 19)	March 31, 2018	Recognised in profit or loss (note 19)	Recognised in other comprehensive income [note 3(a)]	March 31, 2019
Accounts payable	-	4,156,279	4,156,279	2,026,083	-	6,182,362
Property, plant & equipment	4,261,370	(4,013,798)	247,572	(3,035,844)	-	(2,788,272)
Loans receivable	82,193,504	32,452,863	114,646,367	(46,917,680)	65,034,310	132,762,998
Other	-	3,199,742	3,199,742	(3,213,190)	-	(13,449)
	$86,454,874	35,795,086	122,249,960	(51,140,631)	65,034,310	136,143,639

	Company					
	April 1, 2017	Recognised in profit or loss (note 19)	March 31, 2018	Recognised in profit or loss (note 19)	Recognised in other retained earnings	March 31, 2019
Accounts payable	-	4,156,279	4,156,279	2,026,083	-	6,182,362
Property, plant & equipment	4,261,370	(4,013,798)	247,572	(3,035,844)	-	(2,788,272)
Loans receivable	82,193,504	32,452,863	114,646,367	(66,840,124)	65,034,310	112,840,553
Other	-	3,199,742	3,199,742	(3,213,190)	-	(13,449)
	$86,454,874	35,795,086	(122,249,960)	(71,063,075)	(65,034,310)	116,221,194

13. Payables

	Group	Company	
	2019	2019	2018
Payables and accruals	46,892,541	37,295,934	69,623,401
Advance payments	332,895,724	174,197,689	124,165,006
	$379,788,265	211,493,623	193,788,407

14. Loans payable

	Group	Company	
	2019	2019	2018
Corporate bond-holders (i)	1,084,653,490	1,084,653,490	199,848,619
Sagicor Bank Jamaica Limited (ii)	73,333,333	73,333,333	56,666,667
Development Bank of Jamaica Limited (iii)	848,285,428	848,285,428	611,501,489
Micro Investment Development Agency (iv)	41,496,202	41,496,202	22,716,340
Inter-American Development Bank (v)	42,290,106	42,290,106	74,007,685
Embassy loans (vi)	-	126,080,490	-
Other (vii)	126,080,490	-	-
	$2,216,139,049	2,216,139,049	964,740,800
The loans mature as follows:			
1 to 3 months	235,936,893	235,936,893	-
3 to 12 months	743,618,301	743,618,301	240,311,591
	979,555,194	979,555,194	240,311,591
Over 12 months	1,236,583,855	1,236,583,855	724,429,209
	$2,216,139,049	2,216,139,049	964,740,800

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

(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.

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

(iv) This loan attracts interest at 10% per annum and is repayable within 21 months. It is secured by Promissory Note, assignment of receivables and participation agreement.

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

(vi) The loan represents deferred consideration on the purchase of Embassy Loans.

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2019

14. Share capital

	Company	
	2019	2018
Authorized share capital 350,000,000 ordinary shares of no par value		
Stated capital, issued and fully paid: 274,509,840 ordinary shares of no par value	96,050,714	96,050,714

14. Fair value reserve

This represents unrealised gains on revaluation of investment classified as fair value through other comprehensive income (2018: available-for-sale).

17. Staff costs

	Group	Company	
	2019	2019	2018
Wages, salaries and statutory contributions	372,300,911	315,078,770	304,578,752
Pension contributions	13,400,967	10,380,608	9,105,321
Other staff benefits	105,463,676	100,104,957	68,399,230
	$491,165,554	425,564,335	382,083,303

18. Other operating expenses

	Group	Company	
	2019	2019	2018
Insurance	4,361,755	4,361,755	4,346,996
Directors' fees	1,959,499	1,959,499	2,592,775
Audit fees	9,386,336	7,762,836	3,200,000
Bank charges	9,156,317	4,379,330	6,491,840
Rent	59,323,634	53,880,233	51,994,863
Legal and professional fees	47,546,776	44,330,037	28,588,542
Courier and collection services	34,253,045	6,739,655	6,403,123
Motor vehicle expenses	915,516	915,516	1,408,441
Repairs and maintenance	2,623,245	2,200,226	10,280,996
Security	9,210,275	9,186,247	8,969,031
Travel and entertainment	4,880,763	4,827,253	3,931,311
Utilities	57,541,780	54,082,816	42,285,742
Subscriptions & donations	1,956,904	1,956,904	3,734,067
Cleaning and sanitation	5,662,440	4,611,320	4,490,391
Bailiff fees	-	-	10,884,872
Project cost	-	-	9,864,491
Advertising	36,517,275	25,604,497	21,212,327
Printing and stationery	12,828,408	12,183,554	14,481,003
Agency fees	19,688,988	19,688,988	13,926,941
Irrecoverable GCT	39,273,188	39,273,188	19,703,754
Other expenses	44,511,009	34,399,980	5,833,443
	$402,839,491	332,342,838	274,624,954

19. Taxation

	Group 2019	Company 2019	Company 2018
(a) Taxation for the year comprises:			
Current tax expense	49,172,361	39,744,221	84,005,091
Prior year tax under provision	-	-	1,982,704
Deferred tax arising from temporary differences	51,140,631	71,063,075	(65,881)
	$100,312,992	110,807,296	85,921,914

(b) Reconciliation of actual tax expense

	Group 2019	Company 2019	Company 2018
Profit before tax	$577,158,966	516,774,364	801,949,509
Expected tax expense at 25%	144,289,742	129,193,659	200,487,377
Effect of different tax rate in foreign jurisdiction	(27,223,793)	-	-
Adjusted for difference in treatment of:			
Depreciation and capital allowances	5,406,908	5,406,908	72,953
Employer tax credit	-	-	(46,136,426)
Provision for loan loss	1,732,942	-	(382,311)
Disallowed expenses	15,951,414	15,950,950	15,885,412
	140,057,213	150,551,517	169,927,005
Adjustment for the effect of tax remission	(39,744,221)	(39,744,221)	(84,005,091)
	$100,312,992	110,807,296	85,921,914

(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 is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

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

The financial statements have been prepared on the basis that the Company will retain the full benefit of the tax remissions effected in the current and prior periods.

Deferred tax as at March 31, 2019 is computed at 25%, as the tax remission terminates before the next reporting date.

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	
	2019	2019	2018
Net profit attributable to stockholders ($'000)	476,845	405,967	716,028
Number of ordinary stock units ('000)	274,510	274,510	274,510
Earnings per stock unit ($)	1.74	1.48	2.61

21. Dividends

	Company	
	2019	2018
In respect of 2018	-	244,313,758
In respect of 2019	340,392,202	-
	$340,392,202	244,313,758

At meetings of The Board of Directors on 22 May 2018, 30 July 2018, 30 October 2018 and 29 January 2019, dividend payments of $0.40, $0.22, $0.14 and $0.48 respectively were approved by the Board of Directors.

22. Related party transactions and balances

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

Transactions during the year:

	Group	Company	
	2019	2019	2018
	$	$	$
Key management compensation (included in staff costs Note 17)			
Key management includes director and senior managers			
Salaries and other short-term employee benefits	56,345,694	56,345,694	45,008,094
Directors' emoluments			
Fees	1,959,501	1,959,501	2,592,775
Management remuneration (included above)	16,889,108	16,889,108	15,863,987
Operating lease expenses	20,154,690	20,154,690	14,268,300

22. Related party transactions and balances (continued)

Transactions during the year (continued)

	Company	
	2019	2018
Loan interest – Proven Investments Limited	$ -	6,622,688
Year-end balances		
Loan payable	$126,080,490	-

23. Lease commitments:

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

	Group	
	2019	2018
Within 1 year	43,873,535	44,071,086
Subsequent years (2-5)	71,758,307	25,868,119
	$115,631,842	69,939,205

24. Segment information

	Jamaica	United States	Eliminations	Group
Interest income	$1,242,863,188	62,859,451	-	1,405,722,639
Segment results	$ 516,774,633	48,611,879	-	565,386,512
Taxation				(100,312,992)
Profit for the year				476,845,974
Interest expense	134,750,039	3,854,579	-	138,604,618
Allowance for credit losses	134,280,834	12,544,457	-	146,825,289
Depreciation and Amortization	$ 30,332,501	-	-	30,332,501
Total segment assets	$4,605,336,878	1,128,135,674	(902,980,596)	4,830,491,956
Total segment liabilities	$2,430,547,270	303,135,365	(125,019,898)	2,608,662,737

25. 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.

(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.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2019

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk

- Concentration of risk – Loans and advances

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

	Group	Company	
	2019	2019	2018
Personal loans	3,638,234,373	3,059,287,801	2,916,517,089
Business loans	599,253,854	599,253,854	474,244,264
	4,237,488,127	3,658,541,655	3,390,761,353
Less: Provision for credit losses	(502,076,383)	(446,132,979)	(458,585,449)
	$3,735,411,744	3,212,408,676	2,932,175,904

(ii) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortized cost (2017: Loans and receivables),

- Loans receivable at amortised cost:

	Group				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Ageing of loans receivable					
Current	3,579,577,149	-	-	3,579,577,149	2,332,187,933
Past due 1-30 days	307,113,438	-	-	307,113,438	473,330,530
Past due 31-60 days	1,794,653	99,728,530	-	101,523,183	147,000,649
Past due 60-90 days	-	36,760,436	27,571,798	64,332,234	58,745,904
Over 90 days	-	-	184,942,123	184,942,123	379,496,337
Total	3,888,485,240	136,488,966	212,513,921	4,237,488,127	3,390,761,353
Loss allowance	(276,649,953)	(24,995,808)	(200,430,622)	(502,076,383)	(458,585,449)
	$3,611,835,287	111,493,158	12,083,299	3,735,411,744	2,932,175,904

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(ii) Credit quality analysis (continued)

	Company				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Ageing of loans receivable					
Current	3,000,630,677	-	-	3,000,630,677	2,332,187,933
Past due 1-30 days	307,113,438	-	-	307,113,438	473,330,530
Past due 31-60 days	1,794,653	99,728,530	-	101,523,183	147,000,649
Past due 60-90 days	-	36,760,436	27,571,798	64,332,234	58,745,904
Over 90 days	-	-	184,942,123	184,942,123	379,496,338
Total	3,309,538,768	136,488,966	212,513,921	3,658,541,655	3,390,761,354
Loss allowances	(220,706,549)	(24,995,808)	(200,430,622)	(446,132,979)	(458,585,449)
	$3,088,832,219	111,493,158	12,083,299	3,212,408,676	2,932,175,905

(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).

(2) Cash and cash equivalents, including resale agreements

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment

Inputs, assumptions and techniques used for estimating impairment

See accounting policy at note 4(g).

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.

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (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 factors 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.

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (continued)

Determining whether credit risk has been increased significantly (continued)

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;
- 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.

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (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. At April 1, 2018 and March 31, 2019, the Group concluded that three scenarios appropriately captured non-linearities. 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.

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (continued)

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.

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (continued)

Loss allowance

The loss allowance recognised is analysed as follow:

	Group			
	2019			
	Stage 1	Stage 2	Stage 3	Total
Loans receivable:				
Balance at April 1, 2018 (IAS 39)	-	-	458,585,449	458,585,449
Remeasurement on April 1, 2018 (IFRS 9)	167,169,778	29,081,548	63,885,914	260,137,240
Net remeasurement of loss allowance	44,536,866	(4,085,751)	84,829,814	134,280,834
Loans written off	-	-	(406,870,544)	(406,870,544)
Balance at March 31, 2019	$220,706,549	24,995,807	200,430,622	446,132,979

	Company			
	2019			
	Stage 1	Stage 2	Stage 3	Total
Loans receivable:				
Balance at April 1, 2018 (IAS 39)	-	-	458,585,449	458,585,449
Remeasurement on April 1, 2018 (IFRS 9)	167,169,778	29,081,548	63,885,914	260,137,240
Net remeasurement of loss allowance	53,536,771	(4,085,751)	84,829,814	134,280,834
Loans written off	-	-	(406,870,544)	(406,870,544)
Balance at March 31, 2019	$220,706,549	24,995,807	200,430,622	446,132,979

Applicable before April 1, 2018

Impaired credits to customers

Impaired credits to customers are credits for which the company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the credit.

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses on loans, investment securities and resale agreements. The main component of this allowance is a specific loss component that relates to individually significant exposures. The allowances established up to the financial year-end are set out in note 6, 8, and 9.

Write-off policy

The company writes off loan amounts due from customers (and any related allowances for impairment losses) when it determines that the balances are uncollectible.

25. Financial 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) Optimizing 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 2019				
	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
Payables	376,788,265	-	-	-	376,788,265
Long term loans	24,169,866	28,224,514	20,819,403	2,142,925,267	2,216,139,049
Total financial liabilities (contractual maturity dates)	$400,958,131	28,224,514	20,819,403	2,142,925,267	2,592,927,314

	Company 2019				
	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
Payables	7,713,923	163,779,700	-	-	211,493,623
Long term loans	24,169,866	28,224,514	20,819,403	2,142,925,267	2,216,139,050
Total financial liabilities (contractual maturity dates)	$ 31,883,789	192,004,214	20,819,403	2,142,925,267	2,427,632,673

25. Financial risk management (continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	Company				
	2018				
	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
Payables	63,159,375	130,629,032	-	-	193,788,407
Long term loans	216,128,764	491,575,684	156,492,643	240,637,682	1,104,837,773
Total financial liabilities (contractual maturity dates)	279,288,139	622,204,716	156,492,643	240,637,682	1,298,623,180

(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 and Company	
	2019	2018
Cash and bank balances	44,725,126	182,857,676
Receivables (loan and advances)	16,850,802	31,431,415
	$61,575,928	214,289,091

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, accounts receivable balance and payables balance, and adjusts their translation at the year-end for 4% (2018: 6%) depreciation and a 2% (2018: 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

25. Financial risk management (continued):

(c) Market risk (continued)

(i) Currency risk (continued):

	Group		Company			
	2019		2019		2018	
	% change in currency rate	Effect on profit $'000	% change in currency rate	Effect on profit $'000	% change in currency rate	Effect on profit
USD	-4	2,463,042	-4	2,463,042	-4	8,571,564
USD	+2	(1,231,514)	+2	(1,231,514)	+2	(4,285,782)

(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.

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.

25. Financial risk management (continued)

(c) Market risk (continued)

(ii) Price risk (continued)

Interest rate sensitivity

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

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

(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.