ACCESS
FINANCIAL SERVICES LTD.

ANNUAL REPORT 2019

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Our MISSION

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

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

Notice of AGM

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held on Wednesday, the 11th day of September 2019 at The Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 10, St. Andrew at 4:00 p.m., to consider and, if thought fit, pass the following resolutions:

1. To receive the Reports of the Directors and Auditors and the Audited Financial Statements of the Company for the year ended March 31, 2019.

Resolution No. 1 - Directors and Auditors Reports, and Audited Financial Statements
THAT the Reports of the Auditors and Directors and the Audited Financial Statements of the Company for the year ended March 31, 2019, be and are hereby received.

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

Resolution No. 2 - Dividend Payment
THAT on the recommendation of the Directors, the interim dividends paid by the Company on June 29, August 29, November 23, 2018 and February 27, 2019 respectively, be and are hereby declared as final for the 2019 financial year.

3. 3. Pursuant to Article 97 of the Company's Articles of Incorporation, Mr. Neville James and Mr. Norman Reid are the Directors to retire by rotation. Being eligible, they have offered themselves for re-election. Mr. Neville James, being a Shareholder Director, however, has been re-appointed by Mr. Marcus James in accordance with Article 99.

Resolution No. 3 - Re-election of Director
THAT Norman Reid, the Director retiring by rotation, be re-elected a Director of the Company.

4. To re-appoint the retiring auditors.

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

5. To approve the remuneration of Directors.

Resolution No. 5 - Directors' Remuneration
THAT the amount shown in the Audited Financial Statements of the Company for the year ended March 31, 2019 as remuneration paid to the Directors for their services as Directors be and is hereby approved.

BY ORDER OF THE BOARD

Sherri Murray
SECRETARY

Dated July 3, 2019

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

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

In December 2018, we acquired Embassy Loans Inc., a Florida based title loan company, with an active loan portfolio of US$4.2 million. This acquisition which initiates our global footprint, will serve to provide a solid platform for future growth in North America while diversifying the Company's asset and revenue base. The Board has oversight of Embassy Loans Inc., and two (2) of our current Board members; Messrs. Christopher Williams and Marcus James are Directors providing oversight to the overseas operations.

In December 2018, we rolled out the MyAccess mobile application which is available for download from the Google Play store. The App provides a convenient, cost effective delivery channel to prospective customers to apply for our loan products and to our existing customers, electronic statements of account. We continue to promote the benefits of MyAccess to our customers. The key to delivering on our strategies to drive growth and improve operational efficiency, is ensuring that we maintain a culture of high performance, a high level of employee engagement, a laser focus on customer retention, referral and satisfaction and leveraging digital technology.

The Board is mindful of the imminent change to the regulatory environment within the microfinance sector and will ensure that the Company's operations and structure are aligned with new regulatory requirements and that effective governance is maintained.

The Board and the Team members have demonstrated over the course of this financial year in particular, their unwavering focus on the attainment of our Strategic Objectives. We are confident that the organization's structure provides a strong foundation for future growth.

In closing, and as we look forward to a successful 2020 financial year, I would like to welcome the Embassy team to the Access family and sincerely thank our Senior Management team and ALL team members for their commitment during the year. To our customers, partners and providers, we thank you for choosing Access Financial Services Limited. To my fellow board members for their oversight and stewardship of our company. Thank you!

Rex James
Chairman, Access Financial Services Limited

ACCESS FINANCIAL SERVICES LIMITED \\ 2019 ANNUAL REPORT

Statement from THE CEO

Dear Shareholders,

Our core value "Customer First" is at the forefront of all critical decisions made by our Executive Team. The 2019 financial year was marked by increased competition which resulted in the reduction in market rates offered on our products. While interest rates on our core product lines saw marginal reductions, there was pressure on our interest rate spread which resulted in a decline in revenue.

Notwithstanding, the decision was made to grow our loan book by focusing on customer retention. At the end of the 2019 financial year, Access' loan book recorded growth of 9% increasing from $2.9B at the end of 2018 to $3.2B for the year under review. Our retention strategies were bolstered by the launch of the MyAccess mobile app in December 2018 which increased the channels through which our customers access our loan products. While customer reviews of the App have been positive, we have work to do in customer education to increase acceptance and use of digital modalities to access financing.

The diversification of our asset base and revenue streams have been a strategic imperative for Access which led to the exploration of opportunities in the United States and closer home in the Caribbean. In December 2018, we completed the acquisition of Embassy Loans, a title loan company which operates in South Florida. The decision to acquire Embassy Loans was motivated by the Company's track record, our confidence in the Company's tenured management team and the potential presented by the Company's infrastructure and market.

For the period under review, Access' Jamaican operations generated $1.6B in revenue, a reduction of 13% when compared with prior year. Net profit before tax was $516M representing a reduction from $802M earned in the 2018 financial year. In the three months since its acquisition, Embassy added $225M to the group's asset base and $60M to net profit before tax which ended the year at $577M.

During the year we made significant strides in investing in our team members by providing critical training in the areas of customer service, loan underwriting, and delinquency management. Our customers also benefitted directly from our enhanced training infrastructure as we held workshops in the areas of business development and record keeping.

The competitive local environment requires us to invest a significant amount of time on enhancing the efficiency of our operations. This process commenced in 2019 with the merger of our Damark and MCL operations to create DamarkMCL. The combined entity employs twenty-nine (29) individuals and operates from six (6) locations.

We anticipate that the landscape will continue to be characterized by increased competition as institutions battle for market share. Accordingly, we will remain focused on our strategy of putting our customers first to retain their trust and patronage. This may at times require short term sacrifices for the long-term benefit of our stakeholders. Operational and technological innovations will provide the tools for improved efficiency. Critical feedback from our internal and external customers on ways we can serve them better will be used to inform decisions to ensure that we provide an enabling environment where they can thrive.

In closing I would like to express sincere gratitude to our loyal customers, our committed team members, and other stakeholders. A special thank you to the Board of Directors who continue to provide valuable strategic direction for our Company.

Marcus James
CEO, Access Financial Services Limited

Board of DIRECTORS

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

Rex James is a retired banker with over forty years' experience in the banking industry. He has held the position of Managing Director of NCB Jamaica Ltd., and served as a Director of the NCB Group Ltd., NCB Insurance Services Ltd., and NCB Investments Ltd.

He is a Past President of the Jamaica Bankers Association and the National Investment Bank of Jamaica.

He was appointed Chairman in January 2015.

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

Marcus James is the founder and Chief Executive Officer (CEO) of Access Financial Services Limited.

He currently serves as the Chairman of the Postal Corporation of Jamaica Limited and Airports Authority of Jamaica (AAAJ) Pension Fund. He is a board member of British Caribbean Insurance Company (BCIC). He is a founding member of the Young Entrepreneurs Association of Jamaica (YEA) and was nominated for the 2013 Jamaica Observer Business Leader Award.

He was appointed CEO and Executive Director in 2000.

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

Norman Reid is a retired banker with over forty years' experience in the financial services sector, with expertise in credit analysis, underwriting, sales, internal audit, change management, operations, and training. Mr. Reid is the Chairman of Sam Sharpe Teachers College, and a board member of the Western Regional Health Authority. He is a past Director and current Member of the Montego Bay Chamber of Commerce. He chairs the Audit Committee of the Exim Bank and is a member of the Enterprise Risk Management Committee of the Bank.

He was appointed Independent Non-Executive Director in October 2016.

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

Neville James is a communications consultant with broad experience in broadcasting and journalism. He has served in various leadership positions including CEO/Manager of the Private Sector Organization of Jamaica and is a former Chairman of the Media Association of Jamaica. He currently serves on the boards of the National Crime Prevention Fund, Pals Jamaica Limited and Renew Limited.

He was appointed Non-Executive Director in September 2014.

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

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

She was appointed Non-Executive Director in January 2015.

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

Christopher Williams is the President and CEO of PROVEN Management Limited. 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 expertise in developing and implementing competitive products and services.

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

He was appointed Non-Executive Director in December 2014.

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

James Morrison is a Chartered Accountant. His expertise spans the areas of accounting, auditing, corporate restructuring and company evaluations. He has held executive and senior management positions in the public and private sectors and has served as Director and Chairman of Audit and Finance committees of these entities. He recently retired from the Supreme Ventures Group as interim CEO where he previously served as Senior Vice President, Group Finance and Chief Financial Officer.

He was appointed Independent Non-Executive Director in February 2018.

SHERRI MURRAY
BSc., MBA
COMPANY SECRETARY

Sherri Murray has responsibility for the operations unit of PROVEN Management Limited and provides strategic human resource management support for the group. She is the Company Secretary for Access Financial Services Limited, PROVEN Management Ltd, PROVEN Wealth Ltd, and PWL Transition Limited.

She was appointed Company Secretary in January 2015.

Senior MANAGEMENT

Marcus James BBA., MBA (Hons.)
Chief Executive Officer

Marcus has overall responsibility for the strategic development and management of the Company and for ensuring that the strategic objectives established by the Board of Directors is achieved. Under his leadership, the Company has recorded exponential organic growth, expansion through acquisitions and increased market share of the microfinance market.

Sherry-Ann Hylton MSc., BSc., FCCA, FCA, LLB
Manager – Finance

Sherry-Ann oversees the operations of the accounting department. Her duties include reviewing financial reports, monitoring accounts, cash flow management and preparing activity reports and financial forecasts. She also has the responsibility of ensuring that the Company is compliant with accounting standards.

Catherine Thomas DIP.ATT., DIP. RISK and COMPLIANCE
Manager – Operations & Credit

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

Deveta McLaren BA., MBA
Manager – Marketing & Retail Sales

Deveta has responsibility for the development and execution of marketing and communication initiatives to drive brand awareness, market share and enhanced customer experience. Her mandate also includes the effective execution of initiatives to drive sales in new and existing channels.

Hugh Campbell BBA., MBA
Manager – Collections & Internal Control

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

Keisha Smith BA.
Manager – Human Resources & Training

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

Michael Burke BSc., MSc., MCSA, MCSE
Manager – IT

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

Note: Effective May 2019, Karen Davis-Johnson resigned from the position of Chief Financial Officer (CFO) and the Company. The duties of the CFO have been assumed by Sherry-Ann Hylton, Finance Manager.

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
Shakira Brooks
Lloyd Bryan
Diamond Cassanova
Michael Collington
Jason Forbes
Shawneca Hamilton
Shaneek Hemmings
Anna-Kay Hinds
Sandy Lawrence
Latania Lewis
Andrew Morris
Opal Perry
Delorita Pitt-Smith
Karen Senior
Tiana Steel
Qwayne Swaby
Andre Thompson
Peter Washington

Information Technology
Michael Burke
IT Manager

Daniel Bruce
Craig Gabbidon

Internal Audit
Kerry Hazel
Corey Manning

Legal
Carla Stephens
Paralegal

Dushane Francis
Winsome Powell

Human Resource & Training
Keisha Smith
Human Rsource & Training Manager
Akilah Cooke
HR Officer
Margaret Blackwood
Project Manager

Chantelle Grant

Retail Sales & Marketing
Deveta Mclaren
Manager Retail Sales & Marketing
Tanisia Johnson
Marketing Officer

Rodrick Blair
Jonelle Harriott
Melissa Mills
Tracy-Ann Thompson
Adrian Walker

Sales
Rosemarie Daley
Sales Manager

Accounts
Sherry-Ann Johnson-Hylton
Finance Manager
Wayne Stephens
Accounts Supervisor

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

Collections & Internal Controls
Hugh Campbell
Manager Collections and Internal Controls
Dawn Kameka-Burrowes
Supervisor

Terrence Bailey
Nadine Brown-Hanniford
Shanice Brown
Karen Cobourne
Romona Davey
Shanna Kay Esty
Carla-Jay Howell
Ishalla Jackson
Denise Johnson
Rohan Miller
Glennard Samuels
Matthew Smith
Melissa Wint

Black River
Aldria Brown
Manager

Leota Gayle-Ebanks
Shantel James
Nickodie Logan
Shandeen Myers
Isolyn Samuels
Shamarah Senior-Steele

Brown's Town
Angela Lindsay Brown
Manager

Sashana Brown
Shermaine Grant
Beverley Johnson
Camalla McDonald
Angalee McKenzie

Christiana
Brenda King
Manager

Vivene Brown
Aretha Bryan
Kelly Christian
Andre Salmon
Kanara Williams
Stephanie White

Duke Street
Sashana Deans
Manager

Taneta Johnson
Shyanna Masters
Jovanni Maxam
Crystal Simon
Celia Waugh

Junction
Nordia Dennie
Manager

Patrice Allen
Barrington Austin
Sedonia Masters
Catrina Morgan
Shanique Powell
Valencia Powell
Nettie Warren

Kingston
Nerisa Codlyn
Manager
Simonea Service
Branch Supervisor

Danielle Anderson
Leecraft Barnes
Jenelle Bryan
Melissa Davis
Tamara Douglas
Adrian Hewitt
Uriel McKay
Sherrine McLean
Terrence Rae
Natalie N. Reid
La-Tanya Robertson
Sharon Thomas

Linstead
Colette Harris-Laing
Manager

Charmaine Garriques
Michel Gunzell
Quan Higgins
Latoya Lewin
Romone Morgan-Cameron
Joyce Smith

Mandeville
Bronia Simpson
Manager

Cordel Cohen
Miguel Demetrius
Marshalee Fraser
Lameshea Miller
Simone Smith
Jody-Kay Wallace
Yonicke Williams

May Pen
Karen Bradford
Manager

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

Montego Bay
Chantal Taffe-Allen
Manager

Tamara Hammond
Samantha Hutchinson
Jodi Ann Johnson
Nadine Murray
Carla Samms

New Kingston
Marlene Higgins
Manager

Beverley Brown
Chavel Roman
Shantel Redman
Shadee Spence-Deleon Diedrick

Ocho Rios
Aretha Douglas
Manager

Jacqueline Brown
Meleta Gayle
Natasha Golding
Tracey-Ann Laing
Toraineo Morris

Old Harbour
Danielle Lawrence
Manager

Christine Brown
Krysta-Gaye Hislop
Lavorne Stewart
Portland
Sasha Gaye Wellington
Manager
Keisa Bailey
Denise Campbell
Nicola Garwood
Davian Powell
Lolita Riley

Portmore Pines
Alethia Simpson- Gulabe
Manager

Tajia Brown
Marcia Hibbert
Chenice Johnson
Ashley Jones
David Yee Sing

Santa Cruz
Tameka Crawford
Manager

Janice Hart-Griffiths
Latoya Levy
Tavana Lewis
Ardia McTaggart-Salmon
Eileen Smikle

Savanna-La-Mar
Carolyn Plummer
Manager

Deanolyn Crooks
Trishell Miller
Pauline Webster
Dwayne White

Spanish Town
Atasha Alveranga-Brown
Manager

Latoya Blair
Jodian Burrell
Kashief Clarke
Delceta Grant
Ricardo Marsh

DamarkMCL

Head Office
Shannique Wilmot
Acting Branch Manager
Ruth-Ann Oakley
Business Development Manager

Kingston
Remona Clarke
Manager
Michelle Campbell
Branch Supervisor

Melisa Carter
Olivia Clue
Christine Curtis
Sherene Henry
Craig Lunan

Spanish Town
Kerene Bennett-Griffiths
Manager

Renaldo Allen
Keysha Osbourne
Ellice Thomas

May Pen
Letrecia Reid
Manager

Ava Gaye Bucknor
Monica Clarke
Taneisha Williams

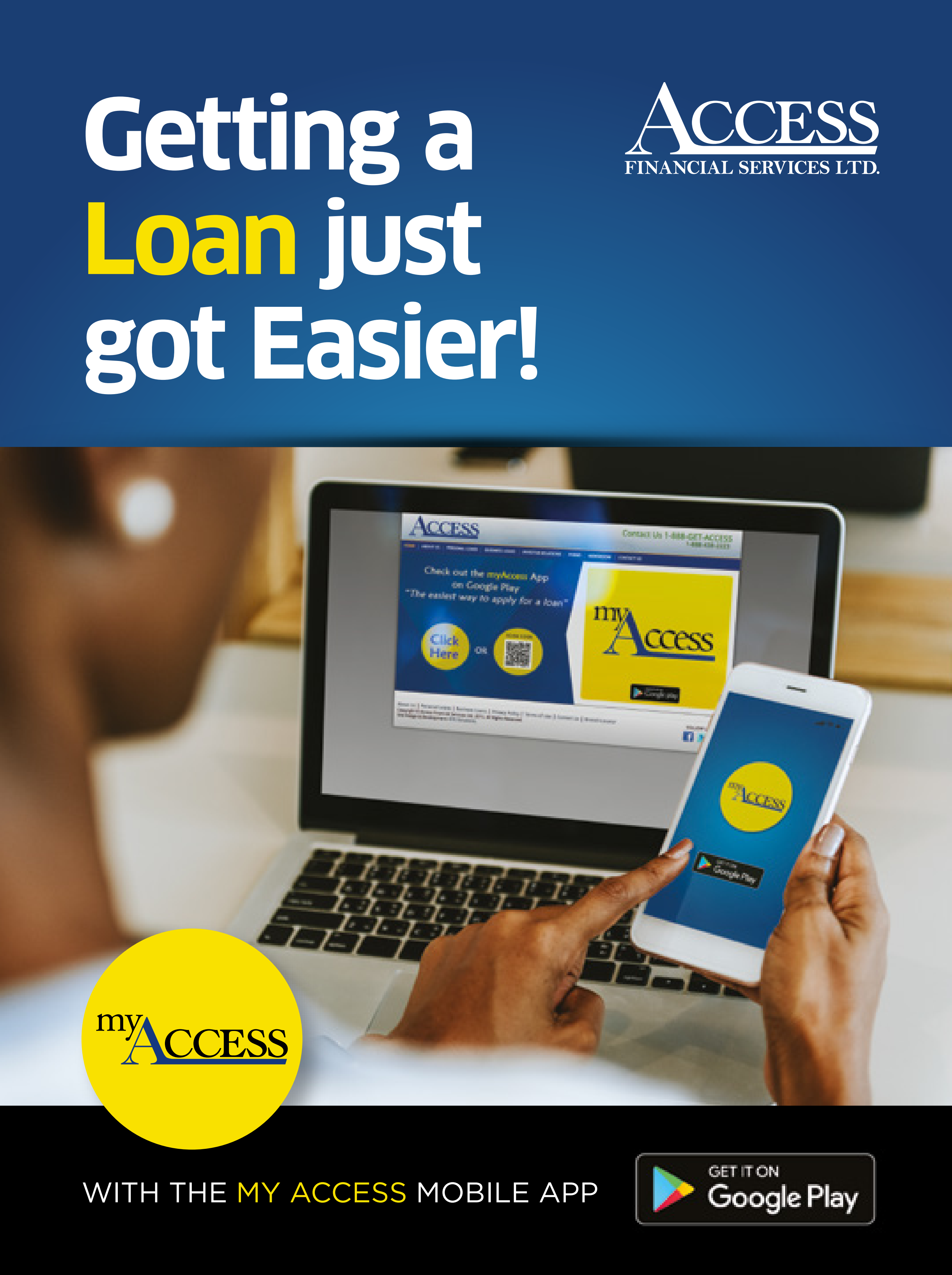
Mandeville
Nadia Manradge
Manager

Tracey Dawkins
Tricia Johnson
Jade Newman

St. Ann
Nneka Sortie
Acting Branch Manager

Romain Black
Camicia Grey
Marilyn Reevers

Montego Bay
Cassandra James-Barrett
Manager
Sashain Hyatt
Patricia Mason



Disclosure of SHAREHOLDINGS

AS AT MARCH 31, 2019

DIRECTORS	SHAREHOLDINGS	CONNECTED PARTY
Marcus James	-	120,220,534
Neville James	353,910	6,823,500
Christopher Williams	-	136,488,875
Charmaine Boyd-Walker	-	-
Sherri Murray	-	-
Rex James	-	-
Norman Reid	8,889	-
James Morrison	-	-

EXECUTIVE MANAGEMENT	SHAREHOLDINGS	CONNECTED PARTY
Marcus James	43.79	120,220,534
Sherry-Ann Johnson-Hylton	-	-
Catherine Thomas	-	-
Deveta McLaren	-	-
Hugh Campbell	-	-
Michael Burke	-	-
Keisha Smith	-	-

TOP 10 SHAREHOLDERS	SHAREHOLDINGS	PERCENTAGE
Proven Investments Limited	136,488,875	49.72%
Springhill Holdings Limited	119,957,534	43.69%
Generation 4 Investment Company Limited	6,823,500	2.48%
Winston Hoo	4,200,695	1.53%
Mark Golding	766,046	0.27%
Karl P. Wright	705,677	0.25%
JNBS Pension Trustees Nominee Ltd	659,340	0.24%
Frank R. Jackson	600,000	0.21%
Neveast Supplies Limited	449,562	0.16%
Neville James	353,910	0.12%

Corporate DATA

The Members of the Board of Directors as at March 31, 2019

- Mr. Rex James – Chairman
- Mr. Marcus James – CEO
- Mr. Christopher Williams
- Mr. Neville James
- Mrs. Charmaine Boyd-Walker
- Mr. Norman Reid
- Mr. James Morrison
- Mrs. Sherry Murray – Company Secretary

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

Bankers

Sagicor Bank Jamaica Limited
17 Dominica Drive
Kingston 5, Jamaica

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

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

Auditors

Internal Auditors

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

External Auditors

KPMG
6 Duke Street
Kingston, Jamaica

Attorneys

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

Registrar Agent

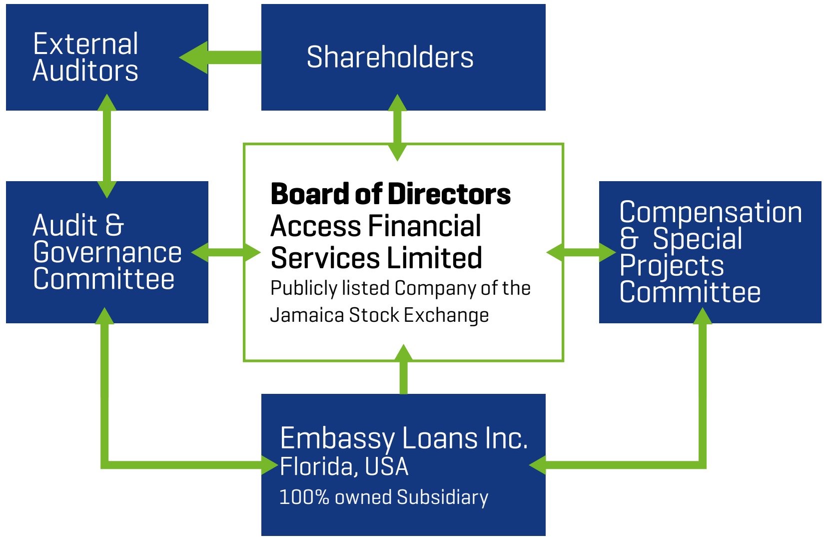
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica

Corporate GOVERNANCE

Access Financial Services Limited (Access) was incorporated in 2000 and was the first company to list on the Junior Market of the Jamaica Stock Exchange in 2009. Access is recognized as one of the leading microfinance institutions in the Caribbean, and provides financing for personal, micro and Small, Medium Enterprise (SME) loans. The Company operates under the brand names Access Financial Services Limited and DamarkMCL and manages total assets of JMD$4.8B.

In December 2018, Access acquired Embassy Loans Inc., a finance company in Florida in the United States of America. Embassy is a wholly owned subsidiary of Access which provides oversight of the management of Embassy Loans. Currently, Mr. Christopher Williams and Mr. Marcus James, directors of Access are both directors on the Board of Embassy Loans. Updates on the financial performance, execution on strategy are monitored with monthly updates to the Access Board. Below is the governance structure for Access and its subsidiary:

Governance Structure



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

BOARD RESPONSIBILITY

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

The primary responsibilities of the Board include oversight for Access and its subsidiary Embassy Loans:

- Approving and monitoring strategic plans;
- Reviewing, and approving annual performance targets, annual budget, quarterly financial statements, audited financial statements;
- Approving acquisitions and major capital expenditure;
- Overseeing subsidiary operations including compliance with licensing requirements in Jamaica and Florida;
- Evaluating the Company performance against set financial targets;
- Monitoring the performance

of the CEO and senior management relative to agreed performance metrics;
- Reviewing and monitoring risk management, adequacy of internal controls, compliance of management with the Codes of Conduct and regulatory compliance;
- Reviewing and approving company disclosures externally; and
- Selecting and appointing suitably qualified directors to the Board.

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

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

BOARD APPOINTMENT, ROTATION, COMPOSITION & ROLES

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

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

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

- Have not had any material business dealings with the Company, its Shareholders, Directors or any senior employee within the last three (3) years;
- Do not have close family ties with any of the Company's advisors, directors or senior management team;
- Have not had any employer-employee relationship with the Company within the last 5 years;
- Do not receive any additional remuneration from the Company, apart from Director's fees;
- Do not or have not represented a shareholder owning more than 10% of the voting rights of the Company;
- Have not served on the Board for more than nine (9) years from date of first election;
- Have not participated in the Company's pension scheme, share option plan or performance related pay scheme.

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

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

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

BOARD SKILLS AND EXPERIENCE

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

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

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

Area of Expertise						
Rex James	●	●	●		●	
Marcus James	●	●	●	●	●	●
Christopher Williams	●		●	●	●	
Neville James	●	●	●			●
Charmaine Boyd Walker	●	●	●	●	●	●
Norman Reid	●	●	●		●	●
James Morrison	●	●	●			●

Board Training
During the year Director Charmaine Boyd-Walker attended IFRS 9 and AML training sessions. Director Norman Reid received training in IFRS 9 and Corporate Governance.

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

Meetings of the Board	AGM 2018	# Board Meetings	Eligible	Attended	Attendance
Rex James	1	5	5	5	100%
Marcus James	1	5	5	5	100%
Christopher Williams	1	5	5	5	100%
Neville James	1	5	5	5	100%
Charmaine Boyd Walker	1	2	5	2	40%
Norman Reid	1	5	5	5	100%
James Morrison		5	5	4	80%

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

- Audit and Governance
- Compensation & Special Projects

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

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

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

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

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

v.Reviewing the Corporate Governance Framework; and

vi. Reviewing and approving the appointment of senior management.

The Internal Audit function is carried out through a co-source agreement with PricewaterhouseCoopers. For the period under review, extensive control tests were conducted, covering key strategic business areas, risk assessment and mitigation. The Audit & Governance Sub-Committee of the Board meets quarterly to review reports generated by the internal audit process and annually to review and approve the report from the external auditors. During the year the Audit & Governance Committee held five (5) meetings as reflected in the Table below.

Meetings of the Audit & Governance Committee

	Attended	%
Norman Reid	5	100%
Charmaine Boyd Walker	5	100%
Marcus James	5	100%
James Morrison	2	40%

Compensation & Special Projects Committee

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

i. Oversee the remuneration of Directors, Officers, and Employees; and
ii. Review, approve and monitor management submissions for Special Projects.

During the year, the Committee met twice. The attendance of the Committee members is reflected in the Table below.

Meetings of the Compensation and Special Projects Committee

	Attended	%
Christopher Williams	2	100%
Neville James	2	100%

COMPENSATION FOR MEETING ATTENDANCE

Director	Fees Paid
Rex James	$ 420,000
James Morrison	$ 322,575
Norman Reid	$ 380,000
Neville James	$ 530,000
Total	**$ 1,652,575**

DISCLOSURE AND COMMUNICATION WITH SHAREHOLDERS

The Board provides accurate and timely information on the operations of the Company. The Annual General Meeting of Shareholders serves as a forum through which:

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

Management DISCUSSION & ANALYSIS

Our Financial Snapshot

PERFORANCE REVIEW

Table 1: Financial Highlights	2019	2018
Net Loans and Advances	$3.74B	$2.93B
Total Revenue	$1.78B	$1.80B
Net Profit After Tax	$477M	$716M
Shareholders' Equity	$2.22B	$2.30B
Earnings per Share	$1.74	$2.61

Access recorded net profit after tax of $477M for the 2018/2019 financial year. The Company's asset base grew from $3.5B to $4.8B. Return on average equity was 21% compared to 35% for the similar period last year. Return on average total assets was 11% versus 21% for the prior year.

The financial year was characterized by low interest rate and a competitive operating environment within the financial sector. The commercial banks were very active along with the key players in the microfinance sector. The resultant effect was the downward pressure on interest rates. Access lowered interest rates on its products in order to maintain market share and introduced MyAccess mobile App in December 2018 as a low-cost convenient delivery channel. MyAccess provides a convenient way to apply for loans, check the status of loan applications and check account balances using a smart phone. The Company's brand presence was also enhanced using social media.

Building on its strong local presence and exploring growth potential for its asset base, Access acquired Embassy Loans Inc., a title loan company located in Florida, United States of America in December 2018. This acquisition will provide an opportunity for further loan growth and diversification of Access' revenue stream in hard currency.

The third draft of the Micro Credit Bill was circulated to industry participants during the financial year. The Bill seeks to regulate the industry by monitoring interest rates on loans and compliance with Anti Money Laundering and Know Your Customer requirements. Directors and Senior Managers of microfinance institutions are now required to be deemed fit and proper by the Regulator. Access has participated in dialogue between the leaders in the Microfinance sector and the Ministry of Finance, which are ongoing, to ensure that all stakeholders views are incorporated in the Act when passed.

TABLE 2: SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

($'000s)	31-Mar-2019	31-Mar-2018	Restated 31-Mar-2017	Restated 31-Mar-2016	31-Dec-2014	31-Dec-2013	% change Financial Year 2019 vs. Financial Year 2018	Five-year Compounded annual Growth rate (CAGR)
Income statement								
Net interest income	1,267,118	1,361,199	1,154,905	1,259,320	938,076	724,507	-7%	12%
Non- interest income	381,204	343,154	247,244	211,421	65,265	55,998	11%	47%
Operating revenue net of interest expenses	1,648,322	1,704,354	1,402,149	1,470,741	1,003,341	780,303	-3%	21%
Staff cost	491,166	382,083	299,562	323,657	251,643	226,352	29%	17%
Allowance for credit losses	146,825	226,658	128,282	213,349	229,107	95,724	-35%	9%
Non-interest expenses	433,172	293,663	223,777	266,025	211,121	188,316	48%	18%
Net profit	**476,846**	**716,028**	**710,548**	**682,074**	**306,726**	**270,112**	**-33%**	**12%**
Earnings per stock unit ($)	1.74	2.61	2.59	2.48	1.12	0.98	-33%	12%
Dividends paid per stock unit ($)	1.24	0.89	0.65	0.71	0.37	0.96	39%	5%
Statement of Financial Position (at year end)								
Net loans and advances	3,735,412	2,932,176	2,619,163	2,105,123	1,085,265	1,122,862	27%	27%
Total assets	4,830,492	3,518,543	3,222,430	2,639,136	1,308,706	1,271,486	37%	31%
Total liabilities	2,608,663	1,215,267	1,390,885	1,340,450	496,618	665,927	115%	31%
Total equity	2,221,829	2,303,276	1,831,545	1,298,686	812,088	605,559	-4%	30%

TABLE 3: KEY RATIOS AND PER STOCK UNIT DATA

	Year ended March 2019		
	31-Mar-2017	31-Mar-2018	31-Mar-2019
Profitability ratios			
Return on average equity	45%	35%	21%
Return on average total assets	24%	21%	11%
Per stock unit data			
Dividend payout ratio	25%	34%	71%
Dividend yield	2%	2%	3%
Book value	6.67	8.39	8.09
Market price			
High	J$43.80	J$56.00	J$53.00
Low	J$16.00	J$32.00	J$36.00
Year end	J$34.00	J$50.52	J$46.00

The Economic Environment

The IMF has reported that global economic activity slowed in the second half of 2018 to 3.2% after experiencing stronger growth of 3.8% in the first half. It further predicts that global growth will slow to 3.3% in 2019 as a result of the decline in global economic activity resulting from a multiplicity of factors which include:

- Slowed growth in China due to trade tensions with the United States of America.
- Declining consumer and business confidence in the EU which includes disruptions in car production in Germany with the introduction of new emission standards, fiscal policy uncertainty and growing concerns regarding Brexit.
- Natural disasters which affected Japan in the third quarter.

The United States was however an exception to this global decline as its economy remained strong. The IMF expects that global growth will return to 3.6% in 2020.

Regionally, the Caribbean Development Bank (CDB) in its assessment and economic outlook, reported that expansion in tourism and hurricane redevelopment activities resulted in growth in the Caribbean of 1.8%. Fiscal conditions for individual countries however were mixed with Jamaica receiving upgrades from international credit agencies while Barbados received downgrades. Public debt declined marginally to 63% of GDP from 67% in 2017. Issues of poverty persist despite most countries within the region being highly ranked in terms of human development. Regionally, unemployment rates were high although there were improvements in some countries such as Jamaica, Grenada and the Cayman Islands. Looking ahead, The CDB is optimistic and projects average economic growth of approximately 2% for most member countries.

Locally, Jamaica remains committed to its economic reform program which started in 2013. The aim was to reduce debt and achieve economic growth. Within this objective, achievements have been noted. The public debt fell below 100% of GDP in 2018/2019 for the first time in nearly two decades. The Finance Minister in his opening budget speech for the 2019/20 budget year, outlined that Jamaica has had stable inflation for the past four years and that domestic interest rates have fallen to an all-time low as the Central Bank had consistently lowered interest rates to a record low of 1.5% in February 2019.

The World Bank outlined that Jamaica's economy grew by 2% in the fourth quarter of 2018; driven by growth in agriculture, manufacturing, construction, mining, and quarrying activities. The PIOJ has projected that Jamaica would grow by 1.9% in 2018/2019, the highest growth on record for the past twelve years. Jamaica registered its lowest unemployment rate ever in the 2018/19 financial year.

The country's credit ratings got a boost by upgrades from the leading international rating agency Fitch. Additionally, S&P revised Jamaica's economic outlook from stable to positive. Foreign exchange reserves of 112%, are the highest they have ever been. The BOJ's inflation targeting of 4% to 6% will continue through 2021. Although actual inflation has been hovering below this target for much of the financial year, the BOJ is optimistic and expects that the inflation rate will continue to rise into 2019 to about the middle of that target. The exchange rate was volatile during the financial year with long stretches of currency depreciation. Analysts have predicted that the exchange rate will continue to vary in either direction given the current exchange rate and inflation targeting regimes.

FINANCIAL PERFORMANCE

Net profit for the year under review was $477M and represents a 33% decline when compared with prior year.

The company recorded a decline in its interest margins as a result of the reducing interest rate environment and a highly competitive market.

2000%

money service income growth

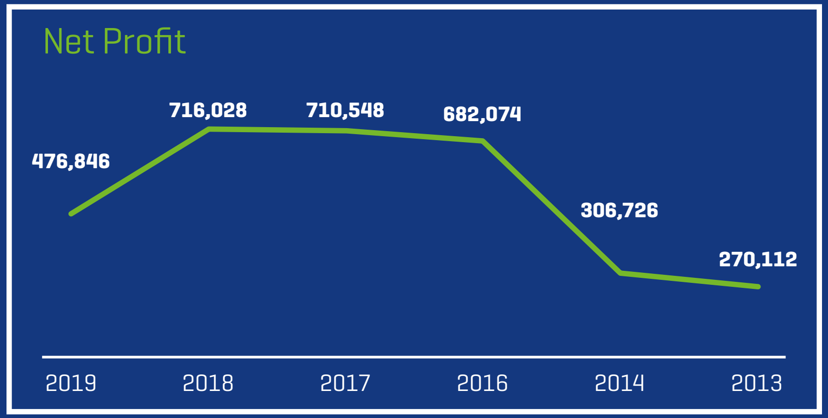
2.2B

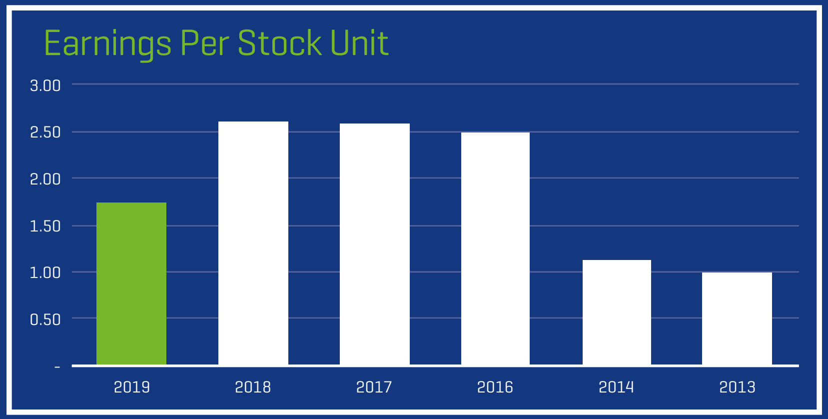
stockholder's equity

477m

profit for year ended 2019

The reduction in net profit resulted in a reduction in the EPS from $2.61 in the previous financial year to $1.74 for the year under review.





Overall, operating income declined by $56M or 3%, to $1.5B for the financial year ended March 31, 2019.

This decline resulted from the combination of reduced yields, which was a major element of the Company's competitive response to market conditions, and a 31% increase in interest expense. The increase in interest expense was primarily due to the floating of a $900M bond, the proceeds of which was used to finance the acquisition of Embassy Loans Inc.

For the three (3) months ended March 31, 2019, Embassy contributed $212M in revenues to Access and is anticipated to positively impact the growth of the Company's future profits.

Net fees and commission income remained relatively steady declining by 1%. Other operating income surged by 140% or $41M due mainly to the Company's successful recovery of bad debts.

Operating expenses increased by $168M or 19% resulting from the consolidation of the expenses of Embassy expenses. Expected Credit loss (ECL) was calculated using the new IFRS9 methodology and reflected a decline in the additional sums provisioned year on year by 35%.

Operating Income

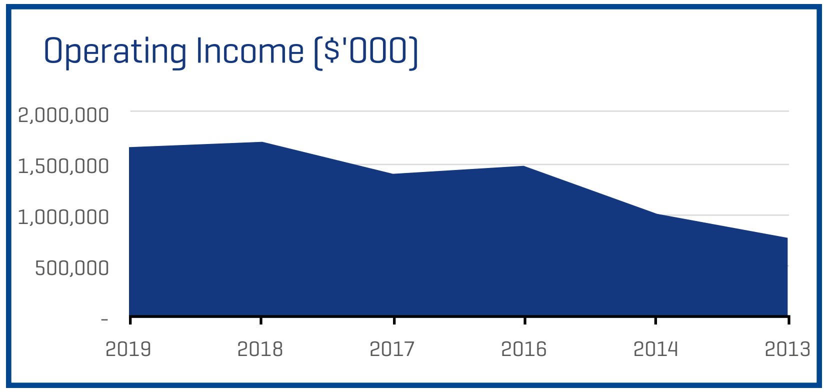
Operating income which is comprised of net interest income, net fees and commission income and other income, recorded a decline for the first time in the past five years; ending the year at $1.6B. Other income which includes money services, exchange gains (net exchange losses), bad debt recovery and dividend income increased by 15%.

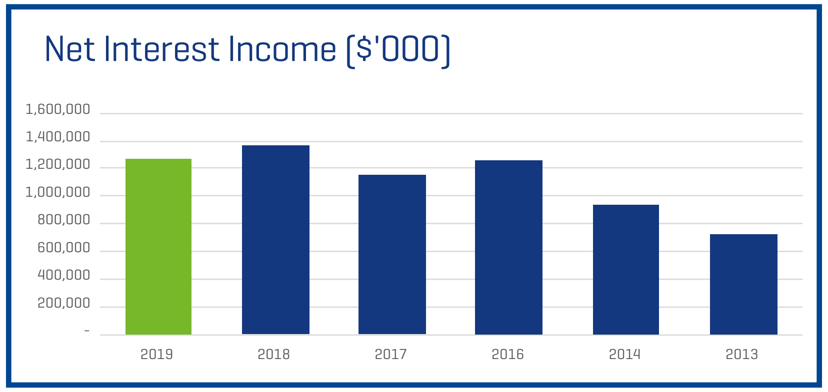
The major income earners were interest income and fee and commission income. Respectively, they each contributed 79% of gross operating income (i.e. 85% of net operating income) and 17% of gross operating income (i.e. 19% of net operating income).

Gross interest income before interest expense registered a decline of $61M or 4%. Interest income from loans declined by $57M or 4%, while interest income from securities declined by $3.6M or 34%. The latter decline is due to the utilization of funds accumulated in anticipation of the acquisition.

Net interest income on loans of $1.3B registered a decline of $94B or 7%. This is due to the combined effect of reduced gross interest income and increased interest cost. Over the period cost of funds increased as loans payable also increased. The major driver being the new bond issue.

Non-interest income is a composite of fee and commission income, income from money services, exchange gains (net losses) and other income (see Table 4). Non-interest income increased by $38M or 11%.





- Fee and commission income declined overall year over year by 1% despite Embassy's contribution to this line of $114M. The reduction was due to a combination of reductions in late fees charged by Access as well as a policy change in the recognition of late fee income. In the 2018 financial year Access approved a special write back of approximately $67M which impacted late fee income that year. This sum was previously provisioned given the Company's assessment of the quantum of late fee reversals.
- Money service income grew by almost 2000% to $30M from $1.4M. Of this, Embassy contributed $28M or 93%.
- During the financial year, the exchange rate for the Jamaican dollar relative to the United States dollar ranged from a low of JMD123.3875: USD$1 to a high of JMD136.7349: USD$1. There were periods of currency appreciation which, when combined with the accumulation of United States currency in furtherance of the acquisition, resulted in a net exchange loss for the year. Therefore, year over year, there was movement from an exchange gain of $1.3M to a loss of $4.6M; a decline of 449%.
- Other income of $45M increased due to improved receivables management and successful efforts at recovering bad debt.

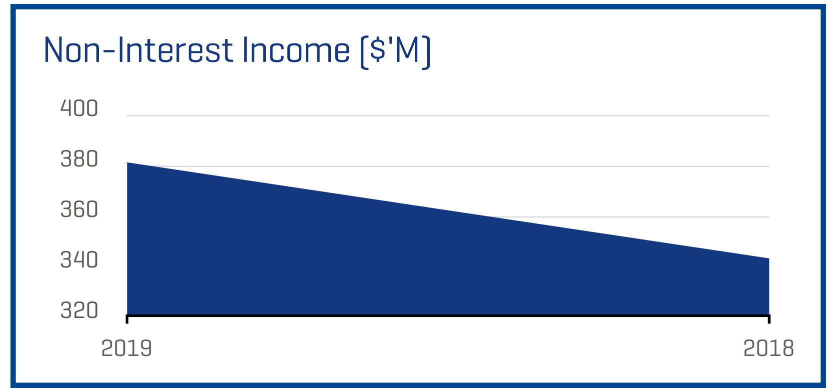
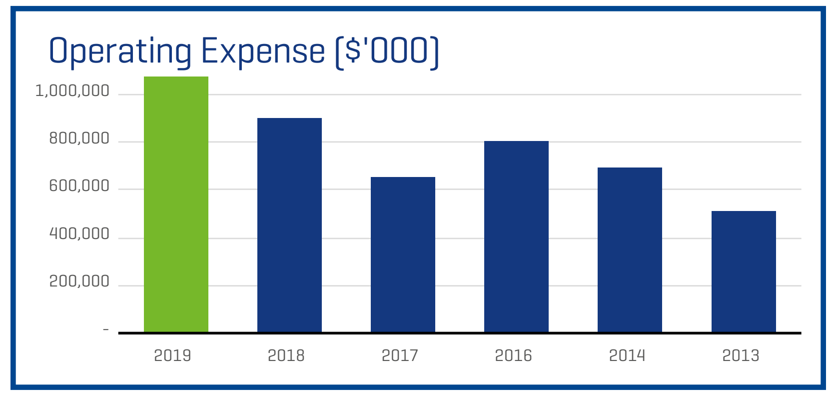


TABLE 4: Non-Interest income

	31-Mar-2019 $'M	% of Total %	31-Mar-2018 $'M	% of Total %
Net fees and commission income	311.38	82%	314.09	92%
Money services fees and commission	29.66	8%	1.44	0%
Foreign exchange gains	(4.58)	-1%	1.31	0%
Other income	44.74	12%	26.31	8%



Operating Expenses

Total operating expenses of $1.07B is reflective of an increase of $168M or 19% year over year.

- Staff cost increased by $109M or 29%. This includes costs associated with Embassy staff amounting to $65M. Adjustments were also made to Access' team members remuneration based on market conditions. The full impact of the increase in remuneration which took effect in December 2017 was reflected in the financial year under review. Additionally, Access' Incentive Policy was revised to include Team members involved in back office operations, which resulted in incentive payments being made to a larger complement of staff.
- Allowance for credit losses declined by 35%. The management of delinquency remained a strategic focus of Access during the year. Additionally, the loan provisioning methodology was changed to comply with IFRS 9.
- Other Operating Expenses increased by $128M or 47% of which Embassy contributed $70M. The other main drivers of the increase were as follows:
    - Advertising expenses increased in line with efforts associated with promoting sales and regaining market share.
    - Legal and professional fees increased due to costs associated with the acquisition and valuation of Embassy and the related bond issue.
    - The increase in Other expenses is attributable to irrecoverable General Consumption Tax (GCT) as well as costs of items not separately identified such as computer consumables and office supplies.

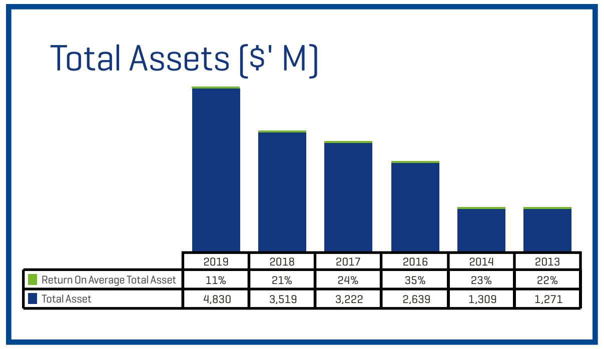
TABLE 5: EXPENSE BY TYPE	2019 $'M	% of Total %	2018 $'M	% of Total %
Rent	59,323,634	14.73%	51,994,863	18.93%
Utilities	57,541,780	14.28%	42,285,742	15.40%
Other expenses	85,026,537	21.11%	25,537,197	9.30%
Advertising	36,517,275	9.06%	21,212,327	7.72%
Legal and professional fees	67,235,764	16.69%	42,515,483	15.48%
Courier and collection services	34,253,045	8.50%	6,403,123	2.33%
Printing and stationery	12,828,408	3.18%	14,481,003	5.27%
Repairs and maintenance	2,623,245	0.65%	10,280,996	3.74%
Insurance	4,361,755	1.08%	4,346,996	1.58%
Bank charges	9,156,317	2.27%	6,491,840	2.36%
Security	9,210,275	2.29%	8,969,031	3.27%
Audit fees	9,386,336	2.33%	3,200,000	1.17%
Travel and entertainment	4,880,763	1.21%	3,931,311	1.43%
Directors' fees	1,959,499	0.49%	2,592,775	0.94%
Motor vehicle expenses	915,516	0.23%	1,408,441	0.51%
Subscriptions & Donations	1,956,904	0.49%	3,734,067	1.36%
Cleaning and sanitation	5,662,440	1.41%	4,490,391	1.64%
Bailiff Fees	-	0.00%	10,884,872	3.96%
Project Cost	-	0.00%	9,864,491	3.59%
Total	**402,839,493**	**100.00%**	**274,624,954**	**100.00%**

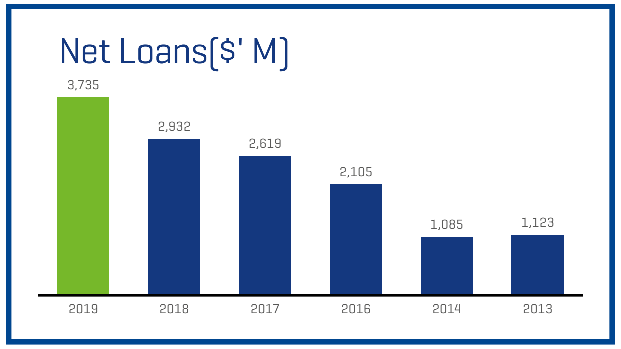
Financial Position

Total assets as at March 2019 stood at $4.8B. This is an increase of $1.3B or 37% and is as a result of the 27% or $803M increase in the loan portfolio. The increase resulted from the inclusion of the Embassy portfolio which amounted to $523M and the incremental growth in the Company's loan portfolio. Intangibles also grew by $394M, from $48M to $443M which is directly associated with the Embassy acquisition.

Return on average total assets decreased over prior year by 46%, moving from 21% to 11%. The decrease is due primarily to the growth in the asset base relative to the reduction in net profit for the year.

Cash and cash equivalents at March 2019 of $411M represents operating balances and short- term deposits held with financial institutions.





Loans and advances net of provision for credit losses stood at $3.7B as at March 31, 2019 moving from $2.9B in the 2018 financial year. Embassy contributed $523M to the increase while Access recorded an incremental increase of $280M in its loan portfolio.

The movement in the company's gross loan portfolio is illustrated in **Table 6**.

Provisioning for loan loss saw an increase of 10% moving from $458M to $502M as a result of the inclusion of Embassy's financial results.

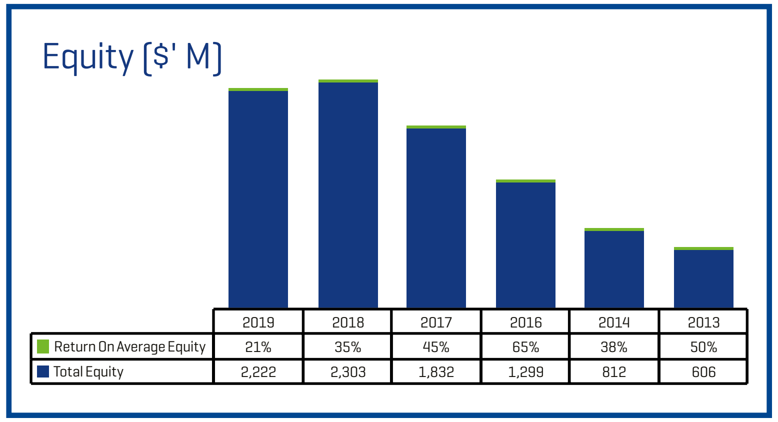
Total Debt increased by $1.3B or 130% attributable to the issuing of a global bond in November 2018. Interest is payable half yearly and is fixed at 11% for the first two years and will be priced at 250 basis points above the GOJ six-month weighted average T-bill yield for the remaining five years.

The debt portfolio consists of both short and long- term facilities with the former accounting for 49% of total debt. Reference Table 6.

Stockholder's Equity stood at $2.2B as at March 2019. This represents a decrease of 4% or $81M. The return on average equity also declined and as at March 2019 was 21% compared to 35% as at March 2018.

TABLE 6: LOAN PORTFOLIO DETAILS	2019 $'M	% of Total %	2018 $'M	% of Total %
Personal	3,638	86%	2,917	86%
Business Loans				
Agriculture	69	2%	50	1%
Services	212	5%	206	6%
Trading	260	6%	215	6%
Manufacturing	58	1%	3	0%
Total	**4,237**	**100%**	**3,391**	**100%**

TABLE 7: FUNDING PORTFOLIO	2019 $'M	% of Total %	2018 $'M	% of Total %
Corporate Bond Holders	1,085	49%	200	21%
Sagicor Bank Jamaica Limited	73	3%	57	6%
Development Bank of Jamaica Limited	848	38%	612	63%
Micro Investment Development Agency	41	2%	22	2%
Inter-American Development Bank	42	2%	74	8%
Other	126	6%	0	0%
Total	**2,216**	**100%**	**965**	**100%**



Dividends & Shareholder's Return

Dividends paid during the financial year increased to $340M from $244M in the prior year. The resulting per share dividend was $1.24; an increase of $0.35 or 39% compared to the prior period.

The dividend pay-out ratio for the financial year was 71% with a Dividend yield of 3%. The price of Access shares on the Jamaica Stock Exchange (JSE) as at March 31, 2019 was $46.00; a reduction of $4.52 or 9%. This resulted in a price earnings ratio of 26.48 (March 2018 - 19.37). Total return to shareholders including share price appreciation and dividends paid was 39%.

TABLE 8: TOTAL SHAREHOLDER RETURN	2013	2014	2016	2017	2018	2019	Five Year CAGR (%)
Closing price of Common Shares ($ per share)	12.00	8.96	17.00	39.50	50.52	46.00	31%
Dividends Paid ($ per share)	0.96	0.37	0.71	0.65	0.89	1.24	5%

Risk Management

The Board has oversight of the risks facing the business, which are managed and monitored by Management.

Risk Measuring, Monitoring and Management

Risk is managed along the quadrants of the company's strategic, operational, financial and management objectives. The following risk inherent to our business activities have been identified as:

Credit Risk

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

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

Liquidity Risk

Liquidity risk is the risk that the 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 includes;

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

Market Risk

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

Interest Rate Risk

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 Board of Directors and the Senior Management team oversee the management of reputational risk.

Our Team & Corporate Social RESPONSIBILITY

Investing in our Human Capital

Recruitment and Training

In the 2018/2019 financial year, focus remained on investing in the Company's human capital. The identification and development of talent remains a key strategic objective for the organization. In keeping with the Company's mission of being an employer of choice, during the year special focus was placed on:

- Talent acquisition;
- Team member training and development;
- Rewards and recognition;
- Enhancing the work environment; and
- Wellness initiatives.

The Company continues to attract and retain the best talent. To support the recruitment of individuals with the right skills set, a Career Job Profile Assessment Tool was introduced and administered to all new applicants. Focus is placed on the effective assimilation of new employees through rigorous orientation sessions. Team members are periodically assessed and evaluated through a performance evaluation program. Through this medium, it is ensured that the individual goals of team members are being achieved and are aligned with the goals of the organization.

Our human resources are critical to the achievement of our growth agenda and long-term success. Being cognizant of this, in the 2019/2020 financial year, a new HR Management system will be rolled out which will bolster the recruitment, training, compensation and performance management processes, allowing us to serve out team members in a more effective manner.

Training

Our team members are required to attend quarterly training sessions in the key areas of customer service, sales, loan underwriting, credit adjudication and delinquency management. As part of our continuous development program, Managers were trained in general management and conducting effective performance appraisals. Special focus was placed on effective communication techniques and the importance of communication in people management. Members of our Accounting and Operations departments also received relevant IFRS 9 training.

Rewards & Recognition

We continue to foster a culture of rewarding outstanding performers at all levels of the organization. Our Total Rewards Programme continued in the year with renewed enthusiasm from all staff members. Our 'Breakfast with the Boss" program continues to motivate and incentivize team members to perform at their best.

Work Environment

Access strives to maintain a culture of hard work but in a fun environment. Our themed Fridays is a much-anticipated activity as it allows team members to showcase their individuality, creativity and spunk. Team members participated in the Sigma Corporate Run, Heart 5K Run, Digicel 5K Run and Tru-Juice 5K Run.

Giving Back

GSAT Awards

GSAT Awards were granted to employee's children who excelled in the final sitting of the GSAT exams. The twelve (12) recipients were awarded with cash/vouchers to assist with school expenses, at a luncheon hosted by CEO Marcus James. Access also partnered with Sangster's Bookstore to provide books and stationery; accessible to all employees under a special arrangement.

Client Training

Access believes in enabling the development of its clients to foster long term relationships. For the 2018/19 financial year a partnership was forged with HEART Trust NTA to train some of its Business Loan clients. Selected clients were trained in the areas of Entrepreneurship, Marketing and Book-keeping. A total of six (6) sessions were held.

Community Involvement

As is traditional, for Labour Day 2018, Access participated in projects across the island. Ten (10) projects were selected to give support to hospitals, schools and children's homes. In addition, throughout the year, the Company contributed to numerous charitable initiatives organized by schools, churches and public and private entities. Access also sponsored the National Senior Citizens Spelling Bee Competition, the National Prayer Breakfast, the National Crime Prevention Fund and Miss Kitty Blood Drive.

Access continued its sponsorship of junior Tennis tournaments in support of its commitment to the development of young people and the sport in Jamaica.

Branch LOCATIONS

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

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

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

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

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

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

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

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

Christiana
Shop #6A
Mid Town Super Centre
Christiana

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

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

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

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

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

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

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

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

PORTLAND
Portland
Shop #D6, City Centre Plaza
6-8 Harbour Street
Portland
Phone: 876-764-1403

DAMARKMCL Branches

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

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

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

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

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

CLARENDON
May Pen
15 Main Street
May Pen
Phone: 876-618-5895

FINANCIALS

KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922-6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
<u>ACCESS FINANCIAL SERVICES LIMITED</u>

Opinion

We have audited the separate financial statements of Access Financial Services Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), set out on pages 42 to 94 which comprise the Group's and Company's statements of financial position as March 31, 2019, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at March 31, 2019, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

To the Members of
<u>ACCESS FINANCIAL SERVICES LIMITED</u>

Report on the Audit of the Financial Statements

Key Audit Matters

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

1. *Acquisition of Embassy Loans Inc.*

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

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

2. *Measurement of Expected Credit Losses*

Key Audit Matter	*How the matter was addressed in our audit*
IFRS 9, *Financial Instruments*, was implemented by the Group effective April 1, 2018. The standard is new and complex and requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and estimates, particularly regarding significant increase in credit risk and forward-looking information. • The identification of significant increases in credit risk is a key area of judgement as the criteria determine whether a 12-month or lifetime loss allowance is recorded in respect of a financial asset. • Forward-looking information, reflects a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios, the probability weightings and management overlay.	We performed the following procedures: • Obtained an understanding of the model used by management for the calculation of expected credit losses on investments and loans. • Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the criteria used for determining significant increase in credit risk and independently assessed the assumptions for probabilities of default, loss given default and exposure at default. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's methodology for determining forward-looking information and management overlay.

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

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

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

Other Matter

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

Other Information

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

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

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

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information (Continued)

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7 to 8, forms part of our auditors' report.

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on additional matters as required by the Jamaican Companies Act

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

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

The engagement partner on the audit resulting in this independent auditors' report is Nigel Chambers.

KPMG

Chartered Accountants
Kingston, Jamaica

May 30, 2019

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Appendix to Report on the Audit of the Financial Statements

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

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

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

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

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

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

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

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Appendix to the Independent Auditors' Report (Continued)

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

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

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

Statements of FINANCIAL POSITION

March 31, 2019

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

The financial statements on pages 42 to 94 were approved for issue by the Board of Directors on May 30, 2019, and signed on its behalf by:

Chairman

Chief Executive Officer

Statements of Profit or Loss AND OTHER COMPREHENSIVE INCOME

Year ended March 31, 2019

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

Group Statement of CHANGES IN SHAREHOLDERS' EQUITY

Year ended March 31, 2019

	Share capital (note 15)	Fair value reserve	Translation reserve	Retained earnings	Total
Balances at March 31, 2017	96,050,714	742,715	-	1,734,751,930	1,831,545,359
Total comprehensive income for 2018					
Profit for the year	-	-	-	716,027,595	716,027,595
Other comprehensive income	-	17,120	-	-	17,120
	-	17,120	-	716,027,595	716,044,715
Transaction with owners					
Dividends paid (note 21)	-	-	-	(244,313,758)	(244,313,758)
Balance at March 31, 2018	96,050,714	759,835	-	2,206,465,767	2,303,276,316
Adjustment on initial application of IFRS 9, net of taxes (note 3)	-	-	-	(195,102,930)	(195,102,930)
Adjusted balances at April 1, 2018	96,050,714	759,835	-	2,011,362,837	2,108,173,386
Total comprehensive income for 2019					
Profit for the year	-	-	-	476,845,974	476,845,974
Other comprehensive loss	-	1,041,087	(23,839,026)	-	(22,797,939)
	-	1,041,087	(23,839,026)	476,845,974	454,048,035
Transaction with owners					
Dividends paid (note 21)	-	-	-	(340,392,202)	(340,392,202)
Balances at March 31, 2019	$96,050,714	1,800,922	(23,839,026)	2,147,816,609	2,221,829,219

Company Statement of CHANGES IN SHAREHOLDERS' EQUITY

Year ended March 31, 2019

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

Group Statement of CASH FLOWS

Year ended March 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	476,845,974	716,027,595
Items not affecting cash resources:		
Exchange gain on foreign balances	4,581,460	(1,312,406)
Depreciation and amortisation	30,332,501	19,038,171
Gain on disposal of property, plant and equipment	-	(2,910,000)
Adjustment to property, plant and equipment	-	(1,205,180)
Increase in allowance for loan losses	146,825,289	226,657,740
Interest income	(1,405,722,639)	(1,466,773,161)
Interest expense	138,604,618	105,573,732
Taxation	49,172,361	85,987,795
Deferred tax	51,140,631	(65,881)
	(508,219,805)	(318,981,595)
Changes in operating assets and liabilities:		
Loans and advances	(668,106,824)	(539,429,672)
Other accounts receivable	131,334,928	(6,962,325)
Loans payable, net	1,123,923,786	(166,338,495)
Accounts payable	9,412,436	1,957,355
	88,344,521	(1,015,830,082)
Interest received	1,397,010,581	1,466,752,704
Interest paid	(125,168,590)	(99,796,825)
Taxation paid	(93,174,643)	(102,986,074)
Cash provided by operating activities	1,267,011,869	248,139,723
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant & equipment and intangible assets	(30,198,158)	(47,545,918)
Acquisition of subsidiary	(796,836,388)	-
Proceeds from disposal of property, plant and equipment	-	2,910,000
Net cash used by investing activities	(827,034,546)	(44,635,918)
CASH FLOW FROM FINANCING ACTIVITY		
Dividends paid, being cash used by financing activity	(340,392,202)	(244,313,758)
Increase/(decrease) in cash and cash equivalents at end of the year	99,585,121	(40,809,953)
Effect of exchange rate fluctuations on cash and cash equivalents	(3,698,071)	1,055,663
Cash and cash equivalents at beginning of year	315,928,141	355,682,431
Cash and cash equivalents at end of year (note 5)	$ 411,815,191	315,928,141

The accompanying notes form an integral part of the financial statements

Company Statement of CASH FLOWS

Year ended March 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	405,967,337	716,027,595
Items not affecting cash resources:		
Exchange loss/(gain) on foreign balances	4,581,460	(1,312,406)
Depreciation and amortisation	30,332,501	19,037,171
Increase in allowance for loan losses	134,280,834	226,657,740
Interest income	(1,342,863,188)	(1,466,773,161)
Interest expense	134,750,039	105,573,732
Adjustment to property, plant and equipment	-	(1,205,180)
Taxation	39,744,220	85,987,795
Deferred tax	71,063,076	(65,881)
Gain on disposal of property, plant and equipment	-	(2,910,000)
	(522,143,721)	(318,981,595)
Changes in operating assets and liabilities:		
Loans and advances	(674,650,847)	(539,429,672)
Other accounts receivable	12,095,561	(6,962,325)
Loans payable, net	1,250,004,260	(166,338,495)
Accounts payable	10,046,094	1,957,355
	75,351,347	(1,015,830,082)
Interest received	1,342,829,850	1,466,752,704
Interest paid	(127,090,918)	(99,796,825)
Taxation paid	(93,567,327)	(102,986,074)
Cash provided by operating activities	1,197,522,952	248,139,723
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant & equipment and intangible assets	(30,199,159)	(47,545,918)
Proceeds from disposal of property, plant and equipment	-	2,910,000
Investment in subsidiary	(857,541,118)	-
Net cash used by investing activities	(887,740,277)	(44,635,918)
Cash flow from financing activity		
Dividends paid, being cash used by financing activity	(340,392,202)	(244,313,758)
Decrease in cash and cash equivalents at end of the year	(30,609,527)	(40,809,953)
Effect of exchange rate fluctuations on cash and cash equivalents	(3,187,471)	1,055,663
Cash and cash equivalents at beginning of year	315,928,141	355,682,431
Cash and cash equivalents at end of year (note 5)	$ 282,131,143	315,928,141

The accompanying notes form an integral part of the financial statements

Notes to the FINANCIAL STATEMENTS

Year ended March 31, 2019

1. The Company

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

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

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

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

2. Statement of compliance, basis of preparation

(a) Statement of compliance:

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

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

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

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

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

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

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

(a) Statement of compliance (continued):

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

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

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

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

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

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

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

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

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

  (i) Prepayment features with negative compensation:

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

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

(a) Statement of compliance (continued):

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

(ii) Modifications to financial liabilities:

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

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

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

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

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

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

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

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

(a) Statement of compliance (continued):

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

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

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

(b) Basis of preparation:

The financial statements are prepared under the historical cost basis.

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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

(i) Judgements:

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

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

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

(i) Judgements (continued)

The key relevant judgements are as follows:

Applicable to 2019 only:

(i) Classification of financial assets:

The assessment of the business model within which financial assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) requires management to make certain judgements on its business operation [see note 4(b)].

(ii) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and the selection and approval of models used to measure ECL requires significant judgement [see note 4(i)]

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

(i) Allowance for impairment losses:

Policies applicable to 2019 only

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

Applicable under IAS 39 for 2018 and prior years

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

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

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

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

(ii) Income taxes:

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

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

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

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

3. Changes in accounting policies

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

3. Changes in accounting policies (continued)

IFRS 9, *Financial Instruments*

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

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

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

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

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

(b) Classification of financial assets

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

(c) Impairment of financial assets

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

3. Changes in accounting policies (continued)

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

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

4. Significant accounting policies

Except as described in note 3, the accounting policies set out below have been applied consistently to all periods presented in these financial statements and comply in all material respects with IFRS.

(a) Basis of consolidation:

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

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

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

(ii) Subsidiaries

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

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

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

4. Significant accounting policies (continued)

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

Financial assets

Policy applicable from April 1, 2018

(i) Classification of financial instruments

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

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

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

Debt instruments

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable from April 1, 2018 (continued)

(i) Classification of financial assets (continued)

Debt instruments (continued)

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

Equity instruments

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

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

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

Business model assessment

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

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable from April 1, 2018 (continued)

(i) Classification of financial assets (continued)

Business model assessment (continued)

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

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

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable from April 1, 2018 (continued)

(ii) Measurement of gains and losses on financial assets

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

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

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

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

Policy applicable before April 1, 2018

(i) Classification

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

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

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

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable before April 1, 2018 (continued)

(i) Classification (continued)

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

(ii) Recognition and measurement

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

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

4. Significant accounting policies (continued)

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

Financial assets (continued)

Policy applicable before April 1, 2018 (continued)

(ii) Recognition and measurement (continued)

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

Financial liabilities

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

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

(c) Financial instruments - Other

(i) Cash and cash equivalents

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

Cash and cash equivalents are measured at amortised cost.

(ii) Other accounts receivable

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

(iii) Payables

Payables are measured at amortised cost.

4. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(iv) Interest-bearing borrowings

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

Offsetting

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

Amortised cost

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

(d) Property, plant and equipment:

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

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

4. Significant accounting policies (continued)

(e) Intangible assets:

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

(ii) Customer relationship and non-compete agreements that are acquired by the Company are deemed to have a finite useful lives of eight years and are measured at cost less accumulated amortisation and accumulated impairment loses, if any.

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

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

(v) Subsequent expenditure

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

(f) Impairment of non-financial assets

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

(g) Foreign currency translation

(i) Transactions and balances

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

4. Significant accounting policies (continued)

(g) Foreign currency translation (continued)

(i) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income (2018: available-for-sale) are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and presented in fair value reserve.

Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income (2018: available-for-sale), are recognised in other comprehensive income and presented in the fair value reserve in stockholders' equity.

(ii) Foreign operations

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

(h) Income tax

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

(i) Current income tax

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

(ii) Deferred income tax

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

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

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Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

4. Significant accounting policies (continued)

(i) Impairment of financial assets

Policy applicable from April 1, 2018

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

Framework

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. See below for a description of how the Group determines when a significant increase in credit risk has occurred.

  A financial asset is credit impaired ('Stage 3') when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below and note 25(b) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See note 25(b) for an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued)

Policy applicable from April 1, 2018 (continued)

Credit-impaired financial assets

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Measurement of ECL

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued)

Policy applicable from April 1, 2018 (continued)

Measurement of ECL (continued)

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued)

Policy applicable from April 1, 2018 (continued)

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

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

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

Policy applicable before April 1, 2018

Allowance for loan losses:

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

(j) Employee benefits defined contribution plans

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

(k) Revenue recognition

(i) Interest income and expense

Policy applicable from April 1, 2018

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

4. Significant accounting policies (continued)

(k) Revenue recognition (continued)

(i) Interest income and expense (continued)

Policy applicable from April 1, 2018 (continued)

Calculation of interest income and interest expense

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

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

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

Presentation

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

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

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

(ii) Fee and commission income

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

4. Significant accounting policies (continued)

(l) Operating leases:

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

(m) Segment reporting:

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

(n) Dividend distribution:

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

(o) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

5. Cash and cash equivalents

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

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

6. Financial investments

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

7. Other accounts receivable

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

8. Loans and advances

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

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

(b) Allowances for loan losses:

	Group 2019	Company 2019	Company 2018
Balance at beginning of year	458,585,449	458,585,449	457,056,205
IFRS 9 transition adjustment	260,137,240	260,137,240	-
	718,722,689	718,722,689	457,056,205
Allowance made during the year	146,825,289	134,280,834	226,657,740
Acquired on acquisition	77,026,984	-	-
Adjustment during the year	(311,095)	-	(632,542)
Loans written off	(440,187,484)	(406,870,544)	(224,495,954)
Balance at the end of the year	$502,076,383	446,132,979	458,585,449

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

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

9. Business combination

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

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

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

(a) Identifiable assets acquired and liabilities assumed:

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

(b) Cash outflow on acquisition

	2019 $'000
Cash and cash equivalents	(731,460,644)
Shareholder notes for two years at a rate of 10% per annum	(126,080,474)
	(857,541,118)
Cash acquired	60,704,730
	$(796,836,388)

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

10. Property, plant and equipment:

	Group and Company				
	Leasehold improvement	Computer equipment	Furnitures and fixtures	Motor vehicles	Total
Cost					
March 31, 2017	51,691,444	44,497,768	34,189,934	10,689,000	141,068,146
Disposal	-	-	-	(7,400,000)	(7,400,000)
Additions	3,840,596	10,000,788	4,371,220	12,500,000	30,712,604
Transfers	(2,212)	-	-	-	(2,212)
Adjustment	-	513,656	(347,769)	-	165,887
March 31, 2018	55,529,828	55,012,212	38,213,385	15,789,000	164,544,425
Disposal	-	(7,350,419)	(453,081)	-	(7,803,500)
Additions	9,831,199	4,117,225	2,944,911	-	16,893,335
March 31, 2019	65,361,027	51,779,018	40,705,215	15,789,000	173,634,260
Depreciation					
March 31, 2017	29,127,541	36,154,108	18,964,175	10,688,999	94,934,823
Adjustment	5,414,048	(6,023,802)	(1,208,549)	-	(1,818,303)
Eliminated on disposal	-	-	-	(7,400,000)	(7,400,000)
Charge for the year	5,273,868	5,768,538	3,653,497	2,343,750	17,039,653
March 31, 2018	39,815,457	35,898,844	21,409,123	5,632,749	102,756,173
Eliminated on disposal	-	(7,350,419)	(453,081)	-	(7,803,500)
Charge for the year	4,966,076	7,493,849	3,470,759	3,125,000	19,055,684
March 31, 2019	44,781,533	36,042,274	24,426,801	8,757,749	114,008,357
Net book values					
March 31, 2019	$20,579,494	15,736,744	16,278,414	7,031,251	59,625,903
March 31, 2018	$15,714,371	19,113,368	16,804,262	10,156,251	61,788,252

11. Intangible assets

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

	Company				
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Total
Cost					
March 31, 2017	49,583,358	21,800,000	2,700,000	4,623,000	78,706,358
Adjustment	1,041,505	-	-	-	1,041,505
Additions	9,533,314	5,800,000	1,500,000	-	16,833,314
March 31, 2018	60,158,177	27,600,000	4,200,000	4,623,000	96,581,177
Adjustment	(356,250)	-	-	-	(356,250)
Additions	13,661,076	-	-	-	13,661,076
March 31, 2019	73,463,003	27,600,000	4,200,000	4,623,000	109,887,003
Amortisation and impairment					
March 31, 2017	41,623,626	2,725,000	-		44,348,626
Adjustment	(11,166,384)	-	-	-	(11,166,384)
Charge for the year	6,910,205	3,450,000	-	4,623,000	14,983,205
March 31, 2018	37,367,447	6,175,000	-	4,623,000	48,165,447
Charge for the year	7,825,818	3,450,999	-	-	11,276,817
March 31, 2019	45,193,265	9,625,999	-	4,623,000	59,442,264
Net book values					
March 31, 2019	$28,269,738	17,974,001	4,200,000	-	50,443,739
March 31, 2018	$22,790,730	21,425,000	4,200,000	-	48,415,730

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

11. Intangible assets (continued)

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

12. Deferred income taxes

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Deferred tax is due to the following temporary differences:

	Group					
	April 1, 2017	Recognised in profit or loss (note 19)	March 31, 2018	Recognised in profit or loss (note 19)	Recognised in other comprehensive income [note 3(a)]	March 31, 2019
Accounts payable	-	4,156,279	4,156,279	2,026,083	-	6,182,362
Property, plant & equipment	4,261,370	(4,013,798)	247,572	(3,035,844)	-	(2,788,272)
Loans receivable	82,193,504	32,452,863	114,646,367	(46,917,680)	65,034,310	132,762,997
Other	-	3,199,742	3,199,742	(3,213,190)	-	(13,448)
	$86,454,874	35,795,086	122,249,960	(51,140,631)	65,034,310	136,143,639

	Company					
	April 1, 2017	Recognised in profit or loss (note 19)	March 31, 2018	Recognised in profit or loss (note 19)	Recognised in other retained earnings	March 31, 2019
Accounts payable	-	4,156,279	4,156,279	2,026,083	-	6,182,362
Property, plant & equipment	4,261,370	(4,013,798)	247,572	(3,035,844)	-	(2,788,272)
Loans receivable	82,193,504	32,452,863	114,646,367	(66,840,124)	65,034,310	112,840,553
Other	-	3,199,742	3,199,742	(3,213,191)	-	(13,449)
	$86,454,874	35,795,086	122,249,960	(71,063,076)	65,034,310	116,221,194

13. Payables

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

14. Loans payable

	Group	Company	
	2019	2019	2018
Corporate bond-holders (i)	1,084,653,490	1,084,653,490	199,848,619
Sagicor Bank Jamaica Limited (ii)	73,333,333	73,333,333	56,666,667
Development Bank of Jamaica Limited (iii)	848,285,428	848,285,428	611,501,489
Micro Investment Development Agency (iv)	41,496,202	41,496,202	22,716,340
Inter-American Development Bank (v)	42,290,106	42,290,106	74,007,685
Embassy loans (vi)	-	126,080,490	-
Other (vii)	126,080,490	-	-
	$2,216,139,049	2,216,139,049	964,740,800

The loans mature as follows:

1 to 3 months	235,936,893	235,936,893	-
3 to 12 months	743,618,301	743,618,301	240,311,591
	979,555,194	979,555,194	240,311,591
Over 12 months	1,236,583,855	1,236,583,855	724,429,209
	$2,216,139,049	2,216,139,049	964,740,800

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

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

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

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

15. Share capital

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

16. Fair value reserve

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

17. Staff costs

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

18. Other operating expenses

	Group 2019	Company 2019	Company 2018
Insurance	4,361,755	4,361,755	4,346,996
Directors' fees	1,959,499	1,959,499	2,592,775
Audit fees	9,386,336	7,762,836	3,200,000
Bank charges	9,156,317	4,379,330	6,491,840
Rent	59,323,634	53,880,233	51,994,863
Legal and professional fees	47,546,776	44,330,037	28,588,542
Courier and collection services	34,253,045	6,739,655	6,403,123
Motor vehicle expenses	915,516	915,516	1,408,441
Repairs and maintenance	2,623,245	2,200,226	10,280,996
Security	9,210,275	9,186,247	8,969,031
Travel and entertainment	4,880,763	4,827,253	3,931,311
Utilities	57,541,780	54,082,816	42,285,742
Subscriptions & donations	1,956,904	1,956,904	3,734,067
Cleaning and sanitation	5,662,440	4,611,320	4,490,391
Bailiff fees	-	-	10,884,872
Project cost	-	-	9,864,491
Advertising	36,517,275	25,604,497	21,212,327
Printing and stationery	12,828,408	12,183,554	14,481,003
Agency fees	19,688,988	19,688,988	13,926,941
Irrecoverable GCT	39,273,188	39,273,188	19,703,754
Other expenses	45,753,349	34,398,984	5,833,443
	$402,839,493	332,342,838	274,624,954

19. Taxation

(a) Taxation for the year comprises:

	Group 2019	Company 2019	Company 2018
Current tax expense	49,172,361	39,744,220	84,005,091
Prior year tax under provision	-	-	1,982,704
Deferred tax arising from temporary differences	51,140,631	71,063,076	(65,881)
	$100,312,992	110,807,296	85,921,914

(b) Reconciliation of actual tax expense

	Group 2019	Company 2019	Company 2018
Profit before tax	$577,158,966	516,774,364	801,949,509
Expected tax expense at 25%	144,289,742	129,193,659	200,487,377
Effect of different tax rate in foreign jurisdiction	(27,223,793)	-	-
Adjusted for difference in treatment of:			
Depreciation and capital allowances	5,406,907	5,406,907	72,953
Employer tax credit	-	-	(46,136,426)
Provision for loan loss	1,632,942	-	(382,311)
Disallowed expenses	15,951,414	15,950,950	15,885,412
	140,057,212	150,551,517	169,927,005
Adjustment for the effect of tax remission	(39,744,220)	(39,744,220)	(84,005,091)
	$100,312,992	110,807,296	85,921,914

(c) Remission of income tax:

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

20. Earnings per stock unit

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

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

21. Dividends

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

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

22. Related party transactions and balances

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

Transactions during the year:

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

22. Related party transactions and balances (continued)

Transactions during the year (continued)

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

23. Lease commitments:

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

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

24. Segment information

	Jamaica	United States	Eliminations	Group
Interest income	$1,342,863,188	62,859,451	-	1,405,722,639
Segment results	$ 516,774,633	60,384,333	-	577,158,966
Taxation				(100,312,992)
Profit for the year				476,845,974
Interest expense	134,750,039	3,854,579	-	138,604,618
Allowance for credit losses	134,280,834	12,544,455	-	146,825,289
Depreciation and Amortization	$ 30,332,501	-	-	30,332,501
Total segment assets	$4,605,336,878	1,128,135,674	(902,980,596)	4,830,491,956
Total segment liabilities	$2,430,547,270	303,135,365	(125,019,898)	2,608,662,737

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

25. Financial instruments – risk management

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

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

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

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

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

(a) Credit risk

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

(i) Exposure to credit risk

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

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk

- Concentration of risk – Loans and advances

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

	Group	Company	
	2019	2019	2018
Personal loans	3,638,234,273	3,059,287,801	2,916,517,089
Business loans	599,253,854	599,253,854	474,244,264
	4,237,488,127	3,658,541,655	3,390,761,353
Less: Provision for credit losses	(502,076,383)	(446,132,979)	(458,585,449)
	$3,735,411,744	3,212,408,676	2,932,175,904

(ii) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortized cost (2018: Loans and receivables),

- Loans receivable at amortised cost:

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(ii) Credit quality analysis (continued)

	Company				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Ageing of loans receivable					
Current	3,000,630,677	-	-	3,000,630,677	2,332,187,933
Past due 1-30 days	307,113,438	-	-	307,113,438	473,330,530
Past due 31-60 days	1,794,653	99,728,530	-	101,523,183	147,000,649
Past due 60-90 days	-	36,760,436	27,571,798	64,332,234	58,745,904
Over 90 days	-	-	184,942,123	184,942,123	379,496,337
Total	3,309,538,768	136,488,966	212,513,921	3,658,541,655	3,390,761,353
Loss allowances	(220,706,549)	(24,995,808)	(200,430,622)	(446,132,979)	(458,585,449)
	$3,088,832,219	111,493,158	12,083,299	3,212,408,676	2,932,175,904

(iii) Management of credit risk

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

(1) Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated loss ratios and the default correlations between counterparties. The Group uses ECL models developed by independent service providers to determine the ECL allowances for its loans receivable. The models measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

(2) Cash and cash equivalents, including resale agreements

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment

Inputs, assumptions and techniques used for estimating impairment

See accounting policy at note 4(g).

Significant increase in credit risk

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

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

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

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

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

Credit risk grades:

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (continued)

Credit risk grades (continued):

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

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

Determining whether credit risk has been increased significantly

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

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

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (continued)

Determining whether credit risk has been increased significantly (continued)

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

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

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

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

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

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

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

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

Definition of default:

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (continued)

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

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

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

Incorporation of forward-looking information

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

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

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

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. At April 1, 2018 and March 31, 2019, the Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

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

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

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (continued)

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

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

Measurement of ECL:

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

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

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

Impairment (continued)

Loss allowance

The loss allowance recognised is analysed as follow:

	Group 2019				2018
	Stage 1	Stage 2	Stage 3	Total	
Loans receivable:					
Balance at April 1, 2018 (IAS 39)	-	-	458,585,449	458,585,449	458,585,449
Remeasurement on April 1, 2018 (IFRS 9)	167,169,778	29,081,548	63,885,914	260,137,240	-
Assumed on acquisition of subsidiary	77,026,984			77,026,984	-
Net remeasurement of loss allowance	66,081,226	(4,085,751)	84,829,814	146,825,289	-
Adjustments	(311,095)	-	-	(311,095)	-
Loans written off	-	-	(440,187,484)	(440,187,484)	-
Balance at March 31, 2019	$309,966,893	24,995,797	167,113,693	502,076,383	458,585,449

	Company 2019				2018
	Stage 1	Stage 2	Stage 3	Total	
Loans receivable:					
Balance at April 1, 2018 (IAS 39)	-	-	458,585,449	458,585,449	458,585,449
Remeasurement on April 1, 2018 (IFRS 9)	167,169,778	29,081,548	63,885,914	260,137,240	-
Net remeasurement of loss allowance	53,536,771	(4,085,751)	84,829,814	134,280,834	-
Loans written off	-	-	(406,870,544)	(406,870,544)	-
Balance at March 31, 2019	$220,706,549	24,995,797	200,430,633	446,132,979	458,585,449

Applicable before April 1, 2018

Impaired credits to customers

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

Allowances for impairment

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

Write-off policy

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

25. Financial risk management (continued):

(b) Liquidity risk

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

Liquidity risk management process

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

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

Cash flows of financial liabilities

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

	Group 2019				
	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
Payables	71,186,652	308,601,613	-	-	379,788,265
Loans payable	235,936,893	743,618,301	351,778,984	884,804,871	2,216,139,049
Total financial liabilities (contractual maturity dates)	$307,123,545	1,052,219,914	351,778,984	884,804,871	2,595,927,314

	Company 2019				
	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
Payables	26,737,029	184,756,594	-	-	211,493,623
Loans payable	235,936,893	743,618,301	351,778,984	884,804,871	2,216,139,049
Total financial liabilities (contractual maturity dates)	$262,673,922	928,374,895	351,778,984	884,804,871	2,427,632,672

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

25. Financial risk management (continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

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

(c) Market risk

(i) Currency risk

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

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

Concentration of currency risk

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

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

Foreign currency sensitivity

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

25. Financial risk management (continued):

(c) Market risk (continued)

(i) Currency risk (continued):

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

(ii) Price risk

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

Cash flow and fair value interest rate risk

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

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

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

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

Notes to the FINANCIAL STATEMENTS (CONTINUED)

Year ended March 31, 2019

25. Financial risk management (continued)

(c) Market risk (continued)

(ii) Price risk (continued)

Interest rate sensitivity

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

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

(d) Financial instruments not measured at fair value

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

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

(e) Financial instruments measured at fairvalue

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

(f) Capital management

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

form of PROXY

(Name of Shareholder) (Address of Shareholder)

I/WE ______________________________of ____being a member/members of the above-named Company HEREBY APPOINT the Chairman of the meeting or failing him ______________________________of _______________as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, the 11th day of September 2019 at 4:00 p.m. at The Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, in the Parish of St. Andrew and at any adjournment thereof.

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

RESOLUTION	DETAILS	FOR	AGAINST
Directors and Auditors Reports and the Audited Financial Statements	THAT the Reports of the Directors and Auditors and the Audited Financial Statements of the Company for the year ended March 31, 2019, be and are hereby adopted.		
Dividend Payment	THAT on the recommendation of the Directors, the interim dividends per stock unit paid of $0.40 on June 29, 2018, $0.22 on August 29, 2018, $0.14 on November 23, 2018, and $0.48 on February 27, 2019, be and are hereby declared as final for the 2019 financial year.		
Re-election of Directors	THAT Norman Reid, the Director retiring by rotation, be re-elected a Director of the Company.		
Re-appointment of Auditors	THAT KPMG, Chartered Accountants of 6 Duke Street, Kingston, having consented to continue as Auditors of the Company, be re-appointed as the Company's Auditors until the conclusion of the next Annual General Meeting of the Company and that the Directors be authorized to fix their remuneration.		
Directors' Remuneration	THAT the amount shown in the Audited Financial Statements of the Company for the year ended March 31, 2019 as remuneration paid to the Directors for their services as Directors be and is hereby approved.		

Signed this ______ day of _________________ 2019

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.