ACCESS
FINANCIAL SERVICES LTD.

ANNUAL REPORT 2020

EXPERIENCE THE POWER OF *Yes!* WITH ACCESS

Contents

Notice of AGM

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held on Thursday, the 17th day of September 2020 at The Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 10, Saint Andrew at 4:00 p.m., to consider and, if thought fit, the passing of the following resolutions:

1. To receive the Reports of the Directors and Auditors and the Audited Financial Statements of the Company for the year ended March 31, 2020.

   Resolution No. 1 – Directors and Auditors Reports, and Audited Financial Statements
   THAT the Reports of the Directors and Auditors and the Audited Financial Statements of the Company for the year ended March 31, 2020, be and are hereby received.

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

   Resolution No. 2 – Dividend Payment
   THAT on the recommendation of the Directors, the interim dividends paid by the Company on August 29 and November 28, 2019, and February 28, 2020 be and are hereby declared as final for the 2020 financial year.

3. Mr. Christopher Williams, Mrs. Charmaine Boyd Walker and Mr. Rex James are the Directors to retire by rotation pursuant to Article 97 of the Company's Articles of Incorporation. Mr. Rex James resigned from the Board of Directors on June 19, 2020 and in accordance with Article 93 of the Company's Articles, Ms. Justine Collins and Mr. Michael Shaw were appointed on the same date. Mr. Christopher Williams, being a Shareholder Director, has been re-appointed by Proven Investments Limited pursuant to Article 99.

   Resolution No. 3 – Re-election of Directors

   (a) THAT being eligible, Mrs. Charmaine Boyd Walker be re-elected a Director of the Company.

   (b) THAT being eligible, Ms. Justine Collins be elected a Director of the Company until the next annual general meeting at which she will retire but shall be eligible for re-election.

   (c) THAT being eligible, Mr. Michael Shaw be elected a Director of the Company until the next annual general meeting at which he will retire but shall be eligible for re-election.

4. To re-appoint the retiring auditors:

   Resolution No. 4 – Re-appointment of Auditors
   THAT KPMG, Chartered Accountants of 6 Duke Street, Kingston, having consented to continue as Auditors of the Company, be re-appointed as the Company's Auditors until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be authorized to fix their remuneration.

5. To approve the remuneration of Directors:

   Resolution No. 5 – Directors' Remuneration
   THAT the amount shown in the Audited Financial Statements of the Company for the year ended March 31, 2020 as remuneration paid to the Directors for their services as Directors be and is hereby approved.

BY ORDER OF THE BOARD

Sherri Murray
SECRETARY

Dated June 21, 2020

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

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

Chairman's Statement

Dear Shareholders,

The global pandemic Coronavirus (COVID-19) has changed the world in ways never envisaged and its impact on the local and global economy will be recorded as a significant historic event. During the last financial year, which ended on March 31, 2020, our Team had to adjust to a new normal precipitated by the pandemic and impacting the way we interact with our customers and team members. Our experience during the pandemic has shown that we have an agile and resilient team. They embraced an innovative spirit and implemented strategies to manage and mitigate unprecedented risks facing the Company to protect shareholders' value. The Team proactively assisted our customers whose livelihoods had been impacted by facilitating loan payment deferrals, introduced technology to support online applications and direct to bank disbursements, and quickly embraced remote working arrangements. We diligently managed the health and safety of our customers and team, as well as our liquidity risk and credit risk exposures in a heightened period of uncertainty.

During the year, the Group experienced strong loan growth which slowed towards the end of the financial year, due to the impact of COVID-19. Across the Group we were able to achieve a 22% and 20% increase in loan disbursements for Access and Embassy Loans Inc., respectively, by focusing on customer acquisition and retention, and using digital technology to efficiently deliver services.

In September 2020, Access will celebrate its 20th Anniversary. We will continue to execute our mission to provide financial services to microentrepreneurs and facilitate greater financial inclusion for the under-banked members of the society. The Company has grown tremendously over the last 20 years and as we position a stronger Company for the future, I take pride in

announcing the following Board changes. I will be retiring as your Chairman at the end of the financial year and will pass the baton to the new Chairman, Mr. Christopher Williams. Mr. Norman Reid will also be demitting office, given his increased personal and corporate obligations. As we thank Mr. Reid for diligently serving as an Independent Director and Chairman of the Audit Committee during his four (4) year tenure on the board, we also welcome our newly appointed Independent Directors Ms. Justine Collins and Mr. Michael Shaw.

I am extremely proud of the growth of the organization during my tenure as Chairman, and I thank the Board of Directors, with whom I have served for continuing to demonstrate their dedication and commitment to the Company's mission. I would also like to thank Mr. Marcus James, Founder and CEO for his skillful leadership, and the hardworking Team for boldly taking on new opportunities which have resulted in the expansion of the Company both locally and overseas.

I have no doubt that the Company will continue to have a positive impact on the growth and development of thousands of hardworking people both here and abroad, and continue to generate solid returns for its shareholders. The future of Access Financial Services Limited is bright!

On behalf of the Board of Directors, I would like to thank the hardworking, dedicated, and talented team at Access and all our shareholders for their continued support and confidence in the Company.

Respectfully,

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Rex James

CEO's Statement

The coming financial year will mark the 20th anniversary of Access Financial Services Limited. While I proudly reflect on our achievements over the last 20 years and the positive impact our financial services have had on the lives of our customers, I pause to recognize the personal, economic and financial setback faced by the communities that we serve, our customers and our operations consequent on the COVID-19 pandemic. The onset of the global pandemic manifested towards the end of the financial year, and had a negative impact on the Group's performance during the last quarter. Notwithstanding this unprecedented challenging period, the Group recorded a fair performance for the financial year ended March 31, 2020 reflecting Net profit after tax of $330 million and Total comprehensive income of $408 million. We were able to achieve these results during a challenging period as our team demonstrated dedication, commitment, agility and innovation, and our Board of Directors offered sage advice and counsel which we leveraged to weather this period of economic volatility.

Financial Performance

For the financial year under review, the Group generated revenues of $2.2 billion; an increase of 31% over the 2019 financial year. Net profit after tax was $330 million, reflecting a reduction of 26% over the previous year. Return on equity was 16% and Earnings per share was $1.20.

During the year we remained focused on balancing the growth of our loan portfolios, while adjusting our underwriting and collections methodologies to maintain their quality. Notwithstanding, Loans and advances for the Group increased by $1.06 billion or 31% year over year, and now stands at $4.47 billion. The growth in the portfolio resulted from strong disbursements during the year for both Access and Embassy Loans of 22% and 20% respectively. Total assets as at March 31, 2020 was $5.96 billion, compared to the restated amount of $4.50 billion as at March 31, 2019.

Customers

Throughout the year, we continued execution of our customer focused strategy. We leveraged the use of technology to efficiently, cost effectively and conveniently deliver our products to our customers. This also enabled us to forge deeper relationships with our customers and continue our operations during the global pandemic. As a result of our increased use of technology, we have had to invest in network security, increased the number of channels through which customers can access our products and facilitate the disbursement of loans proceeds directly to bank accounts.

The needs of our customers are very fluid, and in response, we have become

more agile. We continue to revise our loan features, adjust interest rates and are deliberate in our efforts to segment our offerings according to customers' specific needs. During the year we launched in Jamaica a new marketing campaign themed "Experience the Power of Yes with Access" which reinforces our ethos of consistently making affordable financial opportunities available to all our customers and positively impacting their lives.

Team Members

During the year we continued to strengthen our Team and focused on staff training and development to equip them with the skills required to deliver exceptional customer service. Our training and development programs were geared towards reinforcing our mission and improving our customer service. We believe that an understanding of the Company's mission inspires passion and prepares the Team to be flexible, dynamic, and adaptable to fulfill the Company's vision and purpose.

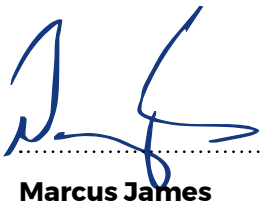
Outlook

The COVID-19 experience has shown that while we need to be prepared for the unexpected, our people and our processes must be adaptable and resilient. The economic impact of COVID-19 will no doubt result in continued challenging economic times within the near term. We are however undaunted and intend to act in a prudent and deliberate manner to protect shareholder value, while taking advantage of opportunities which may arise. While we recover from the impact, the welfare of our staff and customers will be of utmost priority. We will continue to fulfill our customers' needs and implement systems which protect the health and safety of our staff and customers, thereby ensuring business continuity.

To maintain a safe working environment, we will actively monitor and support our operations through digital modalities where possible and continue our remote work arrangements for employees who are equipped by us to do so.

In closing, I would like to thank our Board of Directors, especially Mr. Rex James and Mr. Norman Reid; the entire Access Team and all our customers for their strong and dedicated support. We remain committed to our team to continue to support their welfare and development and remain committed to our customers to advance their personal and business goals and aspirations. Our customers have been there for us over the years and we will be here for them, not only in this challenging time, but for years to come.

We look forward to continuing the strengthening of the leadership, governance, products, services, and working environment to create a solid foundation to ensure the long-term financial viability of the Group for the benefit of all stakeholders.



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Marcus James

Board of Directors

REX JAMES
BSc., A.C.I.B
CHAIRMAN

Rex James was appointed Chairman in 2015. He is a retired banker with over forty years' experience in the banking industry. He has held the position of Managing Director of NCB Jamaica Ltd., and served as a Director of the NCB Group Ltd., NCB Insurance Services Ltd., and NCB Investments Ltd. He is a Past President of the Jamaica Bankers Association and the National Investment Bank of Jamaica.

MARCUS JAMES
BBA, MBA (Hons.)
CHIEF EXECUTIVE OFFICER

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

NORMAN REID
BSc., FLIBF, DipRB., JP
DIRECTOR/CHAIRMAN AUDIT & GOVERNANCE COMMITTEE

Norman Reid was appointed Non-Executive Independent Director in 2016. He is a former banker with over forty years' experience in the financial services sector. Mr. Reid is the Chairman of Sam Sharpe Teachers College, and a board member of the Western Regional Health Authority. He is a past Director and current Member of the Montego Bay Chamber of Commerce. He chairs the Audit Committee of the Exim Bank and is a member of the Enterprise Risk Management Committee of the Bank.

NEVILLE JAMES
BA., GradDip
DIRECTOR/MEMBER COMPENSATION & SPECIAL PROJECTS COMMITTEE

Neville James was appointed Non-Executive Director in 2014. He is a communications consultant with broad experience in broadcasting and journalism. He has served in various leadership positions including CEO/ Manager of the Private Sector Organization of Jamaica (PSOJ) and is a former Chairman of the Media Association of Jamaica. He currently serves on the boards of the National Crime Prevention Fund, Pals Jamaica Limited and Renew Limited. He the recipient of the award of Commander of the Order of Distinction (CD).

CHARMAINE BOYD-WALKER
M.Sc.
DIRECTOR/MEMBER AUDIT & GOVERNANCE COMMITTEE

Charmaine Boyd-Walker was appointed Non-Executive Director in 2015. She is Vice President - Finance, Risk and Compliance at PROVEN Management Limited. She has over fifteen years' experience in finance and has previously worked for Guardian Life Limited, Jamaica Mutual Life and PricewaterhouseCoopers. She is a Director of PROVEN REIT Limited and PROVEN Wealth Limited.

CHRISTOPHER WILLIAMS
B.Sc. MBA
DIRECTOR /MEMBER COMPENSATION & SPECIAL PROJECTS COMMITTEE

Christopher Williams was appointed Non-Executive Director in 2015. He is the Co-Founder and CEO of PROVEN Management Limited, the management company for PROVEN Investment Limited. He is a skilled senior executive with over twenty years' experience in Merchant Banking, Asset Management and Stock Brokerage. He is the Chairman of the Caribbean Alternative investment Association (CARAIA); Branson Center of the Caribbean; PROVEN REIT Limited; Jamaica College Foundation and Jamaica College Foundation and Jamaica Association for the Deaf. He is a Director of the Usain Bolt Foundation; PROVEN Wealth Limited; Bosil Bank Limited; Proven Management Limited and JAMPRO.

JAMES MORRISON
BSc., MSc., FCCA
DIRECTOR/MEMBER
AUDIT & GOVERNANCE
COMMITTEE

James Morrison was appointed Non-Executive Independent Director in 2018. He is a Chartered Accountant with expertise spanning the areas of accounting, auditing, corporate restructuring and company evaluations. He has held executive and senior management positions in the public and private sectors and has served as Director and Chairman of Audit and Finance committees of these entities. Prior to his retirement from the Supreme Ventures Group in 2017, he held the positions of Interim CEO, Senior Vice President Group Finance and Chief Financial Officer.

SHERRI MURRAY
BSc., MBA
COMPANY SECRETARY

Sherri Murray was appointed Company Secretary in 2015. She has responsibility for the operations unit of PROVEN Management Limited and provides strategic human resource management support for the group. She is the Company Secretary for PROVEN Management Limited and PROVEN Wealth Limited.

Executive Management

Marcus James
BBA., MBA (Hons.)
Chief Executive Officer
Marcus has overall responsibility for the strategic development and management of the Company and for ensuring that the strategic objectives established by the Board of Directors is achieved. Under his leadership, the company has recorded exponential organic growth, expansion through acquisitions and increased market share of the microfinance market.

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

Catherine Thomas
DIP.ATT., DIP. RISK and COMPLIANCE
Manager – Operations & Credit
Catherine is responsible for strategically guiding the operations of the organization. She is tasked with optimizing the company's operational efficiencies, enhancing distribution channels, and maximizing technological innovations to improve customer outreach.

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

Hugh Campbell
BBA., MBA
Manager – Collections & Internal Control
Hugh manages the collections and compliance functions of the organization. His mandate is to minimize the company's credit losses by ensuring its collection processes are effective and efficient and ensuring that the company operations are conducted within established guidelines.

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

Michael Burke
BSc., MSc., MCSA, MCSE
Manager – IT
Michael's mandate is to develop and implement policies that guide the selection, planning, delivery and maintenance of IT services within Access. He is tasked with improving IT efficiency, achieving predictable service delivery by mitigating risks and managing the alignment of IT investments to business requirements.

Note: Effective January 2020, Sherry-Ann Hylton resigned from the position of Finance Manager. The management of the deliverables for the Finance Department were assumed by Frederick Williams, Chief Operating Officer.

WE HAVE SAID *Yes!*

to life improvements. We know life is filled with challenges which require continuous improvement. Access has supported thousands of Jamaicans as they navigate these challenges. We continue to say yes to hardworking Jamaicans!

PERSONAL LOANS • MICRO LOANS • SMALL BUSINESS LOANS

Call 888-GET-ACCESS (888-438-2223) or visit our website at accessfinanceonline.com

ACCESS
FINANCIAL SERVICES LTD.

Managers & Team Members

CEO's Office
Marcus James
Chief Executive Officer

Frederick Williams
Chief Operating Officer

Nyoka Miller
Executive Assistant

Credit & Operations
Catherine Thomas
Manager

Mechell McKenzie-Clarke
Asst. Credit Manager

Terry-Ann Bisnaught
Risk Manager

Tara Badson
Snr. CSR

Lee Allen
Tasheika Bennett
Shakira Brooks
Lloyd Bryan
Diamond Cassanova
Nerissa Codlyn
Michael Collington
Shadee Spence-Deleon Diedrick
Jason Forbes
Shawneca Hamilton
Shaneek Hemmings
Jonelle Harriott
Anna-Kay Hinds
Sandy Lawrence
Latania Lewis
Melissa Mills
Andrew Morris
Opal Perry
Letrecia Reid
Natalie Reid
Delorita Pitt-Smith
Karen Senior
Tiana Steel
Qwayne Swaby
Andre Thompson
Simone Toban
Adrian Walker
Yvonne Walters
Peter Washington

Information Technology
Michael Burke
IT Manager

Daniel Bruce
Craig Gabbidon

Internal Audit
Kerry Hazel
Corey Manning

Legal
Carla Stephens
Paralegal

Dushane Francis
Tashane Hanson

Human Resource & Training
Keisha Smith
Human Resource & Training Manager

Rion Rodgers
HR Officer

Margaret Blackwood
Project Manager

Chantelle Grant

Retail Sales & Marketing
Deveta McLaren
Manager

Nicholas Mundell
Marketing Manager

Tanisia Johnson
Marketing Officer

Rosemarie Daley
PL Sales

Rodrick Blair

Accounts
Sherry-Ann Hylton
Finance Manager

Terry-Ann Hunter
Chief Accountant

Wayne Stephens
Accounts Supervisor

Adrian Redding
Business Analyst

Jodian Anglin
Arlene Barrett
Tashawna Clemetson-McDonald
Delroy Douglas
Kadia Green
Shanique Knight
Shantell McFarlane
Gloria Pounall
Johnathon Vassell
Alsene Walcott

Collections & Internal Controls
Hugh Campbell
Manager

Dawn Kameka Burrowes
Supervisor

Nadine Brown-Hanniford
Karen Cobourne
Romona Davey
Shanna Kay Esty
Carla-Jay Howell
Ishalla Jackson
Denise Johnson
Jovanni Maxam
Rene Meredith
Uriel McKay
Glennard Samuels
Matthew Smith
Melissa Wint

Black River
Aldria Brown
Manager

Shantel James
Nickodie Logan
Isolyn Samuels
Shamarah Senior-Steele
Felicia Stewart

Brown's Town
Angela Lindsay Brown
Manager

Sashana Brown
Shermaine Grant
Beverly Johnson
Camalla McDonald
Angalee McKenzie

Christiana
Brenda King
Manager

Vivene Brown
Aretha Bryan
Kelly Christian
Kanara Williams

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

Junction
Nordia Dennie
Manager

Patrice Allen
Barrington Austin
Valencia Powell
Nettie Warren

Kingston
Alethia Simpson Gulabe
Manager

Michelle Campbell
Supervisor

Danielle Anderson
Leecraft Barnes
Jenelle Bryan
Melissa Davis
Tamara Douglas
Adrian Hewitt
Sherrine McLean
Terrence Rae
La-Tanya Robertson
Sharon Thomas

Linstead
Colette Harris-Laing
Manager

Michel Gunzell
Latoya Lewin
Romone Morgan-Cameron
Joyce Smith

Mandeville
Bronia Simpson
Manager

Cordel Cohen
Miguel Demetrius
Marshalee Fraser
Simone Smith
Tracy-Ann Thompson
Jody-Kay Wallace
Yonicke Williams

May Pen
Karen Bradford
Manager

Kimarley Ashley
Kenisha Brown
Natalee M. Reid
Tameca Whyte
Keisha-Kaye Williams

Montego Bay
Chantal Taffe-Allen
Manager

Chavell Blagrove
Paul Green
Samantha Hutchinson
Nadine Murray
Carla Samms

New Kingston
Marlene Higgins
Manager

Beverley Brown
Chavel Roman
Shantel Redman

Ocho Rios
Aretha Douglas
Manager

Jacqueline Brown
Meleta Gayle
Tracey-Ann Laing
Toraineo Morris
Anika Paisley

Old Harbour
Danielle Lawrence
Manager

Christine Brown
Krysta-Gaye Hislop
Tishroy Robinson
Lavorne Stewart

Portland
Sasha Gaye Wellington
Manager

Nicola Garwood
Davian Powell
Lolita Riley
Chantel Shaw

Portmore Pines
Simonea Service
Manager

Marcia Hibbert
Chenice Johnson
Ashley Jones
David Yee Sing

Santa Cruz
Tameka Crawford
Manager

Janice Hart-Griffiths
Latoya Levy
Tavana Lewis
Eileen Smikle
Leota Gayle-Ebanks

Savanna-La-Mar
Carolyn Plummer
Manager

Mellisa Carter
Deanolyn Crooks
Trishell Miller
Pauline Webster
Dwayne White

Spanish Town
Atasha Alveranga-Brown
Manager

Latoya Blair
Kashief Clarke
Nordia Daley
Delceta Grant
Ricardo Marsh

DamarkMCL Head Office
Remona Clarke
Business Development Manager

Ruth-Ann Oakley
Business Development Officer

Kingston
Jeffrey Thompson
Manager

Olivia Clue
Sherene Henry
Craig Lunan
Natasha Robinson
Christine Curtis

Spanish Town
Renaldo Allen
Manager

Jodian Burrell
Shavonnae Green
Keysha Osbourne
Ellice Thomas

May Pen
Shanique Wilmott
Manager

Ava Gaye Bucknor
Taneisha Williams
Tameca Whyte

Mandeville
Nadia Manradge
Manager

Tracey Dawkins
Tricia Johnson
Jade Newman

St. Ann
Nneka Sortie
Acting Branch Manager

Montego Bay
Cassandra James-Barrett
Manager

Lison Brown-Cunningham
Sashain Hyatt
Patricia Mason

Disclosure of Shareholdings

AS AT MARCH 31, 2020

DIRECTORS	Direct	Connected Party	Total
Marcus James	7,375	130,195,209	130,202,584
Norman Reid	8,889	-	8,889
Sherri Murray	-	-	-
Charmaine Boyd-Walker	-	-	-
Neville James	358,222	6,823,500	7,181,722
James Morrison	-	-	-
Christopher Williams	258,847	67,861,415	68,120,262
Rex James	-	-	-

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

TOP 10 SHAREHOLDERS	Units	Percentage
Springhill Holdings Limited	129,932,209	47.33%
PROVEN Investments Limited	67,861,415	24.72%
NCB Capital Markets Ltd. A/C 2231	19,952,889	7.27%
NCB Insurance Company Limited	10,490,702	3.82%
QWI Investments Limited	8,452,244	3.08%
Generation 4 Investment Company Ltd.	6,823,500	2.49%
Winston Hoo	4,200,695	1.53%
MF&G Trust & Finance Ltd. – A/C 57	2,597,694	0.95%
NCB Capital Markets (Cayman) Ltd.	2,343,700	0.85%
JCSD Trustee Services Ltd. - Sigma Global Venture	1,904,635	0.69%

Corporate Data

The Members of the Board of Directors as at March 31, 2020

- Mr. Rex James *(Chairman)*
- Mr. Marcus James *(CEO)*
- Mr. Christopher Williams
- Mr. Neville James
- Mrs. Charmaine Boyd-Walker
- Mr. Norman Reid
- Mr. James Morrison
- Mrs. Sherri Murray *(Company Secretary)*

Registered Office
41B Half-Way Tree Road
Kingston 5, Jamaica

Bankers
Sagicor Bank Jamaica Limited
17 Dominica Drive
Kingston 5, Jamaica

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

National Commercial Bank (Jamaica) Limited
94 Half-Way Tree Road
Kingston 10, Jamaica

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

External Auditors
KPMG
6 Duke Street
Kingston, Jamaica

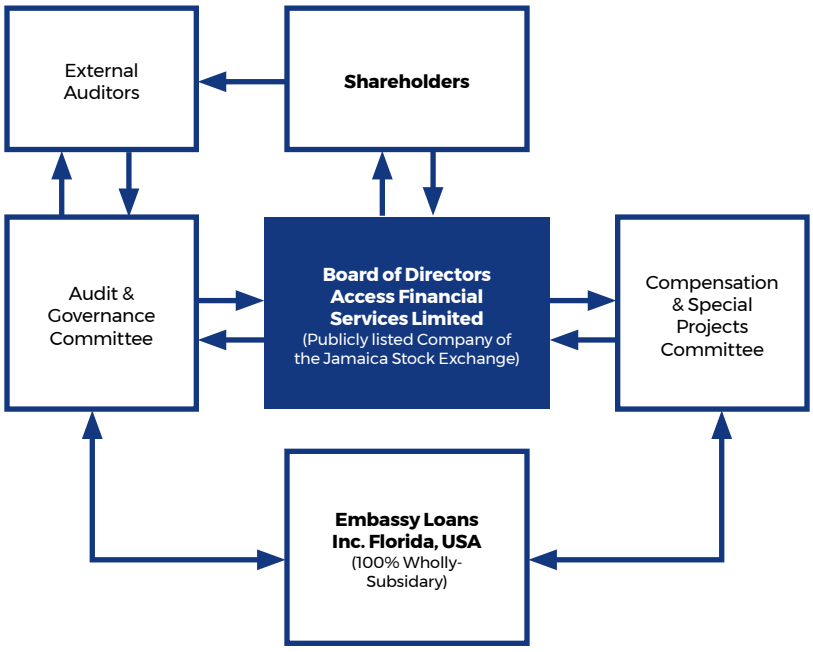
Attorneys
Hart Muirhead Fatta
2nd Floor
Victoria Mutual Building
53 Knutsford Boulevard
Kingston 5, Jamaica

Registrar Agent
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica

Corporate Governance

Access Financial Services Limited (AFS) is a leading microfinance institution in Jamaica with an island-wide presence. The Company offers a wide range of business and personal loans to the microfinance sector; a sector which contributes significantly to economic growth. AFS was incorporated in 2000 and was the first company to list on the Junior Market of the Jamaica Stock Exchange (JSE) in 2009. The Company also operates its wholly owned subsidiary Embassy Loans Inc., located in Florida, USA. Below is the governance structure for Access and its subsidiary:

GOVERNANCE STRUCTURE



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

BOARD RESPONSIBILITY

The Board has been collectively given the mandate by its shareholders for the growth, general policy direction and oversight of the Company. The Board, through the Chairman, works closely with board sub-committees and management, to ensure the effectiveness of the Company's operations and that shareholders' value is maintained over the long term. The Board is committed to maintaining the highest level of transparency, accountability and integrity in all areas of the Company's operations.

The primary responsibilities of the Board include oversight for Access and its subsidiary Embassy Loans Inc, and its general functions include, but are not limited to:

i. Approving and monitoring strategic plans;

ii. Reviewing, and approving annual performance targets, annual budget, quarterly financial statements, audited financial statements;

iii. Approving acquisitions and major capital expenditure;

iv. Overseeing subsidiary operations including compliance with licensing requirements in Jamaica and the United States;

v. Evaluating the Company's performance against set financial targets;

vi. Monitoring the performance of the CEO and Senior Management relative to agreed performance metrics;

vii. Reviewing and monitoring risk management, adequacy of internal controls, compliance of management with the Codes of Conduct and regulatory compliance;

viii. Reviewing and approving company disclosures externally; and

ix. Selecting and appointing suitably qualified directors to the Board.

Where deemed necessary, the Board of Directors have access to independent professional advice at the Company's expense to effectively execute its functions and responsibilities. This includes the appointment of attorney(s) to provide representation and advice.

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

BOARD APPOINTMENT, ROTATION, COMPOSITION & ROLES

Appointment

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

Rotation, Retirement and Tenure

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

Composition

The Board consists of seven (7) Directors as prescribed by Article 79 of the Company's Articles. Mr. Christopher Williams, Mr. Neville James, and Ms. Charmaine Boyd-Walker are Non-Executive Directors. Mr. Marcus James is an Executive Director. Mr. Rex James, Mr. James Morrison and Mr. Norman Reid are Independent Non-Executive Directors. Independent Non-Executive Directors provide autonomous views and judgements to the decisions taken by the Board.

The criteria for Independent Non-Executive Directors are those who:

- ✔ Have not had any material business dealings with the Company, its Shareholders, Directors or any senior employee within the last three (3) years;
- ✔ Do not have close family ties with any of the Company's advisors, directors or senior or management team;
- ✔ Have not had any employer-employee relationship with the Company within the last 5 years;

- ✔ Do not receive any additional remuneration from the Company, apart from Director's fees;
- ✔ Do not or have represented a shareholder owning more than 10% of the voting rights of the Company;
- ✔ Have not served on the Board for more than nine (9) years from date of first election;
- ✔ Have not participated in the Company's pension scheme, share option plan or performance related pay scheme.

Chairman
In his capacity as Chairman, Mr. Rex James' primary function is to lead and guide the decision-making of the Board, provide management oversight and approve communication protocols with all stakeholders of the Company. He is the principal contact for the Chief Executive Officer, offering sage advice and counsel.

Executive Director and CEO
Mr. Marcus James, Chief Executive Officer and Executive Director, reports to the Board, and is responsible for the day to day management of the Company's affairs and the execution of the approved company strategy.

Company Secretary
Mrs. Sherri Murray, Company Secretary, was appointed by the Board of Directors to undertake the administrative and corporate governance functions related to Board and Annual General Meetings.

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

Each member of the Board has held a senior managerial position in a public organization or a recognized privately held entity. The skills set of the Directors include without limitation:

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

Area of Expertise

Director	Stratergy & Leadership	Finance & Audit	Governance	Mergers & Aquisition	Banking	Risk Management
Rex James	X	X	X		X	
Marcus James	X	X	X	X	X	X
Christopher Williams	X		X	X	X	
Neville James	X	X	X			X
Charmaine Boyd Walker	X	X	X	X	X	X
Norman Reid	X	X	X		X	X
James Morrison	X	X	X		X	X

Board Meetings

During the year, five (5) Board meetings were held. The following Table reflects the attendance of the Directors:

Meetings of the Board

Director	Annual General Meeting Sept 11, 2019	Number of Board Meetings	Eligible to Attend	Attended	% Attendance
Rex James	**Attended**	**5**	**5**	**4**	**80%**
Marcus James	**Attended**	**5**	**5**	**5**	**100%**
Christopher Williams	**Attended**	**5**	**5**	**5**	**100%**
Neville James	**Attended**	**5**	**5**	**5**	**100%**
Charmaine Boyd Walker	**Attended**	**5**	**5**	**5**	**100%**
Norman Reid	**Attended**	**5**	**5**	**5**	**100%**
James Morrison	**Attended**	**5**	**5**	**5**	**100%**

BOARD COMMITTEES

The Board has constituted two (2) standing committees to which specific responsibilities of the Board have been delegated. The Chairperson for each sub-committee is selected by the Board. These Committees are:

- Audit & Governance
- Compensation & Special Projects

Audit & Governance Committee

The members of the Committee are Mr. Norman Reid (Chairman), Mr. James Morrison, Ms. Charmaine Boyd-Walker and Mr. Marcus James. The Committee has oversight responsibility for:

i. Approving Risk Management Policies/Procedures for management to effectively, identify, manage, monitor and escalate risk related issues to the Board;

ii. Ensuring compliance with applicable laws and the Jamaica Stock Exchange Rules;

iii. Reviewing and approving the Company's Quarterly and Audited Financial Statements and the impact of new accounting standards on the financials;

iv. Reviewing the Internal Audit Report, the Internal Audit Plan, External Audit Report and Management letter and tracking management's response;

v. Reviewing the Corporate Governance Framework; and

vi. Reviewing and approving the appointment of senior management.

The Internal Audit function is carried out through a co-source agreement with PricewaterhouseCoopers. For the period under review, extensive control tests were conducted, covering key strategic business areas, risk assessment and mitigation. The Audit & Governance Sub-Committee of the Board meets quarterly to review reports generated by the internal audit process and annually to review and approve the report from the external auditors.

During the year, the Audit & Governance Committee held ten (10) meetings as reflected in the Table below:

Meetings of the Audit & Governance Committee

Director	Number of Meetings	% Attendance
Norman Reid	10	100%
Charmaine Boyd Walker	10	100%
Marcus James	10	100%
James Morrison	10	100%

Compensation & Special Projects Committee

The Board, being cognizant of the importance of competitive remuneration and general welfare of employees to the long-term success of the Company, and in keeping with its growth objectives, established a Compensation & Special Projects Committee. The members of the Committee are Mr. Christopher Williams (Chairman), and Mr. Neville James. It is the responsibility of the Committee to:

i. Oversee the remuneration of Directors, Officers, and Employees; and

ii. Review, approve and monitor management submissions for Special Projects.

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

Meeting of the Compensation & Special Projects Committee

Director	Number of Meetings	% Attendance
Christopher Williams	1	100%
Neville James	1	100%

COMPENSATION FOR MEETING ATTENDANCE

The Board sets remuneration for attendance at meetings at rates that are attractive to retain the Directors, taking into consideration all relevant internal and external factors. Compensation for meetings attended by Board members during the financial year ending March 31, 2020 is detailed in the Table below:

Director	Fees Paid
Norman Reid	$1,286,900
Rex James	$420,000
Neville James	$506,800
James Morrison	$906,800
TOTAL	$3,120,500

DISCLOSURE AND COMMUNICATION WITH SHAREHOLDERS

The Board provides accurate and timely information on the operations of the company.

The Annual General Meeting of Shareholders serves as a forum through which:

i. Audited Accounts, Directors' Report and Auditor's Reports are approved and adopted respectively;

ii. Resolutions on dividend payments are approved;

iii. Directors are elected and re-elected; and

iv. External Auditors are appointed or re-appointed.

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

During the year and outside of the Annual General Meeting, material information relating to the Company's operations are disseminated to our Shareholders through media publications, such as Media Releases, Newspapers in circulation and on the Company's website.

Management's Discussion & Analysis

Overview

The Management's Discussion and Analysis (MD&A) provides information relevant to assessing and understanding the consolidated financial results of Access Financial Services Limited hereafter referred to as "we", "our", or "Group". The Group consists of Access Financial Services Limited ("the Company" or "Access") which operates island-wide, and Embassy Loans Inc. ("Embassy Loans"), our wholly owned subsidiary in Florida, USA.

Access was the first Company to list on the Junior Market of the Jamaica Stock Exchange in 2009 therefore the 10-year Junior Market tax concession expired in October 2019. In addition, Embassy Loans was acquired in December 2018, therefore, this financial year includes the full 12-month consolidation compared to 3½ months in the prior year.

Financial Highlights

	2020	2019 (restated)	Change	
			$	%
Financial Performance				
Total Revenue	$2.15B	$1.65B	$506M	31%
Total Expenses	$1.76B	$1.10B	$657M	60%
Net Profit After Tax	$330M	$446M	($116M)	-26%
Earnings per Share	$1.20	$1.63	($0.43)	-26%
Financial Position				
Net Loans and Advances	$4.47B	$3.41B	$1.06B	31%
Total Assets	$5.96B	$4.50B	$1.46B	32%
Total Liabilities	$3.79B	$2.61B	$1.18B	45%
Total Stockholders' Equity	$2.17B	$1.90B	$274M	14%

The Group recorded Total revenue of $2.15 Billion, which represents a $506 Million or 31% increase year over year. Total operating expenses, including loan losses, amounted to $1.76 Billion compared to the restated amount of $1.10 Billion for the prior year. This resulted in Net profit after tax of $330 Million, a decrease of $116 Million or 26%. Earnings per share also declined by 26% to $1.20. As at March 31, 2020, Net loans and Advances was $4.47 Billion, an increase of $1.06 Billion or 31% compared to the restated amount for the prior year. This increase significantly contributed to the growth reported for Total assets of $1.46 Billion. Consequently, Total liabilities increased by $1.18 Billion or 45% to $3.79 Billion, and Total stockholder's equity increased by $273.5 Million or 14% to $2.17 Billion.

The financial results for the last quarter of the 2020 financial year was impacted by the onset of the COVID-19 global pandemic. The impact resulted in a decline in economic activity stemming from control measures implemented by the Government of Jamaica to control the spread of the virus. Locally, the tourism sector and the entertainment industry were most severely impacted. In Florida, in addition to measures to control the spread of the virus, the government's economic relief package issued to affected individuals resulted in the reduced demand for loans. Across both companies within the Group, we managed the impact of COVID-19 by providing temporary relief assistance to customers; increased the use of technology to submit loan applications via the Company's websites; and channeled disbursements directly to clients' bank accounts. Nevertheless, given the

The Group recorded Total revenue of $2.15 Billion which represents a $506 Million increase year over year

ongoing assessment of the economic fallout and uncertainty surrounding the length of time the pandemic will persist, we have recognized $47 million in our financial statements as at March 31, 2020 from the anticipated increase in expected credit losses. We have also been proactive in managing our liquidity positions and in taking steps to reduce operating costs.

The Economic Environment

Jamaican Economy

According to the International Monetary Fund (IMF) Country Focus report of May 2020, the Jamaican economy is expected to contract by over 5% for the April 2020 to March 2021 fiscal year. This is attributable to the COVID-19 pandemic which has resulted in the imposition of global restrictions on travel especially from the United States of America (USA), which in turn has impacted the local tourism industry. Other sectors such as agriculture, transportation and entertainment have been significantly impacted. Foreign exchange earnings for Jamaica are expected to decline this fiscal year as tourism and remittances account for approximately 20% and 15% respectively of the countries balance of payments.

In response to the economic fallout, the Government of Jamaica (GOJ) implemented a social and economic support program called the CARE Programme, which provides assistance to vulnerable individuals and small businesses through innovative and existing delivery channels. More specifically, the program provides: compassionate grants to those who were unemployed or informally employed pre-pandemic; temporary unemployment benefits to the previously employed who have been laid off or terminated since the pandemic; and grants to the self-employed persons whose regular earnings have been disrupted, in addition to grants to small businesses. The CARE Programme also provides incentives to employers in targeted sectors to encourage continued employment.

In April 2020, Credit Rating Agency, Fitch, affirmed Jamaica's credit rating of B+ with a Stable Outlook revised downward from a Positive Outlook in January 2020, primarily due to the expected impact of the global pandemic.

In June 2020, the Government relaxed a number of the restrictions in order to increase the level of economic activity across some sectors. On June 15, 2020, the international borders were opened to allow for the tourism sector to commence its rebound and similar steps were taken to allow other sectors to operate.

United States Economy

According to the IMF's World Economic Outlook Report of June 2020, the US economy is expected to contract by 8.0% in 2020, while growth of 4.5% is projected for 2021. The US was one of the hardest hit countries by the global pandemic, as it struggles to contain infection rates. The US Government has implemented a number of Federal and State Stimulus packages to assist individuals and businesses to meet their

financial obligations during the pandemic, and they will continue to take steps to contain the spread of the virus and reopen the economy. However, with Jamaica and the entire Caribbean region significantly dependent on travel & trade from the United States, the fortunes of the US economy are expected to have a significant impact on the recovery of these dependent countries.

The Regulatory and Legislative Environment

Micro Credit Bill

In keeping with the GOJ's mandate to regulate the microfinance industry, the Microcredit Act (2019), was tabled in Parliament in February 2019. The draft bill is in an advanced state of discussions and has passed through the review of industry players and other stakeholders. The draft bill has also cited the Bank of Jamaica (BOJ) as the designated regulator, having supervisory powers over the microfinancing industry. While we await the final amendments to the bill, we will continue to monitor the potential impact on our business.

Financial Performance

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(Expressed in Thousands of Jamaican Dollars, except per stock unit amounts)	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	31-Mar-2016	Change 2020 vs 2019		Five- Year
						$	%	Compounded Annual Growth Rate (CAGR)
		Restated	Restated	Restated	Restated			
Statement of Financial Performance								
Net-interest Income	1,449,429	1,267,118	1,361,199	1,154,905	1,259,320	182,311	14%	3%
Non- interest Income	705,259	381,204	343,154	247,244	211,421	324,055	85%	27%
Operating Revenue	**2,154,688**	**1,648,322**	**1,704,354**	**1,402,149**	**1,470,741**	**506,366**	**31%**	**8%**
Staff Cost	725,444	491,166	382,083	299,562	323,657	234,278	48%	18%
Allowance for credit losses	297,048	146,825	226,658	128,282	213,349	150,223	102%	7%
Non interest Expenses	736,671	463,673	587,611	223,777	266,025	272,998	59%	23%
Net Profit after Tax	**329,747**	**446,345**	**422,080**	**710,548**	**682,074**	**(116,598)**	**-26%**	**-14%**
Earnings per stock unit ($)	1.20	1.63	1.54	2.59	2.48	(0.43)	-26%	-14%
Dividends paid per stock unit ($)	0.49	1.24	0.89	0.65	0.71	(0.75)	-60%	-7%

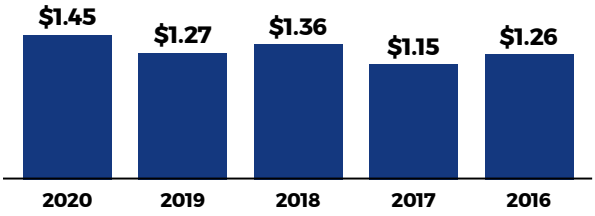
Net Profit after Tax

The Group recorded consolidated Net profit after tax of $330 Million for the year ended March 31, 2020, compared to the restated amount of $446 Million for the corresponding prior year end. This represents a 26% decline in Net profit year over year and is attributable to lower Net interest margins and an increase in Operating costs, particularly in relation to higher allowance for credit losses.

Operating Revenues

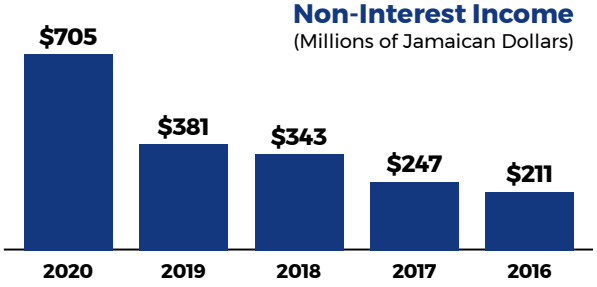
Net Interest Income

(Billions of Jamaican Dollars)



Non-Interest Income

(Millions of Jamaican Dollars)



Net interest income increased by $182 Million or 14% year over year to $1.45 Billion compared to $1.27 Billion in the prior year due mainly to the full 12-month consolidation of Net interest income from Embassy Loans and growth in the loan portfolio year over year.

Non-interest income which represents Net fees and commission income, income from money services, foreign exchange (losses)/ gains, and other income, increased by $324 Million or 85% year over year.

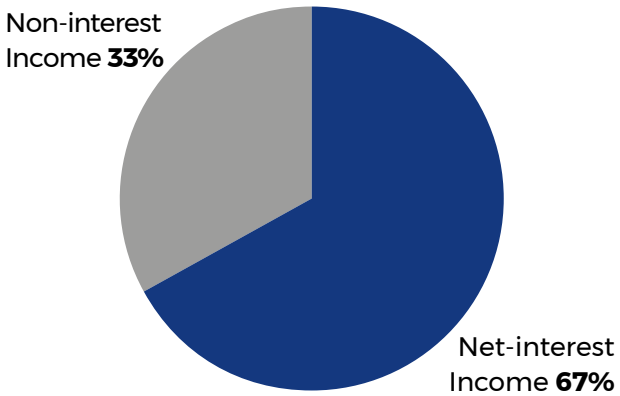
Non-Interest income

(Expressed in Thousands of Jamaican Dollars)	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	31-Mar-2016	Change 2020 vs 2019		Five- Year
						$	%	Compounded Annual Growth Rate (CAGR)
Net fees and commission	617,750	311,384	314,089	221,669	192,129	306,366	98%	26%
Money services fees and commission	1,787	29,657	1,443	2,131	3,356	(27,870)	-94%	-12%
Foreign exchange (loss)/gains	(5,477)	(4,581)	1,312	16,104	-	(896)	20%	-100%
Other income	91,199	44,744	26,310	7,340	15,936	46,455	104%	42%
Total Non-interest Income	705,259	381,204	343,154	247,244	211,421	324,055	85%	27%

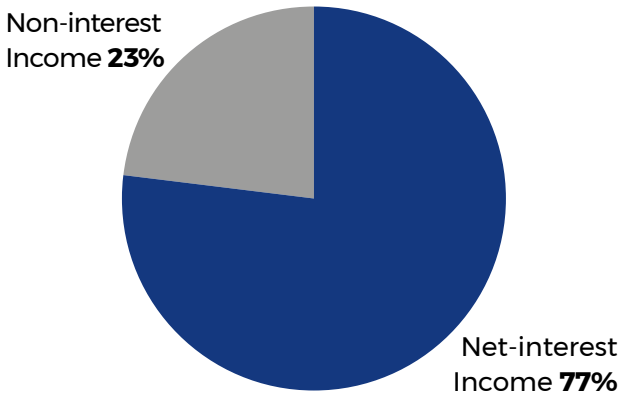
- The increase in Net fees and commission income of $306 Million or 98% is a direct result of the consolidation of the fee income of Embassy Loans, as their business model is geared towards generating a significant amount of its revenue as fee income.
- During the financial year the exchange rate for the Jamaican Dollar relative to the United States Dollar ranged from a low of J$ 125.5954 : US$ 1.00 to a high of J$ 142.5844 : US$ 1.00, based on the Bank of Jamaica's foreign exchange selling rate. There were periods of Jamaican dollar appreciation which resulted in a net foreign exchange translation loss for the year on the Company's US dollar investment in Embassy Loans Inc.
- Other income increased by $46M or 104% year over year, mainly due to our success in efforts at improving recoveries from bad debt.

A combination of improved Interest income and strong Non-interest income resulted in the Group achieving Operating revenue of $2.15 Billion; representing a $506 Million or 31% increase year over year. Non-interest income for the year in review was 33% of operating revenue compared to 23% in the prior year, which reflects the Groups' success at diversifying its revenue streams to include a larger portion of fee-based revenue sources.

2020 Operating Revenue

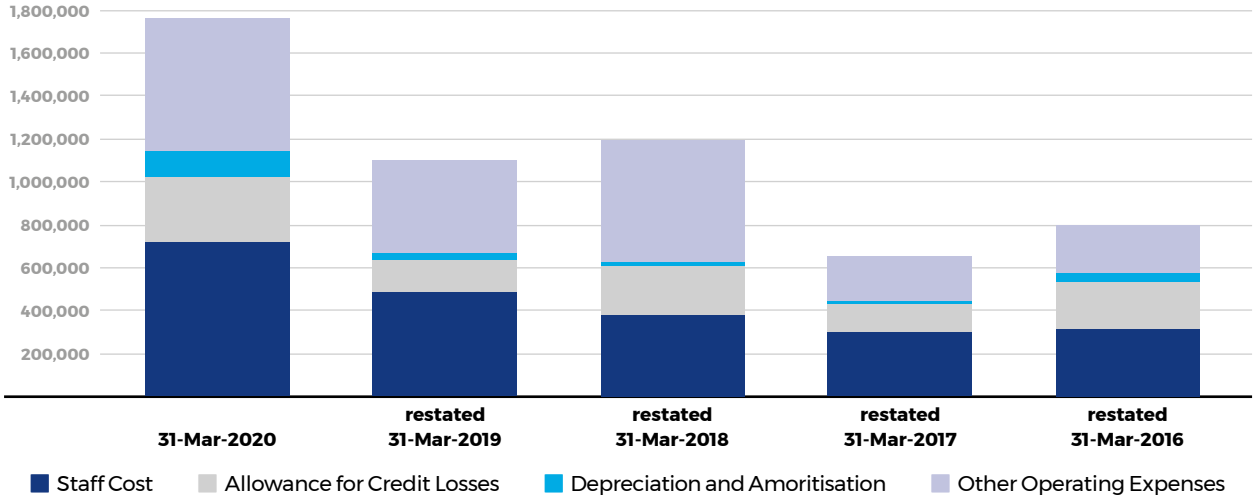


2019 Operating Revenue



Operating Expenses

(Expressed in Thousands of Jamaican Dollars)	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	31-Mar-2016	Change 2020 vs 2019		Five- Year
						$	%	Compounded Annual Growth Rate (CAGR)
		Restated	Restated	Restated	Restated			
Staff Cost	725,444	491,166	382,083	299,562	323,657	234,278	48%	18%
Allowance for Credit Losses	297,048	146,825	226,658	128,282	213,349	150,223	102%	7%
Depreciation and Amoritisation	118,120	30,332	19,038	23,575	37,287	87,788	289%	26%
Other Operating Expenses	618,551	433,341	568,573	200,202	228,738	185,210	43%	22%
Total Operating Expenses	1,759,163	1,101,664	1,196,352	651,622	803,031	657,499	60%	17%



For the year in review, Total operating expenses amounted to $1.76 Billion, an increase of $657.5 Million or 60% when compared to the restated amount for 2019. This financial year includes the full 12-month consolidation of Embassy Loans, compared to 3 ½ months in the prior year.

- Staff costs increased by $234.3 Million or 48% which was mainly attributable to the full 12-month salary costs for Embassy Loans.
- Allowance for credit losses increased by $150.2 Million or 102% due to the growth in the loan portfolio and the additional expected credit losses of $47 Million recorded from the changes in the IFRS 9 Expected Credit Losses assumptions due to the impact of COVID 19.
- Depreciation and amortization increased to $118 million due the adoption of IFRS 16 Leases and the amortization of intangible assets from the acquisition of Embassy Loans.
- Other Operating Expenses increased by $185 Million or 43% year over year mainly due to the increase in loans written off in Embassy Loans, based on the nature of their market. Excluding the impact of the loans written off, Other operating expenses increased from $402.8 Million in 2019 to $408.3 Million in 2020. Efforts have been made to improve efficiencies and contain the increase in our operating costs, while the business continues to grow.
  - Advertising increased with the acquisition of Embassy Loans due to efforts at increasing customer awareness and disbursements.
  - Audit Fees increased based on the costs for internal and external audit services utilized during the year.
  - The implementation of IFRS 16 Leases resulted in a change in how rental costs are reported as the standard requires the recognition of leased assets and lease liability, along with the associated interest expense and depreciation charges.

OTHER OPERATING EXPENSES

	31-Mar-2020	31-Mar-2019 Restated	Change	
			$	%
Advertising	66,975	36,517	30,458	83%
Agency fees	18,610	19,689	(1,079)	-5%
Audit fees	24,237	9,386	14,851	158%
Bank charges	8,473	9,156	(683)	-7%
Cleaning and sanitation	7,121	5,662	1,459	26%
Courier & collection services	6,936	34,253	(27,317)	-80%
Directors' fees	3,121	1,959	1,162	59%
Insurance	4,196	4,362	(166)	-4%
Irrecoverable GCT	47,561	39,273	8,288	21%
Legal and professional fees	48,899	47,547	1,352	3%
Loans written off	210,245	30,501	179,744	589%
Motor vehicle expenses	1,161	916	245	27%
Printing and stationery	13,290	12,828	462	4%
Rent	361	59,324	(58,963)	-99%
Repairs and maintenance	3,195	2,623	572	22%
Security	7,484	9,210	(1,726)	-19%
Subscriptions & donations	8,521	1,957	6,564	335%
Travel and entertainment	4,165	4,881	(716)	-15%
Utilities	64,390	57,542	6,848	12%
Other expenses	69,610	45,755	23,855	52%
Totals	**618,551**	**433,341**	**185,210**	**43%**

Financial Position

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA								
(Expressed in Thousands of Jamaican Dollars)	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	31-Mar-2016	Change 2020 vs 2019 $	Change 2020 vs 2019 %	Five- Year Compounded Annual Growth Rate (CAGR)
		Restated	Restated	Restated	Restated			
Statement of Financial Position								
Net loans and advances	4,470,914	3,410,963	2,638,228	2,619,163	2,105,123	1,059,951	31%	16%
Total Assets	5,962,443	4,506,043	3,224,595	3,222,430	2,639,136	1,456,400	32%	18%
Total Liabillties	3,791,520	2,608,662	1,215,266	1,390,885	1,340,450	1,182,858	45%	23%
Total Equity	2,170,923	1,897,381	2,009,329	1,831,545	1,298,686	273,542	14%	11%

The Group's Total assets have increased by $1.46 Billion or 32% year over year, which was financed by debt and equity. This increase in assets was financed by $1.18 Billion or 45% net increase in outstanding liabilities year over year. Net Loans and advances now stands at $4.47 Billion, which represents an increase of $1.06 Billion or 31% compared to the restated amount for the prior year. The growth in the portfolio results from strong disbursements during the year for both Access and Embassy Loans, of 22% and 20% respectively.

Total equity for the Group increased by $273.5 Million or 14% due to internally generated profits.

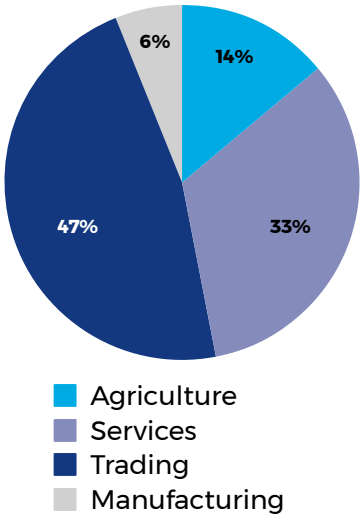
Analysis of Loans and Advances Portfolio

ANALYSIS OF LOANS AND ADVANCES PORTFOLIO				
(Expressed in Millions of Jamaican Dollars)	**31-Mar-2020**	**% of Total**	**31-Mar-2019**	**% of Total**
			Restated	
Personal	4,511	90.6%	3,381	86.4%
Business				
Agriculture	64	1.3%	62	1.6%
Services	157	3.1%	218	5.6%
Trading	222	4.4%	226	5.8%
Manufacturing	28	0.6%	26	0.7%
	471	**9.4%**	**532**	**13.6%**
Total	**4,982**	**100.0%**	**3,913**	**100.0%**
Due within 1 month	53	1.1%	217	5.5%
1 to 3 months	112	2.2%	341	8.7%
3 to 12 months	1,176	23.6%	1,246	31.9%
Over 12 months	3,641	73.1%	2,109	53.9%
Total	**4,982**	**100.0%**	**3,913**	**100.0%**
Allowance for Impairment	(511)		(502)	
Net Loan and Advances	**4,471**		**3,411**	

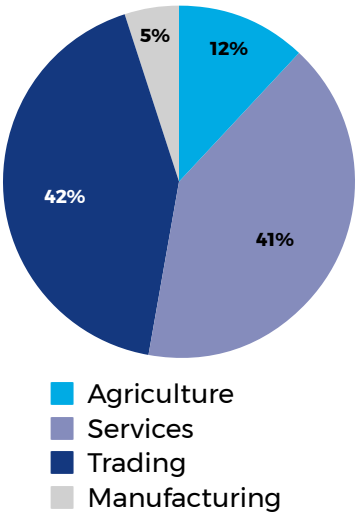
As at March 31, 2020, personal loans amounted to $4.51 Billion representing 90.6% of the gross loan portfolio, up from the restated amount of $3.38 Billion and 86.4% in 2019. This reflects the growth in the loan portfolio from the higher disbursements for Access and Embassy Loans. The business loan portfolio declined to $471 Million, representing 9.4% of the gross loan portfolio when compared to $532 Million and 13.6% at the end of the prior year.

Allowance for impairment as at March 31, 2020 was $511 Million, a marginal increase over the $502 Million for 2019. Over the years, the allowance for impairment has been increasing in line with the Expected Credit Loss (ECL) model for compliance with IFRS 9 Financial Instruments, and the growth in the loan portfolio. We continue to utilize various methodologies to improve the management of delinquency and the collection of bad debt based on our customer segment.

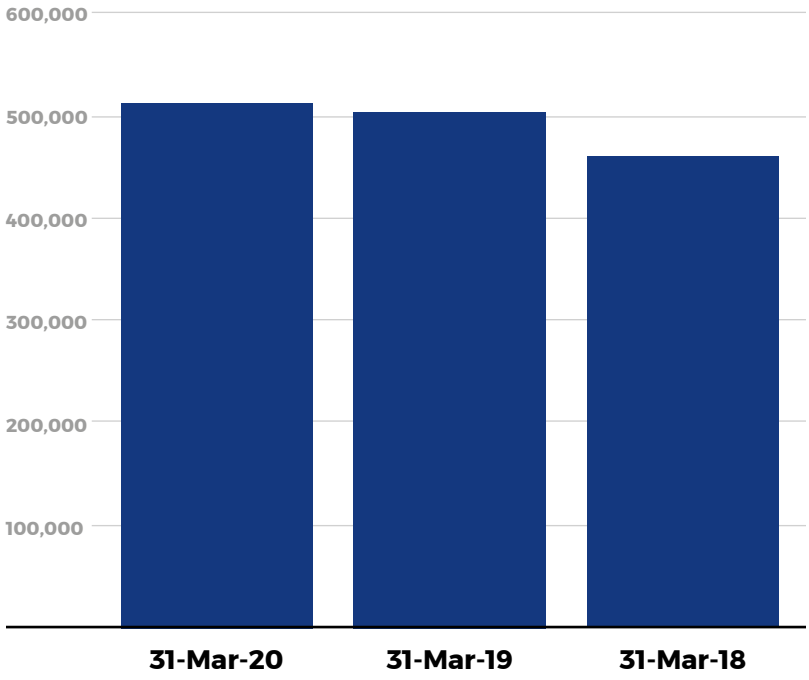
Business Loans
as at March 31, 2020



Business Loans
as at March 31, 2019



Allowance for Impairment
(Thousands of Jamaican Dollars)



Loans Payable

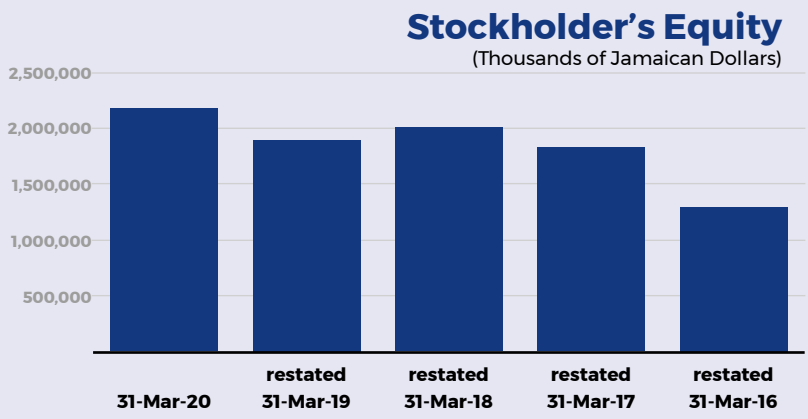
Total loans payable stood at $3.23 Billion as at March 31, 2020, of which $1.19 Billion is due within 12 months. The increase in funding year over year is primarily attributable to increased long term debt financing required to support the growth in the loan portfolios.

FUNDING PORTFOLIO

(Expressed in Millions of Jamaican Dollars)	31-Mar-2020	% of Total	31-Mar-2019	% of Total
Corporate Bond Holders	1,483	46%	1,085	49%
Sagicor Bank Jamaica Limited	44	1%	73	3%
JMMB Bank Limited	297	9%	-	0%
Development Bank of Jamaica Limited	1,140	35%	848	38%
Micro Investment Development Agency	5	0%	41	2%
Proven Investments Limited	100	3%	-	0%
Inter-American Development Bank	22	1%	42	2%
Other	134	4%	126	6%
Total	**3,225**	**100%**	**2,216**	**100%**
1 to 3 months	20	1%	236	11%
3 to 12 months	1,165	36%	744	34%
Over 12 months	2,040	63%	1,237	56%
Total	**3,225**	**100%**	**2,216**	**100%**

Stockholder's Equity

Stockholder's equity stood at $2.17 Billion as at March 31, 2020 compared to the restated amount of $1.90 Billion for the prior year due to the internally generated profits.



Dividends & Shareholder's Return

KEY RATIOS AND PER STOCK UNIT DATA	31-Mar-2020	31-Mar-2019 Restated	31-Mar-2018 Restated	31-Mar-2017 Restated	31-Mar-2016 Restated
Profitability Ratios					
Return on Average Equity	16.2%	22.9%	22.0%	45.4%	87.0%
Return on Average Total Asset	6.3%	11.5%	13.1%	24.2%	47.0%
Per Stock Unit Data					
Earnings per Share	$1.20	$1.63	$1.54	$2.59	$2.48
Dividends Paid	$0.49	$1.24	$0.89	$0.65	$0.71
Dividend payout ratio	40.8%	76.3%	57.9%	25.1%	28.7%
Dividend yield	2.0%	2.7%	1.8%	1.9%	4.2%
Book value	$7.91	$6.91	$7.32	$6.67	$4.73
Market price	$24.95	$46.00	$50.52	$34.00	$17.00
High	$48.00	$53.00	$56.00	$43.80	$21.00
Low	$17.65	$36.00	$32.00	$16.00	$9.50
year end	$24.95	$46.00	$50.52	$34.00	$17.00
Price to Earnings Ratio	20.8	28.2	32.9	13.1	6.8

Dividends paid during the financial year totaled $0.49 per share, compared to $1.24 per share in the prior year.

The dividend pay-out ratio for the financial year was 41% with a dividend yield of 2.0%, and as at March 31, 2020 AFS share price on the Jamaica Stock Exchange was $24.95.

Risk Management Structure

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

Risk measuring, monitoring and management

Management continues to manage risk along the quadrants of the Group's strategic, operational, financial and management objectives. In furtherance of these objectives, during the financial year we appointed a Risk Officer with direct responsibility for the daily management of the Groups' risk exposure.

The following risks inherent to our business activities have been identified and are managed as follows:

Credit Risk

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

Credit exposure arise principally from the Group's loans and advances and cash balances held with financial institutions. The Group mitigates risk

associated with loans through a vigorous credit adjudication and administration policy, which ensures that loans and advances are made to customers with an appropriate credit history. Risk associated with cash and short-term deposits transactions in financial institutions are mitigated by ensuring that transactions are done with institutions of high credit quality as well limiting the exposure that the Company has to any one institution.

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group's liquidity management process includes:

- Daily monitoring of cash flow balances and creating models to forecast liquidity positions.
- The appropriate matching of assets and liabilities.
- Maintaining committed lines of credit.
- Optimizing returns on investments.

Market Risk

Market risk is based on the assumption that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. The Group manages currency risk by ensuring that the net exposure in foreign assets and liabilities is kept at an acceptable level by monitoring currency positions. The Group is exposed to price risk from the changes in available for sale equity investments. The Group does not have significant exposure in this regard, as it does not have significant holdings in securities.

Interest Rate Risk

The Group is exposed to interest rate risk arising from its variable rate borrowings. This is managed by monitoring rate exposure and taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Operational Risk

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

Reputational Risk

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

Our Team & Corporate Social Responsibility

For this financial year, Access Financial Services Limited through its Human Resource and Training department embarked on a path focused on repositioning and aligning its human resources to support the growth of the organization, while remaining resolute in its commitment to be the employer of choice. To this end, the organization was strengthened through:

- Talent recruitment
- Talent repositioning and alignment
- Training and performance management and
- Workplace wellness

Recruitment, Onboarding and Training

During the year, the recruitment of new team members was done to fill key positions aimed at strengthening the team. As part of our mandate of ensuring that the goals of these individuals are aligned with the goals of the organization, we administered a robust onboarding programmme which saw team members being immersed in areas of customer service, credit, delinquency management, and the general operating procedures of the company. Periodic assessment of all employees was done through a performance evaluation program.

One of our key imperatives is the continuous training of team members. For the period under review, team members were trained in risk management and delinquency management. Training was done in collaboration with the Frankfurt School of Finance and Management as part of the institutional support provided by the European Investment Bank (EIB). Members of the Senior Management team participated in a workshop facilitated by the European Investment Bank (EIB) which focused on Innovations in Green Energy Finance. We believe that team members at all levels of the organization contribute to the successful attainment of the Company's goals. Consequently, our Office Attendants were trained and certified in cleaning and sanitation techniques to ensure that team members and customers work and do business in a safe environment. Our frontline team of Customer Service Representatives (CSR) were trained in the fundamentals of Customer Engagement which is key to us delivering best in class customer service.

Performance Management & Staff Engagement

We continued to assess and monitor the performance of our team members through our performance evaluation program. This initiative has proven effective as we realized a notable increase in team members, departments, branches, and the company, achieving their key performance indicators for the year under review. This was achieved despite the onset of the COVID-19 pandemic in March which proved to be a challenging period for our employees and the Company, and which disrupted our normal mode of operation.

We believe in a workplace culture that prioritizes the engagement and satisfaction of team members. Annually we conduct a staff satisfaction

survey to enable us to measure, benchmark, and respond to staff feedback. For the period there was an increase in the number of respondents to the survey and a general increase in the levels of staff satisfaction compared to the 2019 survey.

During the period employees participated in a share ownership exercise and were assisted in purchasing shares in the Company. Thirty-six (36) employees were successful in acquiring shares with minimum allotment of 1000.

Workplace Wellness

Education

We continued to facilitate the program of assisting with the purchase of schoolbooks by employees through a partnership with Sangster's Book Store.

The children of eight (8) employees were the recipient of the annual Access PEP Scholarship valued at $30,000 each. Most of the awardees were placed in schools of their choice.

Wellness activities

Access' monthly themed Fridays continued to evoke lots of fun, excitement, and friendly rivalry among team members. Employees are encouraged and supported in maintaining mental and physical wellness and throughout the year participated in activities sponsored by the Company.

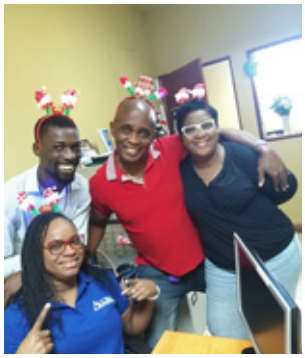
Rewards and Recognition

We continued to foster a culture of rewarding outstanding team members

Pep Scholarship Awardee Janelle Norman with mom Anna-Kay Hinds.

Verification and Call Centre team members – Back L-R: Sandy Lawrence, Andrew Morris, Tasheika Bennett, Yvonne Walters, Adrian Walker, Simone Toban, Jonelle Harriott, Karen Senior
Front L-R: Shakira Brooks, Shawneca Hamilton, Diamond Cassanova

Collections team with COO showcasing Holiday Cheer L-R: Shanna Kay Esty, Romona Davey, Dawn Kameka Burrowes, Denise Johnson, Glennard Samuels



Head Office team members - Tanisia Johnson, Rodrick Blair, Hugh Campbell and Natalie Reid.

Customer Service Training

Top Sales Performers Q1 and Q2 with General Manager L-R: Frederick Williams – COO, Chavel Roman – PL Officer, Jovanni Moxan- PL Officer and LaTanya Robertson – PL Officer

Browns Town team members embracing the holiday cheer. L-R: Camalla McDonald-Campbell, Angela Lindsay-Brown, Shermaine Grant, Angalee Mckenzie, Sashana Brown and Beverley Johnson.

through our Total Rewards Programme. Additionally, the top sales performers were recognized and rewarded each quarter at a luncheon hosted by the CEO.

CORPORATE SOCIAL RESPONSIBILITY

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

i. Mission and Vision are realized;

ii. Employees are appropriately trained and equipped with the right tools to effectively discharge their responsibilities;

iii. Customers' needs are consistently met in a fair and transparent manner in accordance with our Customer First Core Value;

iv. Shareholders' value is maintained through responsible business practices; and

v. Team members are actively engaged in the development of the communities within which the company operates.

Team member development and coaching is identified during quarterly performance appraisals. During the year, training sessions are held in the areas of delinquency management, loan underwriting, and collections. The Company maintains a proactive approach to the health and wellness of staff by partnering with Family Life Ministries, which provides counselling services as needed.

Branch Locations

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

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

New Kingston
46 Trinidad Terrace
Kingston 5
Phone: 876-926-1423
Fax: 876-906-4345

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

Spanish Town
Shop #8
23 Wellington Street
Spanish Town
Phone: 876-764-1415
Fax: 876-749-5406

Old Harbour
Shop #17, Gateway Plaza
7 West Street
Old Harbour
Phone: 876-764-1405
Fax: 876-983-2906

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

MANCHESTER
Mandeville
Shop F6, Reliance Centre
25-27 Manchester Road
Mandeville
Phone: 876-764-1413
Fax: 876-625-6427

Christiana
Shop #6A
Mid Town Super Centre
Christiana

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

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

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

ST. ANN
Ocho Rios
Shop #7, Island Plaza
Ocho Rios
Phone: 876-764-1410
Fax: 876-974-8455°

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

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

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

Junction
Shop #3C-4C
Royes Shopping Centre
Junction
Phone: 876-764-1393
Fax: 876-965-8183

PORTLAND
Port Antonio
Shop #D6, City Centre Plaza
6-8 Harbour Street
Port Antonio P.O. , Portland
Phone: 876-764-1403

DAMARKMCL Branches

KINGSTON
Head Office
Shop #7, Empire Plaza
1-3 Retirement Road, Kingston 5
Phone: 876-754-4850-1/876-948-8630
Fax: 876-754-4849

ST. CATHERINE
Spanish Town
4 Cumberland Road
Spanish Town
Phone: 876-618-5900
Fax: 876-618-5900

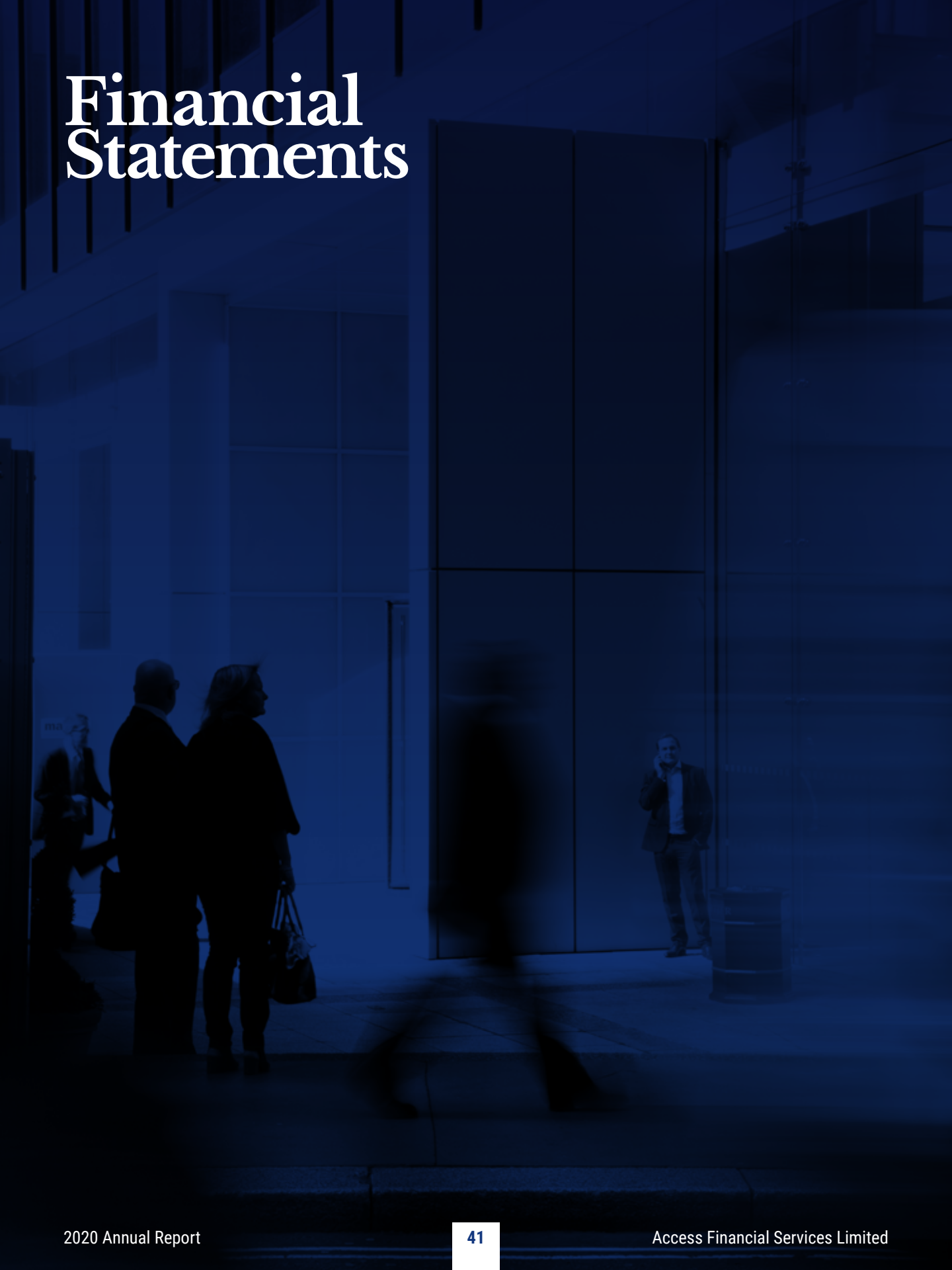
MANCHESTER
Mandeville
Shop #15, Wesley Plaza
1 Wesley Road,
Mandeville
Phone: 876-618-5897
Fax: 876-618-1754

ST. JAMES
Montego Bay
Shop #25, Oneness Plaza
38 Barnett Street
Montego Bay
Phone: 876-618-1755
Fax: 876-618-1754-5

ST. ANN
Ocho Rios
Shop #29, Point Plaza
Ocho Rios
Phone: 876-619-0995
Fax: 876-619-0997

CLARENDON
May Pen
Unit #4
9 Fernleigh Avenue
May Pen
Phone: 876-986-9855

Financial Statements



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Kingston
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firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Access Financial Services Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), set out on pages 49 to 102 which comprise the Group's and Company's statements of financial position as March 31, 2020, 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, 2020, 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.

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

Measurement of Expected Credit Losses

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

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)
Key Audit Matters (Continued)

Measurement of Expected Credit Losses (continued)

Key Audit Matter	*How the matter was addressed in our audit*
Management considered the following: qualitative factors that create COVID-19-related changes to SICR. • qualitative factors that create COVID-19-related changes to SICR. • increased uncertainty about potential future economic scenarios and their impact on credit losses. We therefore determined that the estimates of impairment in respect of investments and loans have a high degree of estimation uncertainty. *See note 25(a) of the financial statements.*	• Assessed the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with the standard.

Emphasis of Matter - comparative information

We draw attention to Note 26 to the financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information (continued)

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 47 to 48, forms part of our auditors' report.

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on additional matters as required by the Jamaican Companies Act

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

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

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

KPMG

Chartered Accountants
Kingston, Jamaica

June 26, 2020

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Appendix to Report on the Audit of the Financial Statements

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

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

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

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

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

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

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

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

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

Statements of Financial Position

	Notes	Group		Company		
		March 31 2020 $'000	March 31 2019 $'000 Restated*	March 31 2020 $'000	March 31 2019 $'000 Restated*	April 1 2018 $'000 Restated*
Assets						
Cash and cash equivalents	5	575,608	411,815	396,183	282,131	315,928
Financial investments	6	4,383	3,814	4,383	3,814	2,773
Other accounts receivable	7	64,030	40,537	145,332	23,150	35,212
Loans and advances	8	4,470,914	3,410,963	3,876,568	2,887,960	2,638,228
Taxation recoverable		49,716	-	47,692	-	-
Investment in subsidiary	9	-	-	857,541	857,541	-
Property, plant and equipment	10	77,149	59,625	73,853	59,625	61,788
Intangible assets	11	457,553	443,145	38,390	50,445	48,416
Right-of-use assets	15	155,683	-	95,495	-	-
Deferred tax assets	12	107,407	136,144	102,118	116,221	122,250
Total assets		5,962,443	4,506,043	5,637,555	4,280,887	3,224,595
Liabilities and equity						
Liabilities						
Payables	13	405,007	379,788	231,803	211,494	193,788
Loans payable	14	3,225,245	2,216,139	3,225,245	2,216,139	964,741
Lease liabilities	15	161,268	-	97,786	-	-
Taxation payable		-	12,735	-	2,913	56,737
Total liabilities		3,791,520	2,608,662	3,554,834	2,430,546	1,215,266
Stockholder's equity						
Share capital	16	96,051	96,051	96,051	96,051	96,051
Fair value reserve	17	2,370	1,801	2,370	1,801	760
Foreign exchange translation		53,897	(23,839)	-	-	-
Retained earnings		2,018,605	1,823,368	1,984,300	1,752,489	1,912,518
Total equity		2,170,923	1,897,381	2,082,721	1,850,341	2,009,329
Total liabilities and equity		5,962,443	4,506,043	5,637,555	4,280,887	3,224,595

The financial statements on pages 49 to 102 were approved for issue by the Board of Directors on June 19, 2020, and signed on its behalf by:

Norman Reid — Director

Marcus James — Chief Executive Officer

*See note 26.
The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

YEAR ENDED MARCH 31, 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		$'000	$'000 Restated*	$'000	$'000 Restated*
Operating income					
Interest income from loans	4(k)	1,701,642	1,398,729	1,595,934	1,335,869
Interest income from securities		1,372	6,994	1,372	6,994
Total interest income, calculated on the effective interest method		1,703,014	1,405,723	1,597,306	1,342,863
Interest expense		(253,585)	(138,605)	(231,868)	(134,750)
Net interest income		1,449,429	1,267,118	1,365,438	1,208,113
Net fees and commissions on loans		617,750	311,384	183,219	197,681
		2,067,179	1,578,502	1,548,657	1,405,794
Other operating income:					
Money services fees and commission		1,787	29,657	1,787	1,648
Foreign exchange losses		(5,477)	(4,581)	(7,027)	(4,581)
Other income		91,199	44,744	56,831	36,434
		87,509	69,820	51,591	33,501
		2,154,688	1,648,322	1,600,248	1,439,295
Operating expenses					
Staff costs	18	725,444	491,166	454,672	425,564
Allowance for credit losses	8(b)	297,048	146,825	291,884	134,281
Depreciation and amortisation	10,11,15	118,120	30,332	84,257	30,333
Other operating expenses	19	618,551	433,341	345,037	362,844
		1,759,163	1,101,664	1,175,850	953,022
Profit before taxation		395,525	546,658	424,398	486,273
Taxation	20	(65,778)	(100,313)	(58,077)	(110,807)
Profit for the year		329,747	446,345	366,321	375,466
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Unrealised gains on investments at fair value through other comprehensive income		569	1,041	569	1,041
Foreign currency translation loss on overseas subsidiary		77,736	(23,839)	-	-
Total other comprehensive income/(loss)		78,305	(22,798)	569	1,041
Total comprehensive income		408,052	423,547	366,890	376,507
Earnings per stock unit	21	1.20	1.63	1.33	1.37

*See note 26.
The accompanying notes form an integral part of the financial statements.

Group Statement of Changes in Shareholders' Equity

YEAR ENDED MARCH 31, 2020

	Share capital (note 16) $'000	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000
Balance at March 31, 2018, as previously reported	96,051	760	-	2,011,363	2,108,174
Prior year adjustment [note 26(i)]	-	-	-	(293,948)	(293,948)
As restated	96,051	760	-	1,717,415	1,814,226
Total comprehensive income for 2019					
Profit for the year	-	-	-	446,345	446,345
Other comprehensive loss	-	1,041	(23,839)	-	(22,798)
	-	1,041	(23,839)	446,345	423,547
Transaction with owners					
Dividends paid (note 22)	-	-	-	(340,392)	(340,392)
Balances at March 31, 2019	96,051	1,801	(23,839)	1,823,368	1,897,381
Total comprehensive income for 2020					
Profit for the year	-	-	-	329,747	329,747
Other comprehensive income	-	569	77,736	-	78,305
	-	569	77,736	329,747	408,052
Transaction with owners					
Dividends paid (note 22)	-	-	-	(134,510)	(134,510)
Balances at March 31, 2020	96,051	2,370	53,897	2,018,605	2,170,923

*See note 26.
The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Shareholders' Equity

YEAR ENDED MARCH 31, 2020

	Share capital (note 16) $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
Balances at March 31, 2018, as previously reported	96,051	760	2,011,363	2,108,174
Prior year adjustment [note 26(i)]	-	-	(293,948)	(293,948)
As restated	96,051	760	1,717,415	1,814,226
Total comprehensive income for 2019				
Profit for the year	-	-	375,466	375,466
Other comprehensive income	-	1,041	-	1,041
	-	1,041	375,466	376,507
Transaction with owners				
Dividends paid (note 22)	-	-	(340,392)	(340,392)
Balances at March 31, 2019	96,051	1,801	1,752,489	1,850,341
Total comprehensive income for 2020				
Profit for the year	-	-	366,321	366,321
Other comprehensive income	-	569	-	569
	-	569	366,321	366,890
Transaction with owners				
Dividends paid (note 22)	-	-	(134,510)	(134,510)
Balances at March 31, 2020	96,051	2,370	1,984,300	2,082,721

*See note 26.
The accompanying notes form an integral part of the financial statements.

Group Statement of Cash Flows

YEAR ENDED MARCH 31, 2020

	Notes	2020 $'000	2019 $'000 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		329,747	446,345
Items not affecting cash resources:			
Exchange gain on foreign balances		5,477	4,581
Depreciation and amortisation	10,11	50,179	30,332
Depreciation of right-of-use asset	15(a)	67,941	-
Loans and receivables written-off	19	210,245	30,501
Increase in allowance for loan losses	8(b)	297,048	146,825
Interest income		(1,703,014)	(1,405,723)
Interest expense		235,887	138,605
Lease interest expense	15(b)	17,698	-
Income tax	20(a)	37,041	49,172
Deferred tax	20(a)	28,737	51,141
		(423,014)	(508,221)
Changes in operating assets and liabilities:			
Loans and advances		(1,560,943)	(668,106)
Other accounts receivable		(31,474)	131,335
Loans payable, net		1,009,366	1,123,924
Accounts payable		25,219	9,412
		(980,846)	88,344
Interest received		1,697,596	1,397,011
Interest paid		(236,147)	(125,169)
Taxation paid		(99,492)	(93,175)
Cash provided by operating activities		381,111	1,267,011
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment and intangible assets	10,11	(38,058)	(30,198)
Acquisition of subsidiary		-	(796,836)
Net cash used by investing activities		(38,058)	(827,034)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payments	15(b)	(80,008)	-
Dividends paid	22	(134,510)	(340,392)
Net cash used by financing activities		(214,518)	(340,392)
Increase in cash and cash equivalents at end of the year		128,535	99,585
Effect of exchange rate fluctuations on cash and cash equivalents		35,258	(3,698)
Cash and cash equivalents at beginning of year		411,815	315,928
Cash and cash equivalents at end of year (note 5)		575,608	411,815

*See note 26.
The accompanying notes form an integral part of the financial statements.

Company Statement of Cash Flows

YEAR ENDED MARCH 31, 2020

	Notes	2020 $'000	2019 $'000 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		366,321	375,466
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances		7,027	4,581
Depreciation and amortisation	10,11	32,588	30,332
Depreciation of right-of-use asset	15(a)	51,669	-
Increase in allowance for loan losses	8(b)	291,884	134,281
Interest income		(1,597,306)	(1,342,863)
Interest expense		222,306	134,750
Loan and receivables written-off	19	37,740	30,501
Income tax	20(a)	43,974	39,744
Deferred tax	20(a)	14,103	71,063
Lease interest expense	15(b)	9,563	-
		(520,131)	(522,145)
Changes in operating assets and liabilities:			
Loans and advances		(1,311,927)	(674,652)
Other accounts receivable		(18,106)	12,096
Loans payable, net		1,009,361	1,250,004
Accounts payable		20,309	10,046
		(820,494)	75,349
Interest received		1,486,973	1,342,830
Interest paid		(222,566)	(127,091)
Taxation paid		(94,578)	(93,567)
Cash provided by operating activities		349,335	1,197,521
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment and intangible assets	10,11	(34,761)	(30,198)
Investment in subsidiary	9	-	(857,541)
Net cash used by investing activities		(34,761)	(887,739)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payment	15(b)	(58,941)	-
Dividends paid		(134,510)	(340,392)
Net cash used by financing activities		(193,451)	(340,392)
Increase/(decrease) in cash and cash equivalents at the end of the year		121,123	(30,610)
Effect of exchange rate fluctuations on cash and cash equivalents		(7,071)	(3,187)
Cash and cash equivalents at beginning of year		282,131	315,928
Cash and cash equivalents at end of year (note 5)		396,183	282,131

*See note 26.
The accompanying notes form an integral part of the financial statements.

1. Identification and principal activities

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

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

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

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

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). This is the first set of the Group's annual financial statements in which IFRS 16 *Leases,* has been applied. Changes to significant accounting policies are described in note 3.

At the date of approval of these financial statements, certain new standards, amendment to standards and interpretations 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:

- 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 is assessing the impact that the amendement will have on its 2021 financial statements.

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

(a) Statement of compliance (continued):

At the date of approval of these financial statements, certain new standards, amendment to standards and interpretations 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 (continued):

- Amendments to *References to Conceptual Framework* in IFRS Standards is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard-setting including the objective of financial reporting. The main change relates to how and when assets and liabilities are recognised and derecognised in the financial statements:

  New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;

  A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on-balance-sheet earlier than at present.

  A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

  The Group is assessing the impact that the amendments will have on its 2021 financial statement.

(b) Basis of preparation:

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

(c) Functional and presentation currency:

These financial statements are presented in thousands of Jamaica dollars ($'000), which is the Company's functional currency, unless otherwise indicated. The financial statements of the subsidiary, which has a different functional currency, are translated into the presentation currency in the manner described in note 4(g)(ii).

(d) Use of estimates and judgements:

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

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

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

(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.

The key relevant judgements are as follows:

(i) Classification of financial assets:

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

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

(i) Allowance for impairment losses:

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

(ii) Income taxes:

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

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

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

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

(ii) 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 significant accounting policies

The Group has applied IFRS 16 from April 1, 2019. A number of other new standards are also effective from April 1, 2019, but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at April 1, 2019. Accordingly, the comparative information presented for 2020 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

The details of the changes in accounting policies are disclosed in note 4(l). Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(b) Impact on transition

(i) On adoption of IFRS 16 on April 1, 2019, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	Group $'000	Company $'000
Right-of-use assets	195,466	123,712
Lease liabilities	(195,466)	(123,712)
	-	-

3. Changes in significant accounting policies (continued)

(b) Impact on transition (continued)

(ii) In measuring lease liabilities at April 1, 2019, the Group discounted lease payments using incremental borrowing rate as follows.

	Group $'000	Company $'000
Operating lease commitments at March 31, 2019 as disclosed under IAS 17 in the Group's financial statements	208,531	115,632
Discounted using the weighted incremental borrowing rate at April 1 2019	10%	9%
- Recognition exemption for leases of low-value assets	144	144
Lease liabilities recognised at April 1, 2019	195,466	123,712

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

(i) Classification of financial assets

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

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

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

Debt instruments

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

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

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 4(i). 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)

(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)

(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)

(ii) Measurement of gains and losses on financial assets

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

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

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

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

Financial liabilities

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

Offsetting of financial instruments

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

Amortised cost

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

(c) Financial instruments – Other:

(i) Cash and cash equivalents

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

4. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(i) Other accounts receivable

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

(ii) Payables

Payables are measured at amortised cost.

(iii) Interest-bearing borrowings

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

(d) Property, plant and equipment:

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

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

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

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

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

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. The depreciation rate for computer software is 20%.

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

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

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

(v) Subsequent expenditure

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

(f) Impairment of non-financial assets:

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

(g) Foreign currency translation:

(i) Transactions and balances

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

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 are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and presented in fair value reserve.

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

(ii) Foreign operations

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

(h) Income tax:

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

(i) Current income tax

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

(ii) Deferred income tax

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

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

4. Significant accounting policies (continued)

(i) Impairment of financial assets:

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

Framework

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

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

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

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

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below and note 25(a) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See note 25(a) for an explanation of how the Group has incorporated this in its ECL models.

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

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

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

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued):

Credit-impaired financial assets (continued)

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

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

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

Restructured financial assets

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

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

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

Measurement of ECL

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

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

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued):

Measurement of ECL (continued)

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

(j) Employee benefits defined contribution plans:

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

4. Significant accounting policies (continued)

(k) Revenue recognition:

(i) Interest income and expense

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

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

Calculation of interest income and interest expense

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

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

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

Presentation

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

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

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

(ii) Fee and commission income

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

4. Significant accounting policies (continued)

(l) Leases:

Policy applicable from April 1, 2019

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

This policy is applied to contracts entered into, on or after April 1, 2019.

As a lessee

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

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

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

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

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

4. Significant accounting policies (continued)

(l) Leases (continued):

Policy applicable from April 1, 2019 (continued)

As a lessee (continued)

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

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

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

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

Short-term leases and leases of low-value assets

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

Policy applicable before April 1, 2019

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.

4. Significant accounting policies (continued)

(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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Resale agreements	-	33,904	-	33,904
Short term deposits	266,876	71,243	266,876	71,243
Cash at bank	308,732	306,668	129,307	176,984
	575,608	411,815	396,183	282,131

Resale agreements are backed by Government of Jamaica Securities with a fair value of $ Nil (2019:$35,768,000).

6. Financial investments

	Group and Company	
	2020	2019
	$'000	$'000
FVOCI investments:		
Quoted equities	4,383	3,814

7. Other accounts receivable

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Taxation recoverable	3,802	3,509	3,802	3,509
Prepayments and deposits	36,657	12,960	24,713	13,924
Interest receivable	-	-	103,818	-
Other	23,571	24,068	12,999	5,717
	64,030	40,537	145,332	23,150

8. Loans and advances

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000 Restated*	$'000	$'000 Restated*
Due within 1 month	52,692	217,085	34,907	212,698
1 to 3 months	112,029	340,609	84,138	306,080
3 to 12 months	1,175,981	1,246,311	636,417	776,317
Over 12 months	3,641,269	2,109,034	3,567,503	2,038,998
Gross loans and advances	4,981,971	3,913,039	4,322,965	3,334,093
Less: Allowance for impairment [note 25(a)]	(511,057)	(502,076)	(446,397)	(446,133)
	4,470,914	3,410,963	3,876,568	2,887,960

*See note 26

(b) Allowances for loan losses:

Balance at beginning of year	502,076	458,585	446,133	458,585
IFRS 9 transition adjustment	-	260,137	-	260,137
	502,076	718,722	446,133	718,722
Allowance made during the year	297,048	146,825	291,884	134,281
Acquired on acquisition	-	77,027	-	-
Translation adjustment	3,553	(311)	-	-
Loans written off	(291,620)	(440,187)	(291,620)	(406,870)
Balance at the end of the year	511,057	502,076	446,397	446,133

8. Loans and advances (continued)

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000 Restated*	$'000	$'000 Restated*
Personal loans	4,511,468	3,381,062	3,852,462	2,802,116
Business loans:				
Agriculture	64,178	61,614	64,178	61,614
Services	156,826	217,525	156,826	217,525
Trading	221,555	226,456	221,555	226,456
Manufacturing	27,944	26,382	27,944	26,382
	470,503	531,977	470,503	531,977
	4,981,971	3,913,039	4,322,965	3,334,093

9. 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 as at March 31, 2019.

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 $'000
Loans receivable	565,420
Other assets	127,947
Cash and cash equivalents	60,705
Intangible assets	66,538
Other liabilities and accruals	(163,151)
Subordinated notes payable	(126,080)
Net assets acquired	531,379
Goodwill acquired	326,162
Total consideration on acquisition in the year	857,541

Cash outflow on acquisition

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

10. Property, plant and equipment:

	Group				
	Leasehold improvement $'000	Computer equipment $'000	Furnitures and fixtures $'000	Motor vehicles $'000	Total $'000
Cost					
March 31, 2018	55,530	55,012	38,213	15,789	164,544
Additions	9,831	4,117	2,945	-	16,893
Disposal	-	(7,350)	(453)	-	(7,803)
Acquisition of subsidiary	4,583	32,068	-	2,059	38,710
Transition adjustment	(88)	(613)	-	(39)	(740)
March 31, 2019	69,856	83,234	40,705	17,809	211,604
Additions	1,655	27,917	2,235	5,088	36,895
Disposal	(505)	(500)	(1,325)	-	(2,330)
Transition adjustment	281	1,966	-	126	2,373
March 31, 2020	71,287	112,617	41,615	23,023	248,542
Depreciation					
March 31, 2018	39,815	35,899	21,409	5,633	102,756
Eliminated on disposal	-	(7,350)	(453)	-	(7,803)
Acquisition of subsidiary	4,583	32,068	-	2,059	38,710
Transition adjustment	(88)	(613)	-	(39)	(740)
Charge for the year	4,966	7,494	3,471	3,125	19,056
March 31, 2019	49,276	67,498	24,427	10,778	151,979
Charge for the year	5,046	6,470	3,457	4,397	19,370
Eliminated on disposal	(505)	(500)	(1,325)	-	(2,330)
Transition adjustment	282	1,966	-	126	2,374
March 31, 2020	54,099	75,434	26,559	15,301	171,393
Net book values					
March 31, 2020	17,188	37,183	15,056	7,722	77,149
March 31, 2019	20,580	15,736	16,278	7,031	59,625

	Company				
	Leasehold improvement $'000	Computer equipment $'000	Furnitures and fixtures $'000	Motor vehicles $'000	Total $'000
Cost					
March 31, 2018	55,530	55,012	38,213	15,789	164,544
Additions	9,831	4,117	2,945	-	16,893
Disposal	-	(7,350)	(453)	-	(7,803)
March 31, 2019	65,361	51,779	40,705	15,789	173,634
Additions	1,655	24,620	2,235	5,088	33,598
Disposal	(505)	(500)	(1,325)	-	(2,330)
March 31, 2020	66,511	75,899	41,615	20,877	204,902
Depreciation					
March 31, 2018	39,815	35,899	21,409	5,633	102,756
Eliminated on disposal	-	(7,350)	(453)	-	(7,803)
Charge for the year	4,966	7,494	3,471	3,125	19,056
March 31, 2019	44,781	36,043	24,427	8,758	114,009
Charge for the year	5,046	6,470	3,457	4,397	19,370
Eliminated on disposal	(505)	(500)	(1,325)	-	(2,330)
March 31, 2020	49,322	42,013	26,559	13,155	131,049
Net book values					
March 31, 2020	17,189	33,886	15,056	7,722	73,853
March 31, 2019	20,580	15,736	16,278	7,031	59,625

11. Intangible assets

	Group				
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
March 31, 2018	60,158	27,600	4,200	4,623	96,581
Adjustment	(356)	-	-	-	(356)
Additions	13,661	-	-	-	13,661
Acquisition of subsidiary	-	37,824	28,714	326,162	392,700
March 31, 2019	73,463	65,424	32,914	330,785	502,586
Additions	1,163	-	-	-	1,163
Translation adjustment	-	15,759	(8,620)	36,627	43,766
March 31, 2020	74,626	81,183	24,294	367,412	547,515
Amortisation and impairment					
March 31, 2018	37,367	6,175	-	4,623	48,165
Charge for the year	7,826	3,450	-	-	11,276
March 31, 2019	45,193	9,625	-	4,623	59,441
Charge for the year	9,768	21,041	-	-	30,809
Translation adjustment	-	(288)	-	-	(288)
March 31, 2020	54,961	30,378	-	4,623	89,962
Net book values					
March 31, 2020	19,665	50,805	24,294	362,789	457,553
March 31, 2019	28,270	55,799	32,914	326,162	443,145

	Company				
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
March 31, 2018	60,158	27,600	4,200	4,623	96,581
Adjustment	(356)	-	-	-	(356)
Additions	13,661	-	-	-	13,661
March 31, 2019	73,463	27,600	4,200	4,623	109,886
Additions	1,163	-	-	-	1,163
March 31, 2020	74,626	27,600	4,200	4,623	111,049
Amortisation and impairment					
March 31, 2018	37,367	6,175	-	4,623	48,165
Charge for the year	7,826	3,450	-	-	11,276
March 31, 2019	45,193	9,625	-	4,623	59,441
Charge for the year	9,768	3,450	-	-	13,218
March 31, 2020	54,961	13,075	-	4,623	72,659
Net book values					
March 31, 2020	19,665	14,525	4,200	-	38,390
March 31, 2019	28,270	17,975	4,200	-	50,445

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					
	March 31, 2018	Recognised in profit or loss (note 20)	Recognised in other comprehensive income	March 31, 2019	Recognised in profit or loss (note 20)	March 31, 2020
	$'000	$'000	$'000	$'000	$'000	$'000
Accounts payable	4,156	2,026	-	6,182	1,792	7,974
Property, plant & equipment	248	(3,036)	-	(2,788)	7,805	5,017
Loans receivable	114,646	(46,918)	65,034	132,763	(43,895)	88,868
Intangible assets	-	-	-	-	2,702	2,702
Leases	-	-	-	-	(128)	(128)
Other	3,200	(3,213)	-	(13)	2,987	2,974
	122,250	(51,141)	65,034	136,144	(28,737)	107,407

	Company					
	March 31, 2018	Recognised in profit or loss (note 20)	Recognised in other comprehensive income	March 31, 2019	Recognised in profit or loss (note 20)	March 31, 2020
	$'000	$'000	$'000	$'000	$'000	$'000
Accounts payable	4,156	2,026	-	6,182	1,792	7,974
Property, plant & equipment	248	(3,036)	-	(2,788)	7,805	5,017
Leases	-	-	-	-	573	573
Loans receivable	114,646	(66,840)	65,034	112,840	(27,260)	85,580
Other	3,200	(3,213)	-	(13)	2,987	2,974
	122,250	(71,063)	65,034	116,221	(14,103)	102,118

13. Payables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Payables and accruals	81,439	46,892	61,004	37,296
Advance payments	323,568	332,896	170,799	174,198
	405,007	379,788	231,803	211,494

14. Loans payable

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Corporate bond-holders (i)	1,483,402	1,084,653	1,483,402	1,084,653
Sagicor Bank Jamaica Limited (ii)	44,211	73,333	44,211	73,333
JMMB Bank Limited (iii)	297,291	-	297,291	-
Proven Management Limited (iv)	100,000	-	100,000	-
Development Bank of Jamaica Limited (v)	1,139,629	848,287	1,139,629	848,287
Micro Investment Development Agency (vi)	5,187	41,496	5,187	41,496
Inter-American Development Bank (vii)	21,566	42,290	21,566	42,290
Embassy loans (viii)	-	-	133,959	126,080
Other (ix)	133,959	126,080	-	-
	3,225,245	2,216,139	3,225,245	2,216,139
The loans mature as follows:				
1 to 3 months	20,031	235,937	20,031	235,937
3 to 12 months	1,165,196	743,618	1,031,237	743,618
	1,185,227	979,555	1,051,268	979,555
Over 12 months	2,040,018	1,236,584	2,173,977	1,236,584
	3,225,245	2,216,139	3,225,245	2,216,139

(i) This represents five year fixed and variable rate bond notes due in 2020, 2025 and 2026, arranged by Proven Wealth Limited and registered with JCSD Trustee Services Limited, as Trustee. Interest is payable every six months and the fixed rate bonds interest rate ranges from 7.85% to 8%. The variable rate bonds interest rate is 11% per annum for two years and variable thereafter. The applicable variable rate will be 250 basis points above the prevailing Government of Jamaica six-months weighted average treasury bill yield occurring one month before the interest payment date. The note is unsecured.

(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 represents a one year Revolving Line of Credit and a seven year Term Loan an at interest rate of 8%. They are secured by promissory note.

(iv) This represent a 3 month Revolving Line of Credit and attracts interest at 10.50% per annum. It is secured by promissory note.

(v) These loans bear interest averaging 9% (2019 : 10%), and are repayable monthly and quarterly over 24 months. They are secured by promissory note.

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

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

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

(ix) 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.

15. Leases

The Group leases property mainly for the operations of its branches. The leases typically run for 1 to 5 years, with options to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17.

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

(a) Right-of-use assets

	Group Land and buildings $'000	Company Land and building $'000
Recognition of right-of-use assets on initial application of IFRS 16	195,466	123,712
Additions	23,452	23,452
Depreciation charge for the year	(67,941)	(51,669)
Exchange adjustments	4,706	-
Balance at March 31, 2020	155,683	95,495

(b) Lease liabilities

Recognition of lease liability on initial application of IFRS 16	195,466	123,712
Additions during the year	23,452	23,452
Payments during the year	(80,008)	(58,941)
Interest expense	17,698	9,563
Effect of movement in exchange rates during the year	4,660	-
Balance at March 31, 2020	161,268	97,786
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	66,439	45,659
One to five years	121,637	64,493
	188,076	110,152
Less: future interest	(26,808)	(12,366)
Total discounted lease liabilities as at March 31, 2020	161,268	97,786
Less: current portion	(66,814)	(52,489)
Non-current	94,454	45,297

(c) Amounts recognised in profit or loss:

2020 – Leases under IFRS 16		
Expense on short term leases	144	144
Depreciation charge for the year	67,941	51,669
Interest on lease liabilities	17,698	9,563
2019 – Operating leases under IAS 17		
Lease expense	59,324	53,380

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

Total cash outflow for leases	80,008	58,941

16. Share capital

	Company	
	2020	2019
	$'000	$'000
Authorised share capital		
350,000,000 (2019:350,000,000) ordinary shares of no par value		
Stated capital, issued and fully paid:		
274,509,840 (2019: 274,509,840) ordinary shares of no par value	96,051	96,051

17. Fair value reserve

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

18. Staff costs

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Wages, salaries and statutory contributions	605,827	372,301	366,047	315,078
Pension contributions	22,091	13,401	11,206	10,381
Other staff benefits	97,526	105,464	77,419	100,105
	725,444	491,166	454,672	425,564

19. Other operating expenses

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Advertising	66,975	36,517	26,858	25,604
Agency fees	18,610	19,689	18,610	19,689
Audit fees	24,237	9,386	20,723	7,763
Bank charges	8,473	9,156	3,844	4,379
Cleaning and sanitation	7,121	5,662	4,829	4,611
Courier and collection services	6,936	34,253	6,936	6,740
Directors' fees	3,121	1,959	3,121	1,959
Insurance	4,196	4,362	4,196	4,362
Irrecoverable GCT	47,561	39,273	47,561	39,273
Legal and professional fees	48,899	47,547	33,911	44,330
Loans written off	210,245	30,501	37,740	30,501
Motor vehicle expenses	1,161	916	1,161	916
Printing and stationery	13,290	12,828	13,290	12,184
Rent	361	59,324	-	53,880
Repairs and maintenance	3,195	2,623	3,195	2,200
Security	7,484	9,210	7,017	9,186
Subscriptions & donations	8,521	1,957	8,521	1,957
Travel and entertainment	4,165	4,881	4,165	4,827
Utilities	64,390	57,542	55,873	54,083
Other expenses	69,610	45,755	43,486	34,400
	618,551	433,341	345,037	362,844

20. Taxation

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(a) Taxation for the year comprises:				
Current tax expense	37,041	49,172	43,974	39,744
Deferred tax arising from temporary differences	28,737	51,141	14,103	71,063
	65,778	100,313	58,077	110,807

(b) Reconciliation of actual tax expense

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Profit before tax	395,525	546,658	424,398	486,273
Expected tax expense at 25%	98,881	136,665	106,100	121,568
Effect of different tax rate in foreign jurisdiction	(105)	(27,224)	-	-
Adjusted for difference in treatment of:				
Depreciation and capital allowances	8,437	5,407	8,437	5,407
Provision for loan loss	904	1,633	-	-
Disallowed expenses	894	23,576	(13,227)	23,576
	109,011	140,057	101,310	150,551
Adjustment for the effect of tax remission	(43,233)	(39,744)	(43,233)	(39,744)
	65,778	100,313	58,077	110,807

(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%

Therefore, on October 31, 2019 the tax benefit expired. 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, 2020 was computed at 25% (2019: 25% as the tax remission terminates before the next reporting date).

21. 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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Net profit attributable to stockholders ($'000)	329,747	446,345	366,321	375,466
Number of ordinary stock units ('000)	274,510	274,510	274,510	274,510
Earnings per stock unit ($)	1.20	1.63	1.33	1.37

22. Dividends

	Company	
	2020	2019
	$'000	$'000
In respect of 2019	134,510	340,392

At meetings of The Board of Directors on 30 July 2019, 30 October 2019, and 29 January 2020, dividend payments of $0.29, $0.10, and $0.10 respectively were approved by the Board of Directors.

23. Related party transactions and balances

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

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Key management compensation (included in staff costs Note 18)				
Key management includes director and senior managers :				
Salaries and other short-term employee benefits	150,253	78,749	55,723	56,346
Post employment benefits	12,438	4,869	3,484	2,406
Interest expense	13,581	3,788	-	-
Directors' emoluments				
Fees	-	1,960	-	1,960
Management remuneration	16,995	16,889	16,955	16,889

23. Related party transactions and balances (continued)

(a) (Continued)

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Lease payments				
Renew Limited – other related company	19,449	20,155	19,449	20,155
Loan interest income:				
Proven Investments Limited	-	2,985	-	2,985
Embassy Loans Inc.	-	-	104,916	-
Loan interest expense:				
Proven Management Limited	(834)	-	(834)	-
Proven Investments Limited	(4,904)	-	(4,904)	-
Loan commitment and origination fees:				
Proven Investments Limited	(4,718)	-	(4,718)	-

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balances due from:				
Embassy Loans Inc.	-	-	756,483	756,483
Balances due to:				
Embassy Loans Inc.	-	-	(133,959)	(126,080)
Proven Management Limited	(100,000)	-	(100,000)	-
Loans payable – other related party	133,959	126,080	-	-

24. Segment information

	2020			
	Jamaica	United States	Eliminations	Group
	$'000	$'000	$'000	$'000
Interest income	1,597,307	210,624	(104,916)	1,703,014
Segment results	428,598	(6,994)	(21,879)	395,525
Taxation				(65,778)
Profit for the year				329,747
Interest expense	(231,868)	(103,203)	81,486	(253,585)
Allowance for credit losses	(291,884)	(4,305)	-	(296,189)
Depreciation and amortisation	(84,257)	(33,814)	-	(118,071)
Total segment assets	5,637,555	1,286,247	(961,359)	5,962,443
Total segment liabilities	(3,554,834)	(1,144,258)	907,572	(3,791,520)

24. Segment information (continued)

	2019			
	Jamaica $'000	United States $'000	Eliminations $'000	Group $'000 Restated*
Interest income	1,342,863	62,860	-	1,405,723
Segment results	486,273	60,385	-	546,658
Taxation				(100,313)
Profit for the year				446,345
Interest expense	(134,750)	(3,855)	-	(138,605)
Allowance for credit losses	(134,281)	(12,544)	-	(146,825)
Depreciation and amortisation	(30,332)	-	-	(30,332)
Total segment assets	4,280,887	1,128,137	(902,981)	4,506,043
Total segment liabilities	(2,430,546)	(303,136)	125,020	(2,608,662)

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.

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk

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

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

- Concentration of risk – Loans and advances

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000 Restated*	$'000	$'000 Restated*
Personal loans	4,511,470	3,381,063	3,852,462	2,802,116
Business loans	470,501	531,976	470,503	531,977
	4,981,971	3,913,039	4,322,965	3,334,093
Less: Provision for credit losses	(511,057)	(502,076)	(446,397)	(446,133)
	4,470,914	3,410,963	3,876,568	2,887,960

*See note 26

(ii) Credit quality analysis

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(ii) Credit quality analysis

- Loans receivable at amortised cost:

	Group 2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Ageing of loans receivable				
Current	3,768,462	4,055	1,376	3,773,893
Past due 1-30 days	831,099	7,801	5,252	844,152
Past due 31-60 days	104,236	39,212	945	144,393
Past due 60-90 days	25,445	50,449	10,912	86,806
Over 90 days	-	-	132,727	132,727
Total	4,729,242	101,517	151,212	4,981,971
Loss allowance	(362,662)	(16,779)	(131,616)	(511,057)
	4,366,580	84,738	19,596	4,470,914

	Group 2019			
	Stage 1 $'000 Restated*	Stage 2 $'000 Restated*	Stage 3 $'000 Restated*	Total $'000 Restated*
Ageing of loans receivable				
Current	2,929,635	-	-	2,929,635
Past due 1-30 days	557,473	-	-	557,473
Past due 31-60 days	1,795	109,103	-	110,898
Past due 60-90 days	-	36,088	27,572	63,660
Over 90 days	-	-	251,373	251,373
Total	3,488,903	145,191	278,945	3,913,039
Loss allowance	(276,650)	(24,996)	(200,431)	(502,076)
	3,212,253	120,195	78,514	3,410,963

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

(*See note 26)

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(ii) Credit quality analysis (continued)

- Loans receivable at amortised cost (continued):

	Company 2019			
	Stage 1 $'000 Restated*	Stage 2 $'000 Restated*	Stage 3 $'000 Restated*	Total $'000 Restated*
Ageing of loans receivable				
Current	2,350,689	-	-	2,350,689
Past due 1-30 days	557,473	-	-	557,473
Past due 31-60 days	1,795	109,103	-	110,898
Past due 60-90 days	-	36,088	27,572	63,660
Over 90 days	-	-	251,373	251,373
Total	2,909,957	145,191	278,945	3,334,093
Loss allowance	(220,706)	(24,996)	(200,431)	(446,133)
	2,689,251	120,195	78,514	2,887,960

(*See note 26)

(iii) Management of credit risk

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

(1) Loans and advances

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

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

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

(2) Cash and cash equivalents, including resale agreements

The 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)

(iii) Management of credit risk

(3) Other receivables

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

(iv) Impairment

Inputs, assumptions and techniques used for estimating impairment

See accounting policy at note 4(i).

Significant increase in credit risk

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

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

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

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

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

Credit risk grades:

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

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Significant increase in credit risk (continued)

Credit risk grades (continued):

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

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

Determining whether credit risk has been increased significantly

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

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

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

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

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

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Determining whether credit risk has been increased significantly (continued)

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

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

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

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

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

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

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

Definition of default:

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

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Definition of default (continued):

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

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

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

Incorporation of forward-looking information

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

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

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

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

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Incorporation of forward-looking information (continued)

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

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

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

Measurement of ECL

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

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

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

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

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

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Measurement of ECL (continued)

	Group 2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Loans receivable:				
Balance at April 1, 2018	309,966	24,996	167,114	502,076
Net remeasurement of loss allowance	82,459	(8,217)	222,806	297,048
Transition adjustments	3,553	-	-	3,553
Loans written off	-	-	(291,620)	(291,620)
Balance at March 31, 2020	395,978	16,779	98,300	511,057

	Group 2019			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Loans receivable:				
Balance at April 1, 2018	167,169	29,082	522,471	718,722
Assumed on acquisition of subsidiary	77,027	-	-	77,027
Net remeasurement of loss allowance	66,081	(4,086)	84,830	146,825
Loans written off	-	-	(440,187)	(440,187)
Transition adjustments	(311)	-	-	(311)
Balance at March 31, 2019	309,966	24,996	167,114	502,076

	Company 2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Loans receivable:				
Balance at April 1, 2018	220,706	24,996	200,431	446,133
Net remeasurement of loss allowance	77,294	(8,217)	222,806	291,883
Loans written off	-	-	(291,619)	(291,619)
Balance at March 31, 2019	298,000	16,779	131,618	446,397

	Company 2019			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Loans receivable:				
Balance at April 1, 2018	167,169	29,082	522,471	718,722
Net re-measurement of loss allowance	53,537	(4,086)	84,830	134,281
Loans written off	-	-	(406,870)	(406,870)
Balance at March 31, 2019	220,706	24,996	200,431	446,133

25. Financial instruments – risk management (continued)

(b) Liquidity risk

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

Liquidity risk management process

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

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

Cash flows of financial liabilities

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

	Group 2020						
	Carrying amount $'000	Contractual cash flows $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Payables	405,007	405,007	55,814	349,193	-	-	405,007
Loans payable	3,225,245	4,072,076	73,273	1,355,618	874,530	1,768,655	4,072,076
Total financial Liabilities	3,630,252	4,477,083	129,087	1,704,811	847,530	1,768,655	4,477,083

	Group 2019						
	Carrying amount $'000	Contractual cash flows $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Payables	379,788	379,788	71,187	308,602	-	-	379,788
Loans payable	2,216,139	2,867,098	281,321	902,115	334,377	1,349,285	2,867,098
Total financial liabilities	2,595,927	3,246,886	$352,508	1,210,717	334,377	1,349,385	3,246,886

25. Financial instruments – risk management (continued)

(b) Liquidity risk (continued)

	Company 2020						
	Carrying amount $'000	Contractual cash flows $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Payables	231,803	231,803	35,379	196,424	-	-	231,803
Loans payable	3,225,245	4,062,029	73,273	1,211,612	874,530	1,902,614	4,062,029
Total financial liabilities	3,457,048	4,293,832	108,652	1,408,036	874,530	1,902,614	4,293,832

	Company 2019						
	Carrying amount $'000	Contractual cash flows $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Payables	211,494	211,494	26,737	184,757	-	-	211,494
Loans payable	2,216,139	2,867,098	281,321	902,115	334,377	1,349,285	2,867,098
Total financial liabilities	2,427,633	3,078,592	308,058	1,086,892	334,377	1,349,285	3,078,592

(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	
	2020 $'000	2019 $'000
Cash and bank balances	184,410	175,509
Receivables (loan and advances)	595,978	552,578
	780,388	728,087

25. Financial instruments – risk management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	Company	
	2020	2019
	$'000	$'000
Cash and bank balances	4,985	44,725
Receivables (loan and advances)	1,632	16,851
	6,617	61,576

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, accounts receivable balance and payables balance, and adjusts their translation at the year-end for 6% (2019: 4%) depreciation and a 2% (2019: 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	Group		Company	
	2020		2019	
	% change in currency rate $'000	Effect on profit	% change in currency rate $'000	Effect on on profit
USD	-6	177	-4	2,463
USD	+2	(59)	+2	(1,232)

(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

25. Financial instruments – risk management (continued)

(c) Market risk (continued)

(ii) Price risk (continued)

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

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

Interest rate sensitivity

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

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

(d) Financial instruments not measured at fair value

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

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

(e) Financial instruments measured at fairvalue

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

(f) Capital management

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

26. Prior year adjustment

During 2020, the Company determined that the loans sub ledger and the general ledger have not been properly reconciled which affected preceding financial reporting periods. As a consequence, loan receivable balance has been overstated. The difference has been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impact on the Company's and, where applicable, the Group's financial statements.

The Company did not have any investment in subsidiaries as of April 1, 2018. As a result, no Group figures are presented as of that date.

(i) Statement of financial position

	April 1, 2018		
	Company		
	As previously Reported	Adjustments	As Restated
	$'000	$'000	$'000
Loans and advances	2,932,176	(293,948)	2,638,228
Others	586,367	-	586,367
Total assets	3,518,543	(293,948)	3,224,595
Total liability	1,215,266	-	1,215,266
Retained earnings	2,206,466	(293,948)	1,912,518
Others	96,811	-	96,811
Total equity	2,303,277	(293,948)	2,009,329
Total liability and equity	3,518,543	(293,948)	3,224,595

26. Prior year adjustment (continued)

(i) Statement of financial position (continued)

	March 31, 2019					
	Group			Company		
	As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated
	$'000	$'000	$'000	$'000	$'000	$'000
Loans and advances	3,735,412	(324,449)	3,410,963	3,212,409	(324,449)	2,887,960
Others	1,095,080	-	1,095,080	1,392,927	-	1,392,927
Total assets	4,830,492	(324,449)	4,506,043	4,605,336	(324,449)	4,280,887
Total liability	2,608,662	-	2,608,662	2,430,546	-	2,430,546
Retained earnings	2,147,817	(324,449)	1,823,368	2,076,938	(324,449)	1,752,489
Others	74,013	-	74,013	97,852	-	97,852
Total equity	2,221,830	(324,449)	1,897,381	2,174,790	(324,449)	1,850,341
Total liability and equity	4,830,492	(324,449)	4,506,043	4,605,336	(324,449)	4,280,887

(ii) Effects on the statement of profit or loss for the year ended March 31, 2019

	Group			Company		
	As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated
	$'000	$'000	$'000	$'000	$'000	$'000
Other operating expenses	(402,840)	(30,501)	(433,341)	(332,343)	(30,501)	(362,844)
Others	879,686	-	879,686	738,310	-	738,310
Profit for the year	476,846	(30,501)	446,345	405,967	(30,501)	375,466
Total comprehensive income	454,048	(30,501)	423,547	407,008	(30,501)	376,507

(iii) There is no material impact on the Group's and Company's total operating, investing or financing cash flows for the year ended March 31, 2019.

(iv) Earnings per share in 2019 financial statements was reported as $1.74 and $1.48 for Group and Company respectively. Restated earnings per share for 2019 is $1.63 and $1.37 for the Group and the Company respectively.

27. Impact of the COVID-19 Pandemic

The World Health Organisation in March 2020 declared the novel coronavirus, COVID-19, as a global pandemic. As a first step we instituted measures at our head office and branches to safeguard and protect our stakeholders by not only providing information to our employees, business partners and clients and but also equipping all personnel with supplies to prevent contagion and establishing protocols to access our premises. In addition, we have been working with our staff to implement a flexi work plan, to minimise the number of employees in our premises whilst enabling a work from home strategy which allowed us to continue our business operations. The Business Continuity Plan for a pandemic was put in place and members of the Crisis Management Team of the Company attend daily meetings in which the impacts to our business are assessed and measures are discussed to curb the spread of the COVID-19.

It was agreed that while these measures persisted our portfolio could be affected mainly driven by the increased credit risk due to higher delinquency levels, increased liquidity risk due to lower cash inflows from customer loan repayments and/or deferral of loan payments. However, as of the second week in June 2020, the Government has significantly relaxed the current restrictions.

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

Form of Proxy

Affix $100 Stamp here and cancel

(Name of Shareholder) (Address of Shareholder)

I/WE _____ of _____ being a member/members of the above-named Company HEREBY APPOINT the Chairman of the meeting or failing him _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the 17th day of September 2020 at 4:00 p.m. at The Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, in the Parish of St. Andrew and at any adjournment thereof.

Please indicate with an 'X' in the spaces below how you wish your Proxy to vote on the below mentioned.

RESOLUTION	DETAILS	FOR	AGAINST
No. 1 - Directors and Auditors Reports and the Audited Financial Statements	THAT the Reports of the Directors and Auditors and the Audited Financial Statements of the Company for the year ended March 31, 2020, be and are hereby received.		
No. 2 - Dividend Payment	THAT on the recommendation of the Directors, the interim dividends paid by the Company on August 29 and November 28, 2019, and February 28, 2020 be and are hereby declared as final for the 2020 financial year.		
No. 3 (a), (b) & (c) - Re-election and Election of Directors	(a) THAT being eligible, Mrs. Charmaine Boyd Walker be re-elected a Director of the Company. (b) THAT being eligible, Ms. Justine Collins be elected a Director of the Company until the next annual general meeting at which she will retire but shall be eligible for re-election. (c) THAT being eligible, Mr. Michael Shaw be elected a Director of the Company until the next annual general meeting at which she will retire but shall be eligible for re-election.		
No. 4 - Re-appointment of Auditors	THAT KPMG, Chartered Accountants of 6 Duke Street, Kingston, having consented to continue as Auditors of the Company, be re-appointed as the Company's Auditors until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be authorized to fix their remuneration.		
No. 5 - Directors' Remuneration	THAT the amount shown in the Audited Financial Statements of the Company for the year ended March 31, 2020 as remuneration paid to the Directors for their services as Directors be and is hereby approved.		

Signed this _____ day of _____ 2020

SIGNATURE(S): _____ _____

Notes:

1. To be valid, this form must be completed and lodged at the offices of the Company's Registrar and Transfer Agents, Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston, not less than forty-eight (48) hours before the time appointed for holding the meeting.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. If such an appointment is made, delete the words 'the Chairman of the meeting" and insert the name of the person appointed in the space provided.
3. If the appointer is a Corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.
4. In the case of joint holders, the signature of any one holder is sufficient but the names of all the joint holders should be stated.
5. If the form is returned without any indication as to how the person appointed proxy shall vote, the proxy shall exercise his discretion as to how he votes or whether to abstain from voting.
6. A proxy need not be a member of the Company.

ACCESS
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