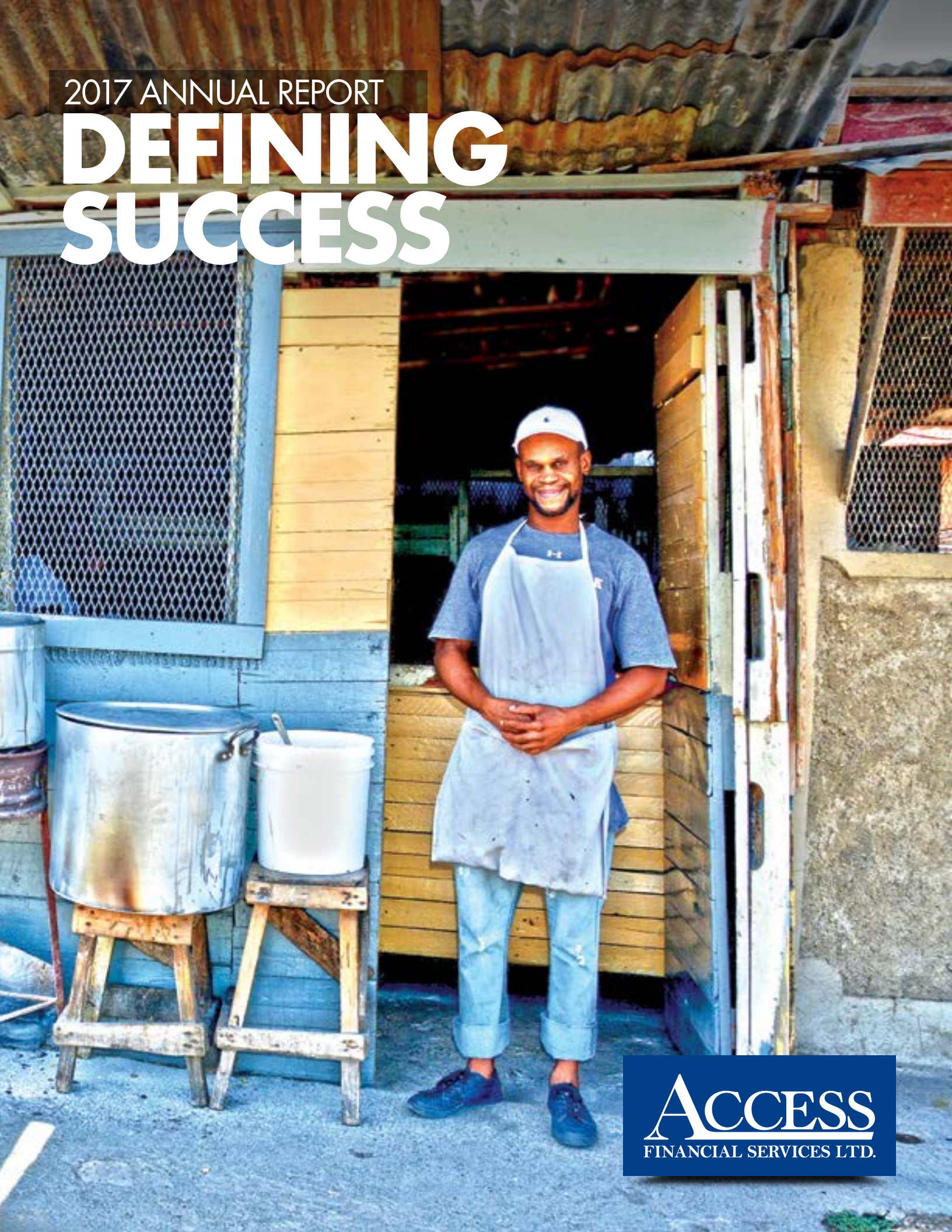
2017 ANNUAL REPORT

DEFINING SUCCESS



ACCESS
FINANCIAL SERVICES LTD.

CONTENTS

OUR
MISSION

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

OUR
VISION

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

OUR
CORE VALUES

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Access Financial Services Limited (the "Company") will be held at **The Knutsford Court Hotel**, 16 Chelsea Avenue, Kingston 5 on **Thursday** the **14th** day of **September, 2017** at **4:00pm** for the following purposes:

1. To receive the Audited Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of the Auditors and Directors. To consider and if thought fit pass the following resolution:
   Resolution No. 1 – Audited Financial Statements, Directors and Auditors Reports
   THAT the Audited Financial Statements of the Company for the year ended March 31, 2017, together with the Reports of the Directors and the Auditors be and are hereby adopted.

2. To declare the interim dividends listed hereunder as final for the year. To consider and if thought fit pass the following resolution:
   Resolution No. 2 – Dividend Payment
   THAT on the recommendation of the Directors, the interim dividends paid on June 23, September 8 and November 25, 2016 and February 24, 2017 be and are hereby declared as final for the 2017 financial year.

3. Pursuant to Article 93 of the Company's Articles of Incorporation, Norman Reid was appointed a Director of the Company on October 20, 2016 in place of Director Johann Heaven who resigned from office. Director Reid retires from office and being eligible, has offered himself for re-election. Director Peter McConnell retires by rotation in accordance with Article 97 of the Company's Articles of Incorporation, and being eligible, has offered himself for re-election:
   Resolution No. 3 – Re-election of Directors
   (a) THAT Norman Reid, being eligible for re-election, be re-elected a Director of the Company.
   (b) THAT Peter McConnell, being eligible for re-election, be re-elected a Director of the Company.

4. To re-appoint the retiring Auditors and authorize the Directors to determine their remuneration. To consider and if thought fit pass the following resolution:
   Resolution No. 4 – Re-appointment of Auditors
   THAT BDO Chartered Accountants of 28 Beechwood Avenue, Kingston 5, Saint Andrew, having agreed to continue in office as Auditors of the Company, be and are hereby appointed to hold such office until the next Annual General Meeting of the Company, and that their remuneration be determined by the Directors.

5. To approve the remuneration of Directors and if thought fit pass the following resolution:
   Resolution No. 5 – Directors' Remuneration
   THAT the amount shown in the Audited Accounts of the Company for the year ended March 31, 2017 as remuneration of the Directors for their services as Directors be and is hereby approved.

BY ORDER OF THE BOARD

.....
Sherri Murray
Secretary
Dated June 28, 2017

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.

The attached proxy form must be completed, impressed with stamp duty of $100 (cancelled by the person signing the proxy for) 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,

On behalf of the Board of Directors, I want to extend our gratitude to the Access management team and staff, for delivering yet another stellar performance for the Company. We are very proud to be directing an organization that is fulfilling its mandate of creating opportunities for thousands of hardworking Jamaicans while increasing value for shareholders.

The Company's performance for the financial year 2016/2017 reflects a steadfast commitment to the execution of strategies focused on growth. Shareholders have seen significant growth in their investments with earnings per share increasing by 13% and shareholders' equity by 42%. These are significant growth indicators, which we anticipate will continue to improve in the near future. Similarly, we have seen our customers' businesses grow and their lives improve through the delivery of convenient and flexible financing options.

The outlook for the Company is one driven by innovation, technology and best in class customer service delivery. We are committed to supporting the microfinance sector; a sector viewed as pivotal to the growth of the Jamaican economy and vital to the livelihood of many Jamaicans.

I would like to thank all our shareholders for the confidence entrusted in the company and the Board of Directors. I look forward to another rewarding year!

Respectfully,

.....
Rex James
Chairman

CEO'S STATEMENT

Achieving net profit after tax of $678M on revenues of $1.40B for the financial year 2016/2017 is a commendable feat for our Company; and was achieved through the collective efforts of our team members and other stakeholders who ensured that the Company continues to offer first class service to our customers. With this support structure, our Company continues to surpass customer and shareholders' expectations.

FINANCIAL HIGHLIGHTS	2017	15 months 2016
Revenues	$1.40B	$1.47B
Net Profit After Tax	$678M	$599M
Shareholders' Equity	$1.72B	$1.22B
Earnings per Share	$2.47	$2.19

The fast-changing and competitive business environment in which we operate dictates a proactive approach to anticipating and meeting our customers' needs. As an organization, we strive for continuous improvement. Accordingly, we continued to listen, and respond to our customers diverse needs with innovative and convenient financing options. We also value the relationship with multilateral agencies and local lending agencies, who continue to partner with us to provide financing to support these needs.

Our net loan portfolio grew by 24%; increasing from $2.11B in 2016 to $2.62B in 2017. Growth was achieved primarily through our core business lines. Loan and Hire Purchase portfolios acquired in 2015 and 2016, have performed well and have contributed to overall loan portfolio growth. Continued growth will see us taking advantage of organic and inorganic opportunities to grow our loan portfolio, expanding our share of the microfinance market, and extending our reach in the region.

OUTLOOK

We will continue to center our priorities around supporting hardworking Jamaicans many of whom form our client base. This will be achieved by maintaining a lean and operationally efficient organization; driven by technology and supported by a highly-motivated team. We will continue to do what we do best; providing best in class service to all our clients.

As I look forward to 2018 and beyond with great optimism, I would like to thank the Access team and our Board of Directors, for doing their part in making our Company the choice of thousands of Jamaicans. To our customers and Shareholders, thank you for your continued loyalty and support.

.....

Marcus James
CEO

EXECUTIVE MANAGEMENT

Hugh Campbell
Manager – Collections and Internal Controls

Hugh's primary role is to minimize the Company's financial losses by ensuring its collection processes are effective and efficient. He is also tasked with ensuring that the Company and clients are operating in full compliance with regulatory requirements.

Hugh holds a Master's of Business Administration (MBA) degree in General Management from the University of the West Indies, Mona, and a Bachelor of Business Administration degree (BBA) in Banking & Financial Services from the University of Technology (UTECH).

Catherine Thomas
Manager – Operations & Credit

Catherine is charged with optimizing the Company's operational efficiencies, enhancing its distribution channels, and maximizing technological innovations to improve customer outreach. She also has primary responsibility for credit and managing operational risks.

Catherine completed studies in AAT, Financial Securities, Risk and Compliance, and other Financial Management courses.

Deveta McLaren
Manager – Marketing, Communications & HR

Deveta is charged with maintaining a strong brand presence, enhancing customer experience, and driving sales in new and existing channels. Additionally, she has oversight responsibility for the efficient management of the Company's human resources.

Deveta has a Master's of Business Administration (MBA) degree from Florida International University (FIU), and a Bachelor of Arts (BA) in History from the University of the West Indies, Mona.

Karen Davis
Financial Controller

Karen is responsible for the Company's financial planning, and reporting as well as the monitoring of the Company's performance against its strategic initiatives and budget. She is also charged with the management of the Company's treasury functions which extends to the management of liquidity and interest rate risk. Her focus includes the implementation and monitoring of internal controls around the Company's financial resources.

Karen is a Chartered Certified Accountant. She also holds the Certified Management Accountant and Certified Project Manager accreditation. She attained an MBA in Banking and Finance from Mona School of Business.

BOARD OF DIRECTORS

REX JAMES
CHAIRMAN

Rex James was appointed Non-Executive Chairman of the Board in January 2015.

Mr. James is a retired banker with over 40 years' experience in the banking industry. He served as Managing Director of NCB Jamaica Limited, Director of the NCB Group Limited, NCB Insurance Services Limited and NCB (Investments) Limited. He joined Barclays Bank International Limited (now NCB Jamaica Limited) in 1966 as a Management Trainee, and served in various capacities at the bank including Branch Manager, General Manager, Deputy Managing Director and Managing Director.

He is a Past President of the Jamaica Bankers Association and the National Investment Bank of Jamaica and currently serves as interim Chairman for the National People's Cooperative Bank (NPCB).

Mr. James graduated from the University of the West Indies, Mona in 1965 with a Bachelor of Science degree in Mathematics. He is an Associate of the Chartered Institute of Bankers (A.C.I.B).

MARCUS JAMES
CHIEF EXECUTIVE OFFICER

Marcus James was appointed CEO and Executive Director in 2000. He is responsible for the attainment of the strategic goals of the organization which are established by the Board of Directors in keeping with the organization's Mission and Vision.

Mr. James is the founder and CEO of Access Financial Services Limited. Under his leadership, Access has grown exponentially with over $15B in loans disbursed to the microfinance sector and the Company receiving numerous industry awards.

Mr. James' journey to Access took him through the banking sector. In 1994, he joined Corporate Merchant Bank as a Credit Officer and in 1997 he assumed the position of Officer in Charge of the Merchant Bank. A brief stint in a family owned business followed in 1998, after which he joined Paymaster Jamaica Limited in 1999 as Operations Manager. This experience gave him valuable insights in entrepreneurship and management, which he would later employ at Access.

Mr. James is the Chairman of the Postal Corporation of Jamaica Limited and Airports Authority of Jamaica (AAAJ) Pension Fund. He is a board member of Tennis Jamaica and 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.

Mr. James holds a Master of Business Administration (MBA) in Banking and Finance with Distinction from the University of the West Indies (1999), and a Bachelor of Business Administration (BBA) from Western Carolina University (1994) with a Major in Finance and Accounting.

NEVILLE JAMES
DIRECTOR

Neville James was appointed Non-Executive Director in September 2014.

Mr. James is a Communications Consultant with broad experience in broadcasting and journalism. He established Island Broadcasting Services Limited, operators of KLAS FM and is a former Chairman of the Media Association of Jamaica.

He has served in various leadership positions including CEO/Manager of the Private Sector Organization of Jamaica. He worked as Consultant to the Media Association of Jamaica, Editorial Writer for the Gleaner and conceptualized and founded the Air Jamaica Jazz Festival. He currently serves on the boards of the National Crime Prevention Fund, Pals Jamaica Limited and Renew Limited.

Mr. James holds a Bachelor of Arts Degree in Political Science and a Graduate Diploma in Public Administration from Carleton University, Ottawa, Canada.

PETER McCONNELL
DIRECTOR

Peter McConnell was appointed to the Board of Access Financial Services Limited in April 2014. He is a member of the Compensation and Special Projects Committee.

Peter McConnell is one of Jamaica's leading agribusiness entrepreneurs and is the Managing Director of Trade Winds Citrus Limited, the country's largest producer and distributor of fresh fruit juices. The company is vertically integrated and its operations include a citrus plant nursery, 2,100 acres of citrus orchards, a fresh fruit packing house, a factory that produces Frozen Concentrated Orange Juice, a juice blending and bottling factory, a chilled distribution system comprising warehouses and a fleet of thirty-five (35) vehicles, a Marketing team and the requisite support services.

Mr McConnell is the Chairman of Linstead Public Hospital and the Jamaica Citrus Protection Agency. He is a Director of Worthy Park Estates Limited, and Agro Investment Corporation. He has served on several boards including the EXIM Bank, Dinthill Technical High School and Hillel Academy.

Mr. McConnell is the holder of a Bachelor of Science (BSc) degree (Cum Laude) in Soil and Crop Science from Texas A&M University.

BOARD OF DIRECTORS

CHRISTOPHER WILLIAMS
DIRECTOR

Christopher Williams was appointed Non-Executive Director in December 2014. He is a member of the Compensation and Special Projects Committee.

Mr. Williams is the President and CEO of PROVEN Management Limited and is responsible for providing strategic direction and leadership towards the achievement of the organization's overall goals and objectives, as set by the Board of Directors.

He is a skilled senior executive with over twenty years' experience in Merchant Banking, Asset Management and Stock Brokerage in both Jamaica and the Cayman Islands, with particular expertise in developing and implementing competitive products and services. He served as the Managing Director of NCB Capital Markets Limited, and was charged with the responsibility to strategically lead, grow and manage the wealth management business of National Commercial Bank Jamaica Limited. NCB Capital Markets Limited, under Chris' guidance, grew into one of Jamaica's most successful securities dealers and brokerage houses.

Mr. Williams is the Chairman of the Jamaica Association for the Deaf, PROVEN REIT and Jamaica College Foundation. He serves as Director of JAMPRO, Boslil Bank Limited, Jamaica College Trust, Usain Bolt Foundation, PROVEN Wealth Limited, and PROVEN Fund Managers Limited.

He holds a Bachelor of Science (BSc) degree in Accounting from the University of the West Indies and a Master of Business Administration (MBA) in Strategic Marketing and Finance from York University in Toronto, Canada.

SHERRI MURRAY
COMPANY SECRETARY

Sherri Murray was appointed Company Secretary in January 2015.

Mrs. Murray has responsibility for the operations unit of PROVEN Management Limited and provides strategic human resource management support for the group. In addition to being the Company Secretary for Access Financial Services, Miss Murray is Company Secretary for PROVEN Management Limited, PROVEN Wealth Limited, and PROVEN Fund Managers Limited.

She is a management professional with over fifteen years' experience in Investment Banking in Jamaica. Prior to joining PML, Mrs. Murray was the Vice President for Human Resources & Administration at Scotia DBG Investments Limited, where her responsibilities covered administrative Board support, strategic HR planning and compensation management.

Mrs. Murray has a Master of Business Administration (Finance and International Business) from McGill University in Montreal, Canada and a Bachelor of Science Degree from the University of the West Indies (First Class Honours).

CHARMAINE BOYD-WALKER
DIRECTOR

Charmaine Boyd-Walker was appointed Non-Executive Director in January 2015. She is a member of the Audit and Governance Committee.

Mrs. Boyd-Walker is responsible for directing the Finance, Risk & Compliance Unit at PROVEN Wealth Limited (PWL) to efficiently and effectively produce timely financial reports as guided by the accepted accounting standards. She also directs the development and implementation of systems in conjunction with management's objectives that are consistent with statutory requirements. In addition, she develops major financial policies and procedures that protect the integrity of the institution.

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 Wealth Limited, PROVEN Fund Managers Limited and PROVEN REIT.

Mrs. Boyd-Walker has a Masters Degree in Finance from the Manchester School of Business.

NORMAN REID
DIRECTOR

Norman Reid was appointed Non-Executive Director in October 2016. He is the Chairman of the Audit and Governance Committee.

Mr. Reid is a retired banker with over 40 years' experience in the Financial Services Sector, with expertise in credit analysis, underwriting, sales, internal audit, change management, operations, and training. His most recent posting before retirement, was Senior Assistant General Manager Retail Banking at National Commercial Bank (NCB).

Mr. Reid is the Chairman of Sam Sharpe Teachers College, 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.

He holds a BSc in Banking and Finance; a Diploma in Banking AICB from the Institute of Bankers in the United Kingdom; a Diploma in Retail Banking from the BAI, University of Wisconsin and is a Fellow of the London Institute of Banking and Finance. He completed the Executive Education Programme with Rotman School of Management, University of Toronto.

He is a Justice of the Peace for St. James and enjoys badminton and swimming.

CORPORATE GOVERNANCE

Introduction

Access Financial Services Limited (AFSL) was established in 2000, and was the first company to list on the Junior Market of the Jamaica Stock Exchange in 2009. The company is one of Jamaica's leading providers of credit to the microfinance sector. It has twenty-four branches island-wide and operates under the trade names Access Financial Services, Micro Credit Limited and Damark.

Corporate Governance Statement

Access' Corporate Governance Framework was developed to direct the interaction between Shareholders, the Company's Board of Directors, Employees, and other Stakeholders. The ultimate objective of the framework is to engender confidence that the Company's affairs are handled in a structured, ethical, and transparent manner.

The Corporate Governance Statement for the reporting year encompasses:

- Board Responsibility and Composition
- Board Committees
- Relationship with Shareholders
- Corporate Social Responsibility
- Meeting Attendance and Compensation

Board Responsibility

Oversight responsibility for the Company's affairs is vested in the Board of Directors, who ensure that the Company's operations are conducted in accordance with the Company's Act (2004), regulations of the Jamaica Stock Exchange, and the Company's Articles of Incorporation. The Senior Management team is responsible for the day to day management of the Company.

Subject to the Articles and PSOJ Corporate Governance Code 2016, to which the Board also subscribes, it is the responsibility of the Board of Directors to:

- Review, ratify and monitor, risk management systems, internal control, codes of conduct and legal compliance;
- Appoint the Chief Executive Officer in accordance with the Company's Articles of Incorporation;
- Ensure that there are adequate resources to achieve the Company's strategic objectives;
- Monitor senior executive's performance and implementation of strategies;
- Approve and monitor major capital expenditures, capital management, acquisitions, divestments, and credit applications in excess of internal limits;
- Approve appropriate policies to govern the Company's operations; and

Directors have access to independent professional advice at the Company's expense where it is deemed necessary to adequately discharge its responsibilities as directors. This includes the appointment of attorney(s) to provide representation and advice to the Company.

Board Composition

The Articles of Incorporation provide that the number of directors of the Company shall be no more than seven, unless otherwise determined by a general meeting. Access' current Board is diverse in gender, comprising of experienced members with skillsets that cover all critical areas required for good governance of the organization.

The Chairman

The Board is chaired by Rex James who was appointed Chairman and a non-executive director in January 2015. The Chairman's primary responsibility is to lead the board and to ensure that the Company is operating according to established governance standards.

Executive Director

Marcus James has held the position of executive director since the establishment of the company in 2000. Mr James occupies the office of Chief Executive Officer on appointment by the directors. He has overall responsibility for the attainment of the strategic goals of the company.

Non-Executive Directors

- Peter McConnell (appointed April 2014)
- Neville James (appointed September 2014)
- Christopher Williams (appointed December 2014)
- Charmaine Boyd-Walker (appointed January 2015)
- Norman Reid (appointed October 2016)
- Johann Heaven (appointed January 2015) resigned October 20, 2016

The Company Secretary

Sherri Murray has served as the Company Secretary since January 2015, after being appointed by the directors in accordance with the Articles.

Board Skill Set

Table below displays the skill set of directors.

BOARD DIRECTORS	SKILLS
Rex James	●●●●
Marcus James	●●●●
Christopher Williams	●●●
Neville James	●●

BOARD DIRECTORS	SKILLS
Peter McConnell	●●●●●
Charmaine Boyd-Walker	●●
*Johann Heaven	●●●●
**Norman Reid	●●●●

Skills
● General Management ● H.R. & Education ● Finance & Audit
● Legal ● Strategic Management ● Risk Management ● Banking

* Johann Heaven resigned October 2016
** Norman Reid appointed October 2016

Board Appointment

Pursuant to the Company Articles, each shareholder of the Company who holds at least twenty percent (20%) of the issued shares is entitled to appoint one shareholder director. Neville James and Christopher Williams are shareholder directors, appointed by shareholders under this provision.

The Articles has also empowered directors to appoint any other person to be a director of the Company, either to fill a casual vacancy or as an addition to the Board. Such appointed director shall hold office only until the next following Annual General Meeting, where the appointed director shall retire but remain eligible for re-election. Norman Reid, who replaced Director Johann Heaven in October 2016, was appointed by the directors and will be eligible for re-election at the upcoming Annual General Meeting.

Retirement and Rotation

At the first Annual General Meeting of the Company, one third of the directors, exclusive of the Chief Executive Officer, shall retire from office. The directors to retire are those who have been in office longest since their last election. The retiring directors shall be eligible for re-election, or in case of shareholder director, reappointment by shareholders. Director Reid retires from office and being eligible, has offered himself for re-election. Director Peter McConnell retires by rotation and has offered himself for re-election.

Independence of Non-Executive Directors

The Board assesses the independence of each non-executive director against the following criteria on a periodic basis. Independent directors are those which have:

- Not been an employee of the Company within the last five years;
- Not, or has not had within the last three years, material business relationship with, either directly, or as a partner, shareholder, director, or senior employee of a body that has such a relationship with the Company;
- Not received or is receiving additional remuneration from the Company apart from Director's fee;
- Not participated in the Company's share option plan or a performance-related pay scheme, or is not a member of the Company's pension scheme;
- Not had or dœs not have close family ties with any of the Company's advisors, directors, or senior employees;
- Not held or dœs not hold cross-directorship or dœs not have significant links with other directors through involvement in other companies or bodies;
- Not represented or dœs not represent a significant shareholder; or
- Not served on the board for more than nine years from the date of their first election.

In keeping with Corporate Governance best practises, the Company's Audit and Governance Committee is chaired by Norman Reid, an independent director. Other independent directors are Chairman Rex James and Director Peter McConnell.

Board Committees

To ensure the effective discharge of its responsibilities, the Board has formed two standing sub-committees, the Audit and Governance Committee, and the Compensation and Special Projects Committee. The composition, roles and responsibilities of the committees are detailed below:

Compensation & Special Projects Committee

The board having been cognisant of the vitality of remuneration to the long-term success of the Company, has established a robust Compensation & Special Projects Committee. The committee comprises of two non-executive directors; Chairman, Christopher Williams, and Peter McConnell, committee member. It is the responsibility of the committee to:

- Oversee the remuneration of Directors, Officers, and Employees; and
- Manage and spearhead Special Projects being undertaken by the Company.

For the year in review, the committee piloted the revision of the Company's bonus and profit share scheme.

The Audit & Governance Committee

An independent Audit Committee is a key component in the effective management of risk. To this end, the Board has established the Audit and Governance Committee which comprises three members, Independent Director Norman Reid, who chairs the committee, and committee members Charmaine Boyd-Walker and Marcus James.

The Committee has oversight responsibility for:

- Ensuring compliance with the governing rules of the Junior Market of the Jamaica Stock Exchange;
- Strict observation and full compliance to statutory laws, legal principles, and regulations;
- Perusal of the Company's Financial Statements, ensuring that financial reporting standards are wholly satisfied;
- Monitoring internal audit controls and procedures; and
- Company's Risk Management.

Internal Control and Audits

The internal audit function is carried out through a co-source agreement with PricewaterhouseCoopers. Over the period extensive control tests were conducted. These tests cover key strategic business areas aimed at assessing and mitigating risk. The Audit and 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.

Relationship with Shareholders

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

- Audited Accounts, Auditors Reports and Directors Reports are adopted;
- Resolutions on dividend payments are passed; and
- Directors are re-elected pursuant to the Company's Articles.

The communication line between the Board and Shareholders is also facilitated through formal communication with the CEO of the Company.

Relevant information is disseminated through media publications, such as press releases and publication on the Company's website.

Corporate Responsibility

The Company's operational impact on the environment is a matter that the Company endeavours to protect. Eco-micro training sessions, have sensitized staff members of natural resource conservation techniques. The Company now operates in compliance with an environmental policy devised to achieve the 'Greening of Access'.

Meeting Attendance

The diagram below represents individual board member's attendance to meetings held for the reporting period.

DIRECTORS	ANNUAL GENERAL MEETING	BOARD MEETINGS	AUDIT & GOVERNANCE COMMITTEE	COMPENSATION COMMITTEE	TOTAL
Rex James	1 / **1**	5 / **5**	-	-	6 / **6**
Marcus James	1 / **1**	5 / **5**	7 / **8**	-	13 / **14**
Christopher Williams	1 / **1**	5 / **5**	-	2 / **2**	8 / **8**
Neville James	1 / **1**	4 / **5**	-	-	5 / **6**
Peter McConnell	1 / **1**	5 / **5**	-	2 / **2**	8 / **8**
Charmaine Boyd-Walker	1 / **1**	5 / **5**	8 / **8**	-	14 / **14**
Johann Heaven	1 / **1**	2 / **5**	4 / **8**	-	7 / **14**
Norman Reid	-	3 / **5**	5 / **8**	-	8 / **13**

* Johann Heaven emitted office October 2016 and Norman Reid assumed office October 2016.

■ MEETINGS HELD ■ MEETINGS ATTENDED

Compensation for Meeting Attendance

Compensation for meetings attended by Board members during the financial year is reflected in the table below:

BOARD MEMBER	COMPENSATION
Neville James	$440,125.00
Norman Reid	$355,075.00
Peter McConnell	$440,125.00
Rex James	$560,000.00

CORPORATE DATA

BOARD OF DIRECTORS

NON-EXECUTIVE

Mr. Rex H. James – Chairman
Mr. Christopher C. Williams – Director
Mr. Neville G. James – Director
Mr. Peter C. McConnell – Director
Mrs. Charmaine Y. Boyd- Walker – Director
Mr. Norman S.D. Reid – Director

EXECUTIVE

Mr. Marcus H. James
Chief Executive Officer

Mrs. Sherri Murray
Company Secretary

REGISTERED OFFICE

41B Half-Way-Tree Road
Kingston 5
Jamaica

ATTORNEYS-AT-LAW

Hart Muirhead Fatta
53 Knutsford Boulevard
Kingston 5

REGISTRAR AGENT

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

BANKERS

Sagicor Bank Jamaica Limited

The Bank of Nova Scotia (Jamaica) Limited

National Commercial Bank (Jamaica) Limited

INTERNAL AUDITORS

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Kingston

EXTERNAL AUDITORS

BDO
26 Beechwood Avenue
Kingston 5

Contact Us

1-888-GET-ACCESS(438-2223) / 1 (876) 929-9253
accessfinanceonline.com
@accessfinanceja
customerservice@accessfinanceonline.com

BRANCHES

ACCESS FINANCIAL SERVICES

KINGSTON

Head Office
41B Half Way Tree Road
Kingston 5
Phone:876-929-9253/ 618-0937
Fax: 929-1345

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

Trinidad Terrace
46 Trinidad Terrace
Kingston
Phone: 876-929-9253
Fax: 906-4147

ST. CATHERINE

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

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

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

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

CLARENDON

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

MANCHESTER

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

Christiana
Shop #6A
Mid Town Super Centre
Christiana
Phone: 876-929-9253/ 618-0937

WESTMORELAND

Savanna-La-Mar
Shop #7
23 Great George Street
Savanna-La-Mar
Phone: 876-764-1412
Fax: 918-1811

ST. JAMES

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

ST. ELIZABETH

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

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

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

ST. ANN

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

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

DAMARK

11 1/2 Swallowfield Road
Kingston 5
Phone: 876-754-4850-1
Fax: 754-4849

MICRO CREDIT LTD.

KINGSTON

Head Office
71 Church Street
Kingston
Phone: 876-948-8630
Fax: 948-7489

ST. CATHERINE

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

MANCHESTER

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

ST. JAMES

Montego Bay
7 Fustic Road
Montego Bay
Phone: 876-618-5897
Fax: 618-1754

ST. ANN

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

MANAGEMENT DISCUSSION & ANALYSIS

PERFORMANCE REVIEW

The financial year was one focused on key aspects of our strategic initiatives namely; increasing the Company's market share of the local micro finance and SME market, improving the quality of customer interaction, and enhancing operational efficiency. In pursuant of this, we acquired the Net assets of Damark Limited in June 2016. Internally, we enhanced the loan adjudication process to increase process flow and reduce customer waiting time, resulting in an overall enhanced customer experience.

Our Financial Snapshot

SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA $000's	31-Mar-2017	31-Mar-2016	31-Dec-2014	31-Dec-2013	31-Dec-2012	31-Dec-2011	% change Financial Year 2017 vs. 15-month Financial Year 2016	Five-year Compounded Annual Growth rate (CAGR)
INCOME STATEMENT								
Net interest income	1,154,905	1,259,320	938,076	724,507	570,194	400,595	-8%	24%
Non- interest income	247,244	211,421	65,265	55,998	63,633	73,413		
Operating revenue net of interest expenses	1,402,149	1,470,742	1,003,341	780,505	633,827	474,008	-5%	24%
Staff cost	292,681	323,657	251,643	226,352	160,500	134,165		
Allowance for credit losses	128,282	213,349	229,107	95,724	73,072	40,898	-40%	26%
Non -interest expenses	230,659	266,025	211,121	188,316	162,288	136,875	-13%	11%
NET PROFIT	678,477	599,881	306,726	270,112	237,968	162,070	13%	33%
STATEMENT OF FINANCIAL POSITION (AT YEAR END)								
Net loans and advances	2,619,163	2,105,123	1,085,265	1,122,862	760,488	660,697	1,019,858	94%
Total assets	3,108,166	2,556,943	1,308,706	1,271,486	879,897	796,347	1,248,237	95%
Total liabilities	1,390,885	1,340,450	496,618	665,927	280,922	312,100	843,832	170%
Total equity	1,717,281	1,216,493	812,088	605,559	598,976	484,247	404,405	50%

For the year ended March 31, 2017 the Company recorded net profits of $678 million with an asset base of $3.1 billion. Return on average equity was 46% for the period compared to 59% for the 15-month period ended March 31, 2016. Return on average total assets was 24%.

KEY RATIOS AND PER STOCK UNIT DATA	31-Dec-2014	31-Mar-2016	31-Mar-2017
PROFITABILITY RATIOS			
Return on average equity	43%	59%	46%
Return on average total assets	23%	31%	24%
PER STOCK UNIT DATA			
Dividend payout ratio	33%	33%	26%
Dividend yield	4%	4%	2%
Book value	2.96	4.43	6.26
Market price			
High	J$13.50	J$21.00	J$43.80
Low	J$8.00	J$9.50	J$16.00
Year end	J$8.96	J$17.00	J$34.00

Operating Environment

The growth in the micro and small business sector has continued unabated with increased interest from the political directorate, as they maintain focus on the country's growth agenda. Key elements of the Government's Economic Growth Council (ECG) are: improved access to finance, resuscitating businesses and expanding economic opportunities. Many micro and small businesses, and individuals find it difficult to access credit through the formal banking system. This has led to the proliferation of microfinance institutions seeking to fill this void. The growing importance of microfinance institutions in the provision of finance to critical sectors of the local economy, has led to pending regulation of the sector through the Micro Credit Bill. The Bill will seek to ensure that microfinance operators adhere to best practices regarding transparency, KYC, and AML principles. The competitive landscape is also driving interest rates downwards, resulting in microfinance organizations having to improve their operational efficiency, to ensure growth and stability.

Locally the country continues to achieve strong fiscal and monetary performance. For the fiscal year ended March 2017, the country surpassed its primary balance target by $12.8 billion ending the year at $135.9 billion. This represents 7.7% of Gross Domestic Product (GDP). Total expenditure of $503.4 billion was above target by $5 billion. On the other hand, capital expenditure fell behind budget by 6.4%. Net International reserves remains above budget. Despite the Country's achievement, GDP growth was less than 1%.

Inflation at the end of the fiscal year was 4.1% compared to 3.6% in the previous year; driven primarily by higher rates for electricity, water, processed, and unprocessed foods. The weighted average selling rate of the JMD relative to the USD closed the March 2017 quarter at J$128.67 = US$1.00, reflecting an annual rate of depreciation of 5.4 %. Jamaica's unemployment rate is approximately 13%; with youth unemployment at a high rate of 28%. Economic growth is said to be predicated upon the continued commitment to the Economic Reform Programme, and the implementation of additional legislative and regulatory reforms.

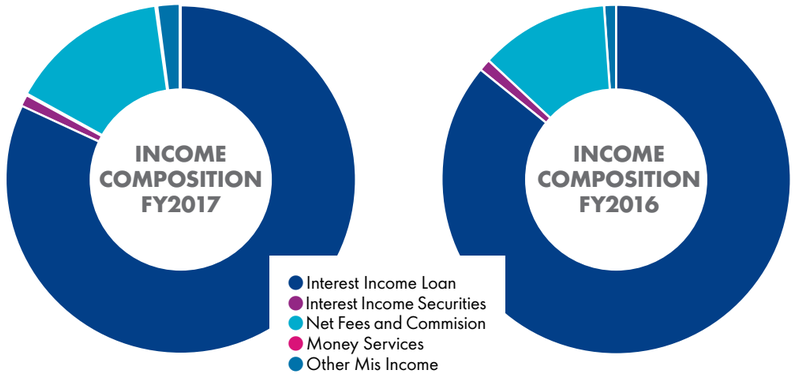
On the international market, confidence is being restored in the Country as the investment climate improves, resulting in improved credit ratings and Jamaican bonds trading at a premium on the international markets.

Summary financial performance review

The Management and Staff at Access are

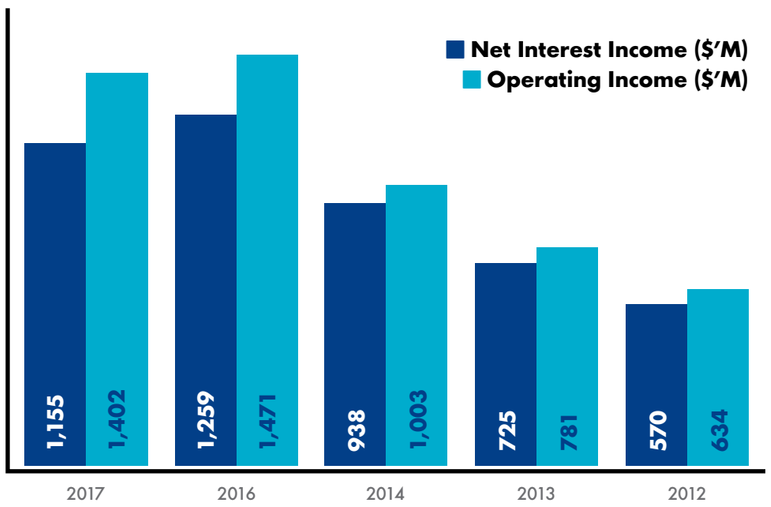
OPERATING RESULTS

pleased to announce that the financial year 2017 reflected our highest Net profit to date of $678 million, an increase of $79 million or 13% when compared to the previous financial year which spanned 15 months. This was achieved through the implementation of organic growth strategies and the acquisition of loan portfolios. We were also able to drive profitability by increasing the effectiveness of our collections department through the implementation of new technologies and staff training. The aim of these initiatives is to achieve continuous improvement in the quality of our loan portfolio.



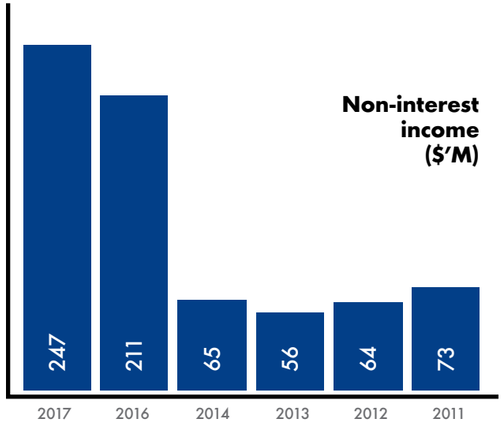
Profit and Loss Analysis

Operating income for the financial year ended March 2017, totaled $1.4 billion, this represented an increase of $226 million or 19% over the prior year ended March 2016. Net interest income on loans of $1.3 billion reflected an increase of $186 million or 17%. Interest from securities grew by 29%. While our funding cost declined marginally, interest expense at March 2017 of $112 million increased by $40 million or 56% due to an increase in debt to support the growth in the loan portfolio. The foregoing analysis assumes that income statement results accrue evenly over the prior fifteen (15) month period.

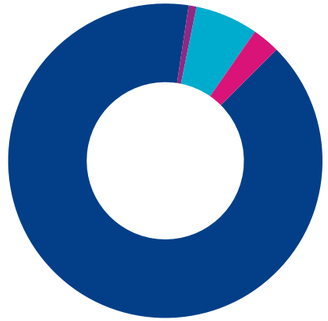


Non-interest income at March 2017 totaled $247 million for the financial year, an increase of $78 million or 46% over prior year ended March 2016.

- Net fees and commission of $221 million grew by $68 million or 15% in tandem with growth in our loan portfolio and revised fee structure.
- Foreign exchange gains of $16 million resulted from the impact of the devaluation of the JMD vis a vis that of the USD. The foregoing table analyzes interest income over the 12-month period ended March 2017 with that of the prior 12-month period assuming that income statement results accrue evenly over the prior 15-month period.



NON-INTEREST INCOME	31-Mar 2017 $'M	% of Total %	31-Mar 2016 $'M	% of Total %
Net fees and commission	222	90%	192	91%
Money services fees and commission	2	1%	3	2%
Foreign exchange gains	16	7%	-	0%
Other income	7	3%	16	8%



Operating Expenses

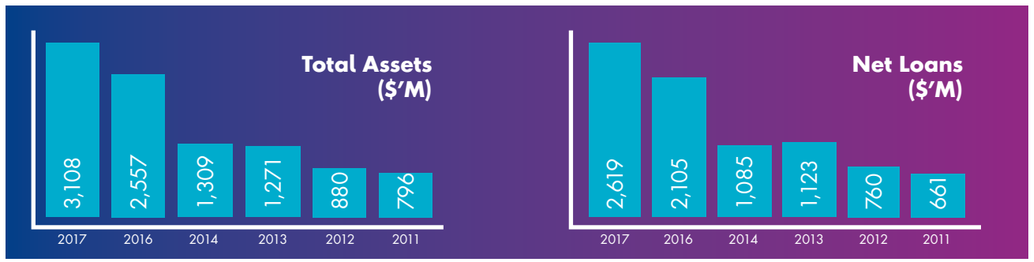
Total operating expenses totaling $652 million at March 2017, decreased by $151 million or 19% over the 15-month 2016 financial year. Assuming expenses accrue evenly over the period, the increase year on year, for a twelve-month period, is $9 million or 1% (this assumption is used to explain the movement in the categories of expense below).

- Staff cost increased by 13% resulted from the filling of vacancies and an increase in remuneration granted to staff.
- Allowance for credit losses declined by $42 million or 25% as we enhanced our credit collection machinery and employed strategies to improve the credit quality of the loan book.
- Other operating expenses increased by $24 million or 13%.
  - Rent expense increased due to incremental inflationary increase.
  - Courier charges increased as the volume of items sent to the various branch locations increased.
  - Reduction in amounts collected on loans previously written off by $23 million.

OPERATING EXPENSES ($)	2017	% of Total	2016	% of Total
Rent	40,675,876	19.64%	44,227,837	19.34%
Utilities	36,650,181	17.70%	48,270,455	21.10%
Other expenses	29,974,916	14.47%	41,592,292	18.18%
Advertising	27,373,974	13.22%	42,300,407	18.49%
Legal and professional fees	23,587,223	11.39%	29,322,040	12.82%
Courier and collection services	20,291,117	9.80%	17,121,024	7.48%
Printing and stationery	12,623,861	6.10%	11,656,594	5.10%
Repairs and maintenance	12,377,891	5.98%	18,422,238	8.05%
Insurance	9,541,824	4.61%	4,608,352	2.01%
Bank charges	4,406,089	2.13%	5,378,767	2.35%
Security	3,578,930	1.73%	4,443,990	1.94%
Audit fees	3,060,200	1.48%	2,900,000	1.27%
Travel and entertainment	2,921,058	1.41%	5,824,361	2.55%
Directors' fees	1,795,325	0.87%	2,645,761	1.16%
Motor vehicle expenses	673,662	0.33%	1,826,749	0.80%
Bad debt recoverable	(22,448,326)	10.84%	(56,420,867)	24.67%
Foreign exchange loss	-	0.00%	4,618,458	2.02%
Total	207,083,801	100.00%	228,738,458	100.00%

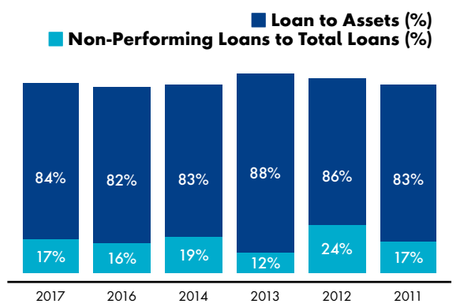
Net Profit

Net profit totaled $678 million as at March 2017, an increase of $78 million or 13% year over year. This resulted in earnings per share (EPS) for the period of $2.47, an increase of $0.29 or 13% over the prior year.



Financial Position performance

Total assets at March 2017 were $3.1 billion, an increase of $551 million or 22% over March 2016. The increase in total assets is due mainly to the growth in the loan portfolio. On 27 May 2016, the company entered into an agreement to purchase the loan portfolio, fixed assets, and trademarks of Damark Limited. The transaction was recorded as a business combination under IFRS 3 using the acquisition method. The purchased loan book represents 8% of Net loans and advances. The portfolio consists of customers employed primarily in the public sector with loans ranging from short to medium term tenures and low average balances. The purchase was strategic, as it has resulted in the addition of new customers and synergies which can be achieved to enhance the Company's operations. Intangible assets in the category of customer relationship, trademark, trade name and goodwill, have increased as a result of this transaction.



Return on average total assets was 24%. Though this represents a decrease of 7%, this is relative to the Net profit for the 15-month prior period compared to the current 12-month period as at March 2017. This is due mainly to an increase in both the asset base and the profit for the period.

Cash and cash equivalents at March 2017 of $355 million represents operating balances and short-term deposits held with financial institutions. There was no significant change compared to prior year ended March 2016.

Loans and advances net of provision for credit losses as at March 2017 was $2.6 billion, an increase of $514 million or 24% compared to March 2016. The growth in the loan book resulted from growth in the Company's personal loan portfolio as well as growth in the Company's business product lines. Since inception, the Company has disbursed more than J$15 billion in loans to the microfinance sector; making a positive contribution to the lives of thousands of Jamaicans who require financing to grow their businesses and improve their lives.

Gross loans 30 days past due as at March 2017, totaled $519 million an increase of $15 million or 3% when compared to the prior period March 2016. Gross loans aged 3 to 12 months past due totaled $272 million an increase of $86 million or 46%. Impairment provision as at March 2017 totaled $457 million an increase of $128 million or 39% when compared to March 2016. The provision as at March 2017 represents 88% of the total gross loans past due with the value of loans past due aged 3 to 12 months being fully provided for, compared to 65% for the prior period ended March 2016.

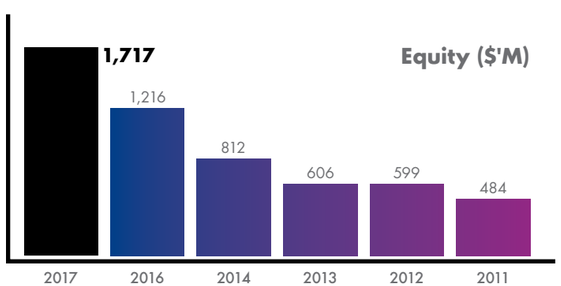
As at March 2017, the Company's total debt was $1.1 billion an increase of $102 million or 10% compared to March 2016. The debt portfolio consists of both short and long-term facilities. Long-term facility as at March 2017 accounts for 18% of total debt representing a 1% decrease compared to March 2016.

The company's equity base as at March 2017 grew to $1.7 billion which represents an increase of $500 million or 45% when compared to the prior period. The return on average equity, as at March 2017, was 46% relative to the 15-month prior period ended March 2016, of 59%.

LOAN PORTFOLIO DETAILS	2017 $'M	% of Total	2016 $'M	% of Total
Personal	2,399	78%	1,842	76%
BUSINESS LOANS				
Agriculture	39	1%	33	1%
Services	448	15%	188	8%
Trading	176	6%	346	14%
Manufacturing	14	0%	25	1%
Total	3,076	100%	2,434	100%

FUNDING PORTFOLIO	2017 $'M	% of Total	2016 $'M	% of Total
Corporate Bond Holders	200	18%	200	19%
Sagicor Bank Jamaica Limited	127	11%	73	7%
Development Bank of Jamaica Limited	543	48%	242	23%
Micro Investment Development Agency	27	2%	34	3%
PROVEN Investments Limited	150	13%	480	47%
Inter-American Development Bank	85	7%	0	0%
Total	1,131	100%	1,029	100%

TOTAL SHAREHOLDER RETURN	2012	2013	2014	2016	2017	Five Year CAGR (%)
Closing price of Common Shares ($ per share)	6.20	12.00	8.96	17.00	39.50	54%
Dividends Paid ($ per share)	0.45	0.96	0.37	0.71	0.65	16%



Dividends & Shareholder's Return

Dividends paid during the financial year 2017 was $178 million, $17 million or 9% below dividends paid for the 15-month prior period ended March 2016. This resulted in a per share dividend of $0.65; a decrease of $0.06 or 9% compared to the previous period.

The dividend pay-out ratio for the financial year was 26% with a Dividend yield of 2% relative to the 15-month prior period ended March 2016. The share price on the Jamaica Stock Exchange (JSE) as at March 31, 2017 was $39.50 an increase of $22.50 or 132% when compared to the prior period ended March 2016. This resulted in a price earnings ratio of 15.98 (March 2016 - $7.78). Total return to shareholders including share price appreciation and dividends paid was 132%.

Risk Management

The Company considers risk to be anything that can significantly affect the achievement of business objectives. Against this backdrop, we acknowledge that the business is exposed to various types of risk by its operational activities performed in the pursuit of achieving its objectives. One key component of managing risk is the process of identifying risk, as such, we have classified the risk associated with the business into four main categories:

1. Strategic Objectives – these are the high-level organizational goals
2. Operating Objectives – internal standards of efficiency and effectiveness in the day to business operations and loan processing.
3. Financial Reporting Objectives – internal and external reporting requirements
4. Compliance Objectives – adherence to statutory and regulatory requirements

The aim of the Company's risk management framework is to ensure that the Company's operating activities are managed within predefined risk appetite levels set by the Board of Directors and to ensure that an appropriate combination of risk and reward is achieved. We constantly strive to ensure that these processes are enhanced, considering changes within the operating environment to mitigate or manage risk where appropriate.

Risk Management Structure

Our defined risk management process incorporates the key components listed below:

- Oversight by Board of Directors including Audit and Governance Committee;
- Oversight by Senior Management; and
- Risk measuring, monitoring and management.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The Board ensures that the Company is managed in accordance with these established policies. A key component of effective risk management is the operation of an effective and independent internal audit function. To this end the Board has established the Audit and Governance Committee which is chaired by an independent Chairman.

The Audit and Governance Committee has oversight for the management of risks relating to the Company's financial reporting and internal control objectives. This includes monitoring the system which ensures the integrity of the financial statements; reviewing the effectiveness of the system of internal control; overseeing the risk management program; as well as setting and monitoring risk limits and controls. The scope and direction of all internal audit work is set and reviewed by the Board's Audit and Governance Committee. A key responsibility of our internal audit function is to provide objective assurance to the Board (through the Audit Committee) on the effectiveness of the company's risk management activities, to verify that key business risks are being managed appropriately and that the system of internal control is operating effectively.

Senior Management support the entity's risk management framework, promote compliance with its risk appetite, and manage risks within their spheres of responsibility, based on risk limits set by the Board of Directors.

Risk Measuring, Monitoring and Management

The Company is exposed to risk that is inherent in its business activities. The following risks are managed through developing and executing business strategies.

Credit Risk

The company takes on exposure to credit risk, which is the risk that its customers, clients, or counterparties will cause a financial loss by failing to discharge their contractual obligations.

Credit exposures arise principally from the Company's loans and advances and cash balances held with financial institutions. The Company mitigates risk associated with its loans portfolio through a vigorous credit administration policy, which ensures that loans and advances are made to customers that meet the institution's underwriting standards. Risk associated with cash and short-term deposits transactions in financial institutions are mitigated by ensuring that transactions are done with high credit quality institutions, as well as polices that are implemented to limit the amount of credit exposure to any one institution.

Liquidity Risk

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

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

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. The Company manages currency risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Company is exposed to price risk arising from the changes in available for sale equity investments. The Company does not have significant exposure in this regard as our holdings in these securities are not material. The Company is exposed to interest rate risk arising from its variable rate borrowings. This is managed through 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 risk are fiduciary or disclosure breaches, technology failure and environmental risk. The Company'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 Company'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 management of reputational risk is overseen by the Board of Directors and the Senior Management team.

MANAGERS AND TEAM MEMBERS

CEO's Office
Marcus James
Chief Executive Officer
Nyoka Miller
Executive Assistant

Credit & Operations
Catherine Thomas
Manager Operations & Credit Administration
Mechell McKenzie-Clarke
Asst. Credit Manager
Terry-Ann Bisnaught
Business Analyst
Lee Allen
Tara Badson
Tasheika Bennett
Diamond Cassanova
Michæl Collington
Javon Davis
Maryan Dorie
Jason Forbes
Shenika Foster
Trudi-Ann Guthrie
Shawneca Hamilton
Shaneek Hemmings
Anna-Kay Hinds
Sandy Lawrence
Latania Lewis
Trace Lynch
Opal Perry
Shadee Spence-Deleon Diedrick
Tiana Steel

Information Technology
Cornell Comrie
Craig Gabbidon

Internal Audit
Kerry Hazel
Corey Manning

Legal
Carla Stephens
Paralegal

Marketing and Human Resource
Deveta McLaren
Manager
Akilah Cooke
HR Officer
Tanisia Johnson
Marketing Officer
Tamara Douglas
Shyanna Masters
Melissa Mills
Tracy-Ann Thompson

Sales
Nickeisha Cleary
Manager
Baheerah Millwood
Nneka Sortie
Shannique Wilmot

Accounts
Karen Davis
Financial Controller
Margaret Blackwood
Chief Accountant
Jodian Anglin
Arlene Barrett
Tashawna Clemetson-McDonald
Delroy Douglas
Kadia Green
Shanique Knight
Shantell McFarlane
Wayne Stephens
Johnathon Vassell
Alsene Walcott
Devordene Wynter

Collections & Compliance
Hugh Campbell
Manager, Collections & Internal Control
Dawn Kameka-Burrowes
Supervisor
Terrence Bailey
Nadine Brown-Hanniford
Shanice Brown
Romario Campbell
Karen Cobourne
Romona Davey
Lydia Goffe
Carla-Jay Howell
Denise Johnson
Jovanni Maxam
Matthew Smith
Melissa Wint

Black River
Aldria Brown
Branch Manager
Leota Gayle-Ebanks
Shantel James
Isolyn Samuels
Shamarah Senior-Steele

Browns Town
Angela Lindsay-Brown
Branch Manager
Tyrone Burris
Curdelecia Cole
Beverley Johnson
Nordia Lowers

Christiana
Brenda King
Branch Manager
Vivene Brown
Aretha Bryan
Kelly Christian
Stephanie White

Duke Street
Sashana Deans
Branch Supervisor
Vanessa Jackson
Rohan Rowe
Camikia Sculley
Jodi-Ann Smith

Junction
Staycia Barrett-Simpson
Branch Manager
Patrice Allen
Barrington Austin
Velencia Powell
Nettie Warren

Kingston
Nerisa Codlyn
Branch Manager
Simonea Service
Branch Supervisor
Danielle Anderson
Kayon Allen
Leecraft Barnes
Jenelle Bryan
Melissa Davis
Rayon Henry
Uriel McKay
Sherrine McLean
Natalie N. Reid
La-Tanya Robertson
Andrea Simpson
Sharon Thomas
Jeffery Thompson

Linstead
Colette Harris-Laing
Branch Manager
Kameka Blake
Michel Gunzell
Romone Morgan-Cameron
Allison Tomlinson

Mandeville
Bronia Simpson
Branch Manager
Karen Bradford
Cordel Cohen
Miguel Demetrius
Lameshea Miller
Simone Smith
Jody-Kay Wallace
Yonicke Williams

May Pen
Andrew Bailey
Branch Manager
Kimarley Ashley
Kenisha Brown
Jasmine Graham
Natalee M. Reid
Keisha-Kaye Williams

Montego Bay
Chantal Taffe-Allen
Branch Manager
Shatonya Campbell
Tamara Hammond
Samantha Hutchinson
Jodi-Ann Johnson
Nadine Murray
Carla Samms

New Kingston
Marlene Higgins
Branch Manager
Beverley Brown
Dwayne Cochrane
Shantel Redman
Kaydine Strachan

Ocho Rios
Aretha Douglas
Branch Manager
Jacqueline Brown
Meleta Gayle
Melissa Hylton
Toraineo Morris
Angalee McKenzie

Old Harbour
Kedeen Edwards
Branch Manager
Christine Brown
Krysta-Gaye Heslop
Steve Miller
Lavorne Stewart

Portmore
Odeon Campbell
Branch Manager
Ainsley Guthrie
Marcia Hibbert
Chenice Johnson
David Yee Sing

Santa Cruz
Tameka Crawford
Branch Manager
Janice Hart-Griffiths
Latoya Levy
Tavana Lewis
Ardia McTaggart-Salmon
Eileen Smikle

Savanna-La-Mar
Carolyn Plummer
Branch Manager
Crystal Bailey
Paulette Burte-Reid
Deanolyn Crooks
Sherene Nathan
Herbert Thorpe

Spanish Town
Atasha Alveranga-Brown
Branch Manager
Latoya Blair
Susanna Bradford
Jodian Burrell
Racquel Dawes-Dawkins
Delceta Grant

Damark
Nordia Dennie
Branch Manager
Christine Curtis
Shaneka McKain
Ruth-Ann Oakley
Delorita Pitt-Smith
Gloria Pounall
Simon Tuban

Micro Credit Ltd.

Head Office, Church Street, Kingston
Dellian Brown
Business Development & Operations Manager
Shekeilia Francis-Solomon
Branch Manager
Chantal Hunter
Sasha-Kay Kelly
Rochelle Thomas

Spanish Town
Kerene Griffiths
Branch Manager
Sartosha Dare-Nixon
Craig Lunan
Vanica McKenzie
Kadian Simon

May Pen
Letrecia Reid
Branch Manager
Dawn Bryan

Mandeville
Nadia Manradge
Branch Manager
Tricia Johnson

Montego Bay
Charmaine Chambers
Shashain Hyatt

Ocho Rios
Chamel Lawes
Branch Manager
Camicia Grey

OUR PEOPLE AND COMMUNITY

During the year, the primary focus of our HR Department was on staff training and development and the seamless integration of new members into the AFSL corporate culture. Training focused on sales, collections, and customer service; three critical components to the success of our operations.

While we continued to foster a customer centric culture among our dedicated team members, we also encouraged corporate social responsibility and a balance between work and personal life. To this end, team members participated in the Heart Foundation's Walk/Run fundraising event and the Sigma Corporate Run.

Continued sponsorship of community related activities remained a key component of our island-wide branch outreach. These activities included reading competitions organized by several parish libraries and fund-raising activities organized by schools, churches, and other public and private sector entities. We also continued our sponsorship of junior tennis tournaments as part of our commitment to the development of young people in Jamaica.

1. FOROMIC. Deveta McLaren, Retail Sales and Marketing Manager makes a point during a panel discussion on Climate Financing at Foromic 2016, held in Montego Bay. Access was a sponsor of the event. The Company in partnership with the IDB is developing a green energy loan product for micro, small and medium enterprises, and low-income households so they can access clean energy, increase their energy efficiency, and adapt to climate change.

2. JSE AWARDS. Deveta McLaren, Retail Sales and Marketing Manager receives the JSE Award for runner up Best Website, Junior Market at the JSE Awards 2015.

3. HEART RUN. Team Access warms up at the Access sponsored Heart Foundation's Walk/Run fundraising event.

4. JBDC EXPO. SME Loan Officer, Natalie Reid engages a client at the JBDC Expo 2016. Looking on are Loan Officers Jeffrey Thompson and Sherine Mclean and Marketing Officer Monique Johnson.

5. CB GROUP FARMERS EXPO. Business Loan Officers Danielle Anderson and Steve Miller discuss agricultural financing with attendees at the CB Group Farmers Expo held at the Jamaica Pegasus in March 2017.

6. SIGMA RUN. Team Access ahead of the Sigma Fun Run 2016.

7. JEA/JMA EXPO. Access Loan Officers at the 2016 JEA/JMA Expo, held at the National Indoor Sports Centre in April 2016.

DISCLOSURE OF SHAREHOLDINGS

AS AT JUNE 30, 2017

DIRECTORS	SHAREHOLDINGS	CONNECTED PERSONS
Marcus James	–	120,220,534
Neville James	351,790	6,823,500
Christopher Williams	–	136,488,875
Sherri Murray	-	–
Charmaine Boyd-Walker	–	–
Norman Reid	–	–
Rex James	–	–
Peter McConnell	–	–

EXECUTIVE MANAGEMENT	SHAREHOLDINGS	CONNECTED PERSONS
Marcus Hastings James	43.79%	120,220,534
Catherine Thomas	–	–
Deveta McLaren	–	–
Kareen Johnson	–	–

TOP TEN SHAREHOLDERS

NAME	SHAREHOLDINGS	%
PROVEN INVESTMENT LIMITED	136,488,875	49.72%
Springhill Holdings Limited	119,957,534	43.70%
Generation 4 Investment Company Limited	6,823,500	2.49%
Winston Hoo	4,200,695	1.53%
Mark Golding	766,046	0.28%
Cheston Jamaica Limited	681,177	0.25%
Frank R. Jackson	600,000	0.22%
Karl P. Wright	565,075	0.21%
First Caribbean Int'l Sec Ltd. A/C B.U.T	480,000	0.17%
Neveast Supplies Limited	360,000	0.13%

BDO

Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Access Financial Services Limited (the Company) set out on pages 36 to 72, which comprise the statement of financial position at 31 March 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

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

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

Key Audit Matters

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

Valuation of business acquisition

See notes 3(c), 14(b) and 26 to the financial statements for management's related policies and disclosures.

Access Financial Services Limited acquired the business of Damark Limited on 27 May 2016 for $180 million. The acquisition is treated as a business combination and a goodwill of $4.6 million is recognised. The complexity in determining if the transactions represents a business combination or an asset acquisition as well as determining the appropriate assumption used in valuing the combination and the potential for misstatement caused us to focus on the balances.

BDO

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Key Audit Matters (cont'd)

How addressed:

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

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

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

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

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

Impairment losses on loans and advances to customers

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

As at 31 March 2017, loans and advances, net of provision for credit losses represented $2.62B or 85% of total assets of the company. Impairment provisions of $457 million has been recognised.

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

- Classification of loans as impaired: we focused on the completeness of the customer accounts that are included in the impairment assessment.
- Valuation of real estate property pledged as collateral: this is the most significant type of collateral for impaired retail and impaired commercial loans. The estimation of collateral values is impacted by market trends as well as the circumstances of the specific property and involves judgment and specialised skills.

BDO

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Key Audit Matters (cont'd)

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

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

How addressed:

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

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

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

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

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

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

We evaluated the performance of the loan portfolio subsequent to the end of the reporting period to identify significant adjusting subsequent events and did not identify any such events.

BDO

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

BDO

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

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

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

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

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

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

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

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

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

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

BDO

INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

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

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

Report on additional matters as required by the Jamaican Companies Act

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

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

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

BDO
Chartered Accountants

11 May 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017 $	15 months to 31/03/16 $
OPERATING INCOME:			
Interest income from loans	3(o)	1,257,556,171	1,339,794,857
Interest income from securities		9,118,272	8,813,751
Total interest income		1,266,674,443	1,348,608,608
Interest expense		(111,769,822)	(89,288,109)
Net interest income		1,154,904,621	1,259,320,499
Net fees and commissions on loans		221,669,046	192,129,168
		1,376,573,667	1,451,449,667
Other operating income:			
Money services fees and commission		2,131,066	3,355,855
Foreign exchange gains		16,104,493	-
Other income		7,339,749	15,936,278
		25,575,308	19,292,133
		1,402,148,975	1,470,741,800
OPERATING EXPENSES:			
Staff costs	7	292,680,766	323,657,230
Allowance for credit losses	13(c)	128,282,189	213,348,901
Depreciation and amortization	14(a),(b)	23,575,347	37,287,246
Other operating expenses		207,083,801	228,738,458
		651,622,103	803,031,835
Profit before taxation		750,526,872	667,709,965
Taxation	8	72,049,817	67,828,976
NET PROFIT		678,477,055	599,880,989
OTHER COMPREHENSIVE IMCOME:			
Items that may be reclassified to profit or loss			
Unrealised gains on available-for-sale investments		742,715	-
TOTAL COMPREHENSIVE INCOME		679,219,770	599,880,989
EARNINGS PER STOCK UNIT	9	$2.47	$2.19

STATEMENT OF FINANCIAL POSITION

	Note	2017 $	2016 $
ASSETS			
Cash and cash equivalents	10	355,682,431	352,839,096
Financial investments	11	2,756,092	2,013,377
Other accounts receivable	12	42,153,793	37,018,901
Loans and advances	13	2,619,162,542	2,105,123,093
Property, plant and equipment	14(a)	46,133,323	52,185,656
Intangible assets	14(b)	34,357,732	3,501,125
Deferred tax assets	15	7,920,028	4,261,370
TOTAL ASSETS		3,108,165,941	2,556,942,618
LIABILITIES AND EQUITY			
LIABILITIES:			
Payables	16	186,069,354	220,983,153
Loans payable	17	1,131,079,295	1,028,965,756
Project advance	18	-	75,861,397
Taxation		73,735,984	14,639,378
Total liabilities		1,390,884,633	1,340,449,684
EQUITY:			
Share capital	19	96,050,714	96,050,714
Fair value reserve	20	742,715	-
Retained earnings		1,620,487,879	1,120,442,220
Total equity		1,717,281,308	1,216,492,934
TOTAL LIABILITIES AND EQUITY		3,108,165,941	2,556,942,618

Approved for issue by the Board of Directors on 11 May 2017 and signed on its behalf by:

Rex James — Chairman

Marcus James — Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital $	Fair Value Reserve $	Retained Earnings $	Total $
BALANCE AT 1 APRIL 2015		96,050,714	-	716,037,588	812,088,302
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	599,880,989	599,880,989
TRANSACTION WITH OWNERS					
Dividends paid	21	-	-	(195,476,357)	(195,476,357)
BALANCE AT 31 MARCH 2016		96,050,714	-	1,120,442,220	1,216,492,934
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	678,477,055	678,477,055
Other comprehensive income		-	742,715	-	742,715
TRANSACTION WITH OWNERS					
Dividends paid	21	-	-	(178,431,396)	(178,431,396)
BALANCE AT 31 MARCH 2017		96,050,714	742,715	1,620,487,879	1,717,281,308

STATEMENT OF CASH FLOWS

	Note	2017 $	15 months to 31/03/16 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year		678,477,055	599,880,989
Items not affecting cash resources:			
Exchange (gain)/loss on foreign balances		(16,104,493)	4,618,457
Depreciation and amortization		23,575,347	37,287,246
Increase in allowance for loan losses		128,282,189	213,348,901
Interest income		(1,266,674,443)	(1,348,608,608)
Interest expense		111,769,822	89,288,109
Taxation		75,708,475	70,883,499
Deferred tax		(3,658,658)	(3,054,523)
		(268,624,706)	(336,355,930)
Changes in operating assets and liabilities			
Loans and advances		(623,186,056)	(1,233,206,883)
Other accounts receivable		(7,407,082)	(20,869,548)
Loans payable, net		93,246,237	708,605,572
Accounts payable		(40,591,825)	54,193,706
		(846,563,432)	(827,633,083)
Interest received		1,268,946,633	1,348,276,682
Interest paid		(106,091,796)	(87,748,181)
Taxation paid		(16,611,869)	(62,195,564)
Cash provided by operating activities		299,679,536	370,699,854
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment and intangible assets		(48,379,621)	(26,239,827)
Leasehold improvement		-	9,800,000
Cash used in investing activities		(48,379,621)	(16,439,827)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Project advance		(75,861,397)	66,068,309
Dividends paid		(178,431,396)	(195,476,357)
Cash used in financing activities		(254,292,793)	(129,408,048)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		(2,992,878)	224,851,979
Exchange gain on foreign cash balances		5,836,213	118,076
Cash and cash equivalents at beginning of year		352,839,096	127,869,041
CASH AND CASH EQUIVALENTS AT END OF YEAR (note 10)		355,682,431	352,839,096

NOTES TO THE FINANCIAL STATEMENTS

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

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

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

2. **REPORTING CURRENCY:**

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

3. **SIGNIFICANT ACCOUNTING POLICIES:**

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

   (a) **Basis of preparation**

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

   The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

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

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

   Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that there are no new standards, interpretations and amendments which are immediately relevant to its operations.

   New standards, amendments and interpretation not yet effective and not early adopted

   IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2017), has been amended to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss.

   IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2017). The amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

   IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 2018), replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

IFRS 15, Revenue from Contracts with Customers is effective for periods beginning on or after 1 January 2018. It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

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

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

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

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). It replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities.

The company is assessing the impact that these standards and amendments will have on the financial statements when they are adopted.

(b) **Foreign currency translation**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) **Financial instruments**

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

Financial assets

(i) **Classification**

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

Loans and receivables

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

Available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Financial assets (cont'd)

(ii) **Recognition and Measurement**

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

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

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

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

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

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

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

Financial liabilities

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

(f) **Loans**

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

(g) **Allowance for loan losses**

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

(h) **Cash and cash equivalents**

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

(i) **Borrowings**

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

(k) **Employee benefits**

Defined contribution plans

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

(l) **Interest expense**

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

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

(m) **Operating leases**

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

(n) **Provisions**

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

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

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

(o) **Revenue recognition**

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

(p) **Segment reporting**

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

(q) **Dividend distribution**

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

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

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

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

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

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

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

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

(i) **Fair value estimation**

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

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

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

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

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

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

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

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

(iii) **Depreciable assets**

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

5. **FINANCIAL RISK MANAGEMENT:**

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

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

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

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

(a) **Principal financial instruments**

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

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

(b) **Financial instruments by category**

Financial assets

	Loans and Receivables		Available-for-sale	
	2017	2016	2017	2016
	$	$	$	$
Cash and cash equivalents	355,682,431	352,839,096	-	-
Loans and advances	2,619,162,542	2,105,123,093	-	-
Other receivables	21,504,483	-		
Investments (equity)	-	-	2,756,092	2,013,377
Total financial assets	2,996,349,456	2,457,962,189	2,756,092	2,013,377

NOTES TO THE FINANCIAL STATEMENTS

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

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

Financial liabilities

	Financial liabilities at amortised cost	
	2017	2016
	$	$
Payables	129,580,474	197,277,580
Long term loans	1,131,079,295	1,028,965,756
Total financial liabilities	1,260,659,769	1,226,243,336

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

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

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

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

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

31 MARCH 2017

	Level 1	
	2017	2016
	$	$
Financial assets		
Investments (Equity)	2,756,092	2,013,377
Total financial assets	2,756,092	2,013,377

There were no transfers between levels during the period.

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

(e) **Financial risk factors**

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

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

(i) **Market risk**

Currency risk

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

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

Concentration of currency risk

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

	2017	2016
	$	$
Cash and bank balances	5,108,375	113,234,318
Receivables (loan and advances)	300,476,403	303,957,869
Project advance	-	(75,861,397)
Long term loan	-	(183,063,150)
	305,584,778	158,267,640

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, accounts receivable balance and payables balance, and adjusts their translation at the year-end for 6% (2016 – 8%) depreciation and a 1% (2016– 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate 2017	Effect on Profit before Tax 31 March 2017 $	% Change in Currency Rate 2016	Effect on Profit before Tax 31 March 2016 $
Currency:				
USD	-6	18,335,087	-8	12,661,411
USD	+1	(3,055,848)	+1	(1,582,676)

Price risk

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

Cash flow and fair value interest rate risk

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

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

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

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

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

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

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

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

Interest rate sensitivity

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

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

(ii) **Credit risk**

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

Loans and advances

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

Cash and bank balances

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Maximum exposure to credit risk

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

Loans and advances that are past due but not impaired

As at 31 March 2017, loans and advances of $ 518,501,692 (31 March 2016 - $503,202,390) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

Loans and advances that are past due and impaired

As of 31 March 2017, the company had loans and advances of $ 457,056,205 (31 March 2016 - $328,774,016) that were impaired. These loans and advances were aged over 30 days.

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

	2017 $	2016 $
At 1 April	328,774,016	209,391,010
Provision for loans and advances impairment	128,282,189	213,348,901
Loans and advances written off during the year as uncollectible	-	(93,965,895)
At 31 March	457,056,205	328,774,016

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

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

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

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

Concentration of risk – Loans and advances

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

	2017 $	2016 $
Personal loans	2,399,340,972	1,841,973,697
Business loans	676,877,775	591,923,412
	3,076,218,747	2,433,897,109
Less: Provision for credit losses	(457,056,205)	(328,774,016)
	2,619,162,542	2,105,123,093

(iii) **Liquidity risk**

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

Liquidity risk management process

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

(iii) **Liquidity risk**

Cash flows of financial liabilities

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

	Less than 3 months $	3 to 12 Months $	1 to 2 Years $	2 to 5 Years $	Total $
31 March 2017					
Payables	49,513,569	80,066,905	-	-	129,580,474
Long term loans	154,978,682	634,996,622	207,000,169	278,590,517	1,275,565,990
Total financial liabilities (contractual maturity dates)	204,492,251	715,063,527	207,000,169	278,590,517	1,405,146,464
31 March 2016					
Payables	77,550,972	119,726,608	-	-	197,277,580
Long term loans	2,411,255	680,367,525	235,412,480	234,461,533	1,152,652,793
Total financial liabilities (contractual maturity dates)	79,962,227	800,094,133	235,412,480	234,461,533	1,349,930,373

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

(f) **Capital management**

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

6. **EXPENSES BY NATURE:**

Total direct and administrative expenses:

	2017 $	15 months to 31/03/16 $
Interest expense	111,769,822	89,288,109
Allowance for credit loss	128,282,189	213,348,901
Depreciation and amortization	23,575,347	37,287,246
Bad debt recoverable	(22,448,326)	(56,420,867)
Insurance	9,541,824	4,608,352
Directors' fees	1,795,325	2,645,761
Audit fees	3,060,200	2,900,000
Bank charges	4,406,089	5,378,767
Rent	40,675,876	44,227,837
Legal and professional fees	23,587,223	29,322,040
Courier and collection services	20,291,117	17,121,024
Motor vehicle expenses	673,662	1,826,749
Repairs and maintenance	12,377,891	18,422,238
Security	3,578,930	4,443,990
Staff costs (note 7)	292,680,766	323,657,230
Travel and entertainment	2,921,058	5,824,361
Other expenses	29,974,916	41,592,292
Utilities	36,650,181	48,270,455
Advertising	27,373,974	42,300,407
Printing and stationery	12,623,861	11,656,594
Foreign exchange loss	-	4,618,458
	763,391,925	892,319,944

NOTES TO THE FINANCIAL STATEMENTS

7. **STAFF COSTS:**

	2017 $	15 months to 31/03/16 $
Wages, salaries and statutory contributions	229,451,332	249,018,564
Pension contributions	6,993,913	8,180,152
Other staff benefits	56,235,521	66,458,514
	292,680,766	323,657,230

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

	2017	2016
Permanent	143	141
Temporary	36	29
	179	170

8. **TAXATION:**

(a) Taxation for the year comprises:

	2017 $	15 months to 31/03/16 $
Current tax expense	75,708,475	70,883,499
Deferred tax arising from temporary differences	(3,658,658)	(3,054,523)
	72,049,817	67,828,976

(b) Reconciliation of actual tax expense:

Profit before tax	750,526,872	667,709,965
Expected tax expense @ 25%	187,631,718	166,927,491
Adjusted for difference in treatment of:		
Depreciation and capital allowances	1,426,578	4,040,190
Employer tax credit	(32,472,203)	(30,378,643)
Other	23,704,402	28,502,079
	180,290,495	169,091,117
Adjustment for the effect of tax remission:		
Current tax	(108,240,678)	(101,262,141)
	72,049,817	67,828,976

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

(c) Remission of income tax:

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

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

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

9. **EARNINGS PER STOCK UNIT:**

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

	2017 $	2016 $
Net profit attributable to stockholders ($'000)	678,477	599,881
Number of ordinary stock units ('000)	274,510	274,510
Earnings per stock unit ($ per share)	2.47	2.19

10. **CASH AND CASH EQUIVALENTS:**

	2017 $	2016 $
Short term deposits	264,120,401	108,880,186
Cash at bank	91,562,030	243,958,910
	355,682,431	352,839,096

The weighted average interest rate on short-term deposits was 7.5% (2016 – 4.45%).

NOTES TO THE FINANCIAL STATEMENTS

11. **FINANCIAL INVESTMENTS:**

	2017 $	2016 $
Available-for-sale investments		
Quoted equities	2,756,092	2,013,377

Market values of quoted investments are computed using listed bid prices. This amount as at 31 March 2017 was $ 2,756,092 (31 March 2016 - $2,038,431).

12. **OTHER ACCOUNTS RECEIVABLE:**

	2017 $	2016 $
Taxation recoverable	10,824,590	8,533,183
Prepayments and deposits	7,730,301	19,114,578
Money services – Western Union	8,436	923,886
Other	23,590,466	8,447,254
	42,153,793	37,018,901

13. **LOANS AND ADVANCES:**

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

	2017 $	2016 $
Personal loans	2,399,340,972	1,841,973,697
Business loans -		
Agriculture	38,647,985	33,132,048
Services	447,848,610	188,268,304
Trading	176,091,730	345,599,972
Manufacturing	14,289,450	24,923,088
	676,877,775	591,923,412
	3,076,218,747	2,433,897,109

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

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

Remaining term to maturity

	2017 $	2016 $
Due within 1 month	324,699,292	204,455,666
1 to 3 months	103,409,848	126,600,309
3 to 12 months	1,024,288,633	737,470,588
Over 12 months	1,623,820,974	1,365,370,546
Gross loans and advances	3,076,218,747	2,433,897,109
Less: Allowance for loan losses	(457,056,205)	(328,774,016)
	2,619,162,542	2,105,123,093

(b) Impairment losses on loans and advances

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

	2017		2016	
	Gross $	Impairment $	Gross $	Impairment $
Current	2,557,717,055	-	1,930,694,719	-
1 to 3 months past due	246,698,064	185,252,577	317,534,954	143,106,580
3 to 12 months past due	271,803,628	271,803,628	185,667,436	185,667,436
	3,076,218,747	457,056,205	2,433,897,109	328,774,016

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

(c) Specific allowances for loan losses:

	2017 $	2016 $
Balance at beginning of year	328,774,016	209,391,010
Allowance made during the year	128,282,189	213,348,901
Loans written off during the year	-	(93,965,895)
Balance at the end of the year	457,056,205	328,774,016

NOTES TO THE FINANCIAL STATEMENTS

14. **PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS:**

(a) Property, plant and equipment

	Leasehold Improvement $	Capital Work in progress $	Computer Equipment $	Furniture and Fixtures $	Motor Vehicles $	Total $
At cost -						
1 April 2015	54,599,600	1,099,431	32,539,949	26,939,594	31,578,500	146,757,074
Additions	3,869,856	1,417,885	6,429,627	3,223,105	-	14,940,473
Adjustment	(9,800,000)	-	-	-	-	(9,800,000)
31 March 2016	48,669,456	2,517,316	38,969,576	30,162,699	31,578,500	151,897,547
Disposal					(20,889,500)	(20,889,500)
Additions	504,672		5,528,192	4,027,235		10,060,099
Transfers	2,517,316	(2,517,316)	-	-	-	-
31 March 2017	51,691,444	-	44,497,768	34,189,934	10,689,000	141,068,146
Depreciation -						
1 April 2015	15,773,090	-	21,839,579	10,977,432	27,607,254	76,197,355
Charge for the year	6,649,114	-	9,068,743	3,825,434	3,971,245	23,514,536
31 March 2016	22,422,204	-	30,908,322	14,802,866	31,578,499	99,711,891
Eliminated on disposal					(20,889,500)	(20,889,500)
Charge for the year	6,705,337	-	5,245,786	4,161,309	-	16,112,432
31 March 2017	29,127,541	-	36,154,108	18,964,175	10,688,999	94,934,823
Net Book Value -						
31 March 2017	22,563,903	-	8,343,660	15,225,759	1	46,133,323
31 March 2016	26,247,252	2,517,316	8,061,254	15,359,833	1	52,185,656

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

(b) Intangible assets:

	Computer Software $	Customer Relationship $	Trademark & Tradename $	Goodwill $	Total $
At cost -					
1 April 2015	29,087,482	-	-	-	29,087,482
Additions	11,299,354	-	-	-	*11,299,354*
31 March 2016	40,386,836	-	-	-	40,386,836
Additions	9,196,522	21,800,000	2,700,000	4,623,000	38,319,522
31 March 2017	49,583,358	21,800,000	2,700,000	4,623,000	78,706,358
Amortization -					
1 April 2015	23,113,001	-	-	-	23,113,001
Charge for the year	13,772,710	-	-	-	13,772,710
31 March 2016	36,885,711	-	-	-	36,885,711
Charge for the year	4,737,915	2,725,000	-	-	7,462,915
31 March 2017	41,623,626	2,725,000	-	-	44,348,626
Net Book Value -					
31 March 2017	7,959,732	19,075,000	2,700,000	4,623,000	34,357,732
31 March 2016	3,501,125	-	-	-	3,501,125

No impairment on trademark, trade name and goodwill was recognized during the year.

15. **DEFERRED INCOME TAXES:**

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

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

	2017 $	2016 $
Deferred tax assets	7,920,028	4,261,370

NOTES TO THE FINANCIAL STATEMENTS

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

The movement in deferred taxation is as follows:

	2017 $	2016 $
Balance at start of year	4,261,370	1,206,847
Charge for the year (note 8)	3,658,658	3,054,523
Balance at end of year	7,920,028	4,261,370

Deferred taxation represents the amount for accelerated tax depreciation.

16. **PAYABLES:**

	2017 $	2016 $
Payables and accruals	106,002,449	101,256,545
Advance payments	80,066,905	119,726,608
	186,069,354	220,983,153

17. **LOANS PAYABLE:**

Loans are comprised as follows:

	2017 $	2016 $
Corporate Bond Holders (i)	199,848,619	199,848,618
Sagicor Bank Jamaica Limited (ii)	127,252,333	72,987,108
Development Bank of Jamaica Limited (iii)	542,925,879	241,716,767
Micro Investment Development Agency (iv)	26,966,140	33,924,365
Proven Investments Limited (v)	149,506,112	480,488,898
Inter-American Development Bank (vi)	84,580,212	-
	1,131,079,295	1,028,965,756

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

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

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

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

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

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

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

	2017 $	2016 $
1 to 3 months	68,919,960	190,310,910
3 to 12 months	317,962,589	148,223,438
	386,882,549	338,534,348
Over 12 months	744,196,746	690,431,408
	1,131,079,295	1,028,965,756

18. **PROJECT ADVANCE:**

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

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

19. **SHARE CAPITAL:**

	2017 $	2016 $
Authorized share capital:		
350,000,000 ordinary shares of no par value		
Stated capital, issued and fully paid:		
274,509,840 ordinary shares of no par value	96,050,714	96,050,714

NOTES TO THE FINANCIAL STATEMENTS

20. **FAIR VALUE RESERVE:**

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

21. **DIVIDENDS:**

	2017 $	2016 $
In respect of 2014	-	49,988,242
In respect of 2016	178,431,396	145,488,115
	178,431,396	195,476,357

At Board of Directors meetings held on 19 May 2016, 28 July 2016, 20 October 2016 and 26 January 2017, dividend payments of $0.16, $0.16, $0.18, and $0.15 respectively were approved by the Board of Directors.

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

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

	2017 $	15 months to 31/03/16 $
Transactions:		
Compensation for key management (including directors):		
Short-term benefits	13,382,152	14,165,586
Directors' fees	1,795,325	2,645,760
Pension contributions	625,478	702,602
Operating lease expenses	18,499,579	22,258,964
Loan interest – Mayberry Investments Limited	-	179,169
– Proven Investments Limited	21,580,415	34,562,016
Year-end Balances:		
Loans payable		
Proven Investments Limited	149,506,112	480,488,898

23. **LEASE COMMITMENTS:**

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

	2017 $	2016 $
Within 1 year	35,649,716	28,196,643
Subsequent years (2-5)	34,125,478	40,371,229
	69,775,194	68,567,872

24. **SEGMENT INFORMATION:**

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

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

Financial information related to the operating segment results from continuing operations for the period ended 31 March 2017 and can be found in the statement of profit or loss and other comprehensive income. There are no differences in the measurement of the reportable segment results and the company's results.

Details of the segment assets and liabilities for the period ended 31 March 2017, can be found in the statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the company's assets and liabilities.

Entity-wide disclosures:

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

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

25. **NON-CASH TRANSACTION IN INVESTING ACTIVITIES:**

	2017 $	2016 $
Leasehold improvements – represents rebate granted by Landlord	-	9,800,000

NOTES TO THE FINANCIAL STATEMENTS

26. **BUSINESS COMBINATION:**

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

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

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

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

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

FORM OF PROXY

Affix $100 Stamp here and cancel

I/WE _____ of _____
(NAME OF SHAREHOLDER) (ADDRESS OF SHAREHOLDER)

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 14th day of September, 2017 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.

ORDINARY RESOLUTIONS	FOR	AGAINST
Resolution No. 1 – Audited Accounts and Reports THAT the Audited Accounts of the Company for the year ended March 31, 2017, together with the Reports of the Directors and the Auditors, be and are hereby adopted.		
Resolution No. 2 – Dividend Payment THAT as recommended by the Directors, the interim dividends per stock unit of $.016 paid on June 23, $0.16 paid on September 8, and $0.18 on November 25, 2016 and $0.15 on February 24, 2017, be and are hereby declared as final for the year under review.		
Resolution No. 3 – Re-election of Directors a) THAT Mr. Norman Reid, being eligible for re-election, be re-elected a Director of the Company. b) THAT Mr. Peter McConnell, being eligible for re-election, be re-elected a Director of the Company.		
Resolution No. 4 – Re-appointment of Auditors THAT BDO, Chartered Accountants of 28 Beechwood Avenue, Kingston 5, Saint Andrew, having agreed to continue in office as Auditors of the Company, be and are hereby appointed to hold such office until the next Annual General Meeting of the Company and that their remuneration be determined by the Directors..		
Resolution No. 5 – Directors' Remuneration THAT the amount shown in the Audited Accounts of the Company for the year ended March 31, 2017 as remuneration of the Directors for their services as Directors be and is hereby approved.		

Signed this _____ day of_____ , 2017

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
FINANCIAL SERVICES LTD.