ACCESS FINANCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2014

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I N D E X

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Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
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INDEPENDENT AUDITORS' REPORT

To the Members of
Access Financial Services Limited

Report on the Financial Statements

We have audited the financial statements of Access Financial Services Limited set out on pages 3 to 40, which comprise the statement of financial position as at 31 December 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Access Financial Services Limited

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

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

In our opinion, proper accounting records have been kept, proper returns have been received for branches not visited by us and the financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

Chartered Accountants

26 February 2015

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
OPERATING INCOME:			
Interest income from loans	3(o)	988,055,021	759,780,003
Interest income from securities		5,496,653	1,761,246
Total interest income		993,551,674	761,541,249
Interest expense		(55,475,324)	(37,034,489)
Net interest income		938,076,350	724,506,760
Net fees and commissions on loans		52,251,554	39,298,934
		990,327,904	763,805,694
Other operating income:			
Money services fees and commission		2,327,960	2,808,663
Foreign exchange gains		29,534	1,465,907
Other income		10,655,788	12,424,864
		13,013,282	16,699,434
		1,003,341,186	780,505,128
OPERATING EXPENSES:			
Staff costs	7	251,642,743	226,352,134
Allowance for credit losses	13(c)	229,107,140	95,723,893
Depreciation and amortization	14(a),(b)	26,851,788	22,053,225
Other operating expenses		184,269,214	166,263,408
		691,870,885	510,392,660
Profit before taxation		311,470,301	270,112,468
Taxation	8	4,744,596	-
Net profit for the year, being total comprehensive income		306,725,705	270,112,468
EARNINGS PER STOCK UNIT	9	$1.12	$0.98

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2014

	Note	2014 $	2013 $
ASSETS			
Cash and cash equivalents	10	127,869,041	49,227,706
Financial investments	11	2,013,377	2,013,377
Other accounts receivable	12	15,817,427	13,661,209
Loans and advances	13	1,085,265,111	1,122,862,286
Property, plant and equipment	14(a)	70,559,719	79,391,784
Intangible assets	14(b)	5,974,481	4,329,350
Deferred tax assets	15	1,206,847	-
TOTAL ASSETS		1,308,706,003	1,271,485,712
LIABILITIES AND EQUITY			
LIABILITIES:			
Payables	16	165,248,871	113,771,462
Loans payable	17	317,687,043	542,958,437
Project advance	18	7,730,344	9,197,124
Taxation		5,951,443	-
Total liabilities		496,617,701	665,927,023
EQUITY:			
Share capital	19	96,050,714	96,050,714
Retained earnings		716,037,588	509,507,975
Total equity		812,088,302	605,558,689
TOTAL LIABILITIES AND EQUITY		1,308,706,003	1,271,485,712

Approved for issue by the Board of Directors on 26 February 2015 and signed on its behalf by:

....

Rex James Chairman Marcus James Chief Executive Officer

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

	Note	Share Capital $	Retained Earnings $	Total $
Balance at 1 January 2013		96,050,714	502,924,953	598,975,667
TOTAL COMPREHENSIVE INCOME				
Net profit		-	270,112,468	270,112,468
TRANSACTION WITH OWNERS				
Dividends paid	20	-	(263,529,446)	(263,529,446)
BALANCE AT 31 DECEMBER 2013		96,050,714	509,507,975	605,558,689
TOTAL COMPREHENSIVE INCOME				
Net profit		-	306,725,705	306,725,705
TRANSACTION WITH OWNERS				
Dividends paid	20	-	(100,196,092)	(100,196,092)
BALANCE AT 31 DECEMBER 2014		96,050,714	716,037,588	812,088,302

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	306,725,705	270,112,468
Items not affecting cash resources:		
Depreciation and amortisation	26,851,788	22,053,225
Increase in allowance for loan losses	229,107,140	95,723,893
Interest income	(993,551,674)	(761,541,249)
Interest expense	55,475,324	37,034,489
Gain on disposal of property, plant and equipment	(2,004,999)	(2,460,558)
Taxation	5,951,443	-
Deferred tax	(1,206,847)	-
	(372,652,120)	(339,077,732)
Change in loans and advances	(191,509,965)	(458,098,386)
Change in other accounts receivable	(2,118,597)	(3,691,098)
Change in loans payable, net	(225,271,394)	330,297,943
Change in accounts payable	51,234,655	44,626,594
	(740,317,421)	(425,942,679)
Interest received	993,514,053	761,513,776
Interest paid	(55,232,570)	(36,151,244)
Cash provided by operating activities	197,964,062	299,419,853
CASH FLOWS FROM INVESTING ACTIVITIES:		
Securities purchased under resale agreements	-	5,000,000
Acquisition of property, plant and equipment and intangible assets	(19,664,855)	(49,487,986)
Proceeds from sale of property, plant and equipment	2,005,000	4,373,460
Cash used in investing activities	(17,659,855)	(40,114,526)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Project advance	(1,466,780)	9,197,124
Dividends paid	(100,196,092)	(263,529,446)
Cash used in financing activities	(101,662,872)	(254,332,322)
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	78,641,335	4,973,005
Cash and cash equivalents at beginning of year	49,227,706	44,254,701
CASH AND CASH EQUIVALENTS AT END OF YEAR (note 10)	127,869,041	49,227,706

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

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

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

2. **REPORTING CURRENCY:**

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

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) **Basis of preparation** -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

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

Amendments to published standards effective in the current year that is relevant to the company's operations

IAS 32 (Amendment), 'Financial instruments: Presentation' (effective for annual periods beginning on or after 1 January 2014). Amendments relating to the offsetting of assets and liabilities. This amendment has no significant impact on the company's financial statements.

IAS 36, 'Impairment of Assets' (effective for annual periods beginning on or after 1 January 2014). Amendments arising from *Recoverable Amount Disclosures for Non-Financial Assets*. This amendment has no significant impact on the company's financial statements.

IFRIC 21, Levies which is effective for accounting periods beginning on or after 1 January 2014 provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognize a liability for a levy when and only when the triggering event specified in the legislation occurs. This interpretation is likely to affect the company's recognition of asset tax liabilities. This will have no significant impact on the company's financial statements.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

IFRS 7 (Amended) Financial Instruments: Disclosures (effective 1 January 2015), requires additional disclosures for transfers of financial assets. It lists transferred assets that are derecognized in their entirety and those not derecognized in their entirety.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

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

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (cont'd)

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). IFRS 9 addresses classification and measurement of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

Classification of financial assets under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 also removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value,

For financial liabilities IFRS 9 retains most of the IAS 39 requirements including amortised cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main change is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in Other Comprehensive income rather that in profit or loss, unless this creates an accounting mismatch.

IFRS 15, Revenue from Contracts with Customers is effective for periods beginning on or after 1 January 2017. It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods is unlikely to have any material impact on the financial statements.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(b) **Foreign currency translation -**

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

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in equity.

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

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

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

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

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

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

(e) **Financial instruments -**

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

Financial assets

(i) **Classification**

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The company's loans and receivables comprise loan and advances and cash and cash equivalents.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

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

Financial assets (cont'd)

(i) **Classification (cont'd)**

Available-for-sale financial assets

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

(ii) **Recognition and Measurement**

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

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

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

Financial assets (cont'd)

(ii) **Recognition and Measurement (Cont'd)**

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

Financial liabilities

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

(f) **Loans** –

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

(g) **Allowance for loan losses** -

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(h) **Cash and cash equivalents** –

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of 90 days or less.

(i) **Borrowings -**

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

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

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

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(k) **Employee benefits** –

Defined contribution plans

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

(l) **Interest expense** -

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

(m) **Operating leases** -

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

(n) **Provisions** -

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(o) **Revenue recognition** –

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.

(p) **Segment reporting** -

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

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

(q) **Dividend distribution** -

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

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

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

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

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

(i) **Fair value estimation**

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

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

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

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

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

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

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

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

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

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

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

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

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

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

(iii) **Depreciable assets**

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

5. **FINANCIAL RISK MANAGEMENT:**

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

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

(i) **Principal financial instruments**

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

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

(ii) **Financial instruments by category**

Financial assets

	Loans and Receivable		Available-for-sale	
	2014	2013	2014	2013
	$	$	$	$
Cash and cash equivalents	127,869,041	49,227,706	-	-
Loans and advances	1,085,265,111	1,122,862,286	-	-
Investments (equity)	-	-	2,013,377	2,013,377
Total financial assets	1,213,134,152	1,172,089,992	2,013,377	2,013,377

Financial liabilities

	Financial liabilities at amortised cost	
	2014	2013
	$	$
Payables	159,314,461	109,793,149
Long term loans	317,687,043	542,958,437
Total financial liabilities	477,001,504	652,751,586

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(iii) **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.

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

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

31 December 2014

	Level 1	
	2014	**2013**
	$'000	**$'000**
Financial assets		
Investments (Equity)	2,013,377	2,013,377
Total financial assets	2,013,377	2,013,377

There were no transfers between levels during the period. The fair value as at 31 December 2014 was $1,356,038 (2013 - $1,574,753).

(v) **Financial risk factors -**

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(v) **Financial risk factors (cont'd) -**

(i) **Market risk**

Currency risk

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

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

Concentration of currency risk

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

	2014 $	2013 $
Cash and bank balances	7,162,691	9,336,274
Receivables (loan and advances)	3,675,875	5,282,800
Payables	(7,730,344)	(9,197,124)
	3,108,222	5,421,950

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, accounts receivable balances and payables, and adjusts their translation at the year-end for 10% (2013 – 1%) depreciation and a 1% (2013 – 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(v) **Financial risk factors (cont'd) -**

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

Foreign currency sensitivity (cont'd)

	% Change in Currency Rate 2014	Effect on Profit before Tax 31 December 2014 $	% Change in Currency Rate 2013	Effect on Profit before Tax 31 December 2013 $
Currency:				
USD	-10	310,822	-15	813,293
USD	+1	(31,082)	+1	(54,220)

Price risk

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

Cash flow and fair value interest rate risk

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(v) **Financial risk factors (cont'd) -**

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

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

Short term deposits and borrowings are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits and borrowings are due to mature and re-price respectively, within 3 months of the reporting date.

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 all are at fixed rates.

(ii) **Credit risk**

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

Loans and advances

Revenue transactions in respect of the company's primary operations are settled in cash. For its operations done on a credit basis, the company has policies in place to ensure that loans and advances are made to customers with an appropriate credit history.

Cash and bank balances

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(v) **Financial risk factors (cont'd) -**

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

Maximum exposure to credit risk

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

Loans and advances that are past due but not impaired

As at 31 December 2014, loans and advances of $53,905,984 (2013 - $91,891,689) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

Loans and advances that are past due and impaired

As of 31 December 2014, the company had loans and advances of $209,391,010 (2013 - $131,851,363) that were impaired. The amount of the provision was $209,391,010 (2013 - $131,851,363). These loans and advances were aged over 90 days.

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

	2014 $	2013 $
At 1 January	131,851,363	185,897,487
Provision for loans and advances impairment	229,107,140	95,723,893
Loans and advances written off during the year as uncollectible	(151,567,493)	(149,770,017)
At 31 December	209,391,010	131,851,363

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(v) **Financial risk factors (cont'd) -**

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

Concentration of risk – Loans and advances

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

	2014 $	2013 $
Personal loans	1,067,826,003	1,016,296,834
Business loans	226,830,118	238,416,815
	1,294,656,121	1,254,713,649
Less: Provision for credit losses	(209,391,010)	(131,851,363)
	1,085,265,111	1,122,862,286

(iii) **Liquidity risk**

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

Liquidity risk management process

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(v) **Financial risk factors (cont'd) -**

(iii) **Liquidity risk**

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	Less than 3 months $	3 to 12 Months $	1 to 2 Years $	2 to 5 Years $	Total $
31 December 2014					
Payables	68,393,459	90,921,002	-	-	159,314,461
Long term loans	17,521,150	223,040,316	70,954,244	6,171,333	317,687,043
Total financial liabilities (contractual maturity dates)	85,914,609	313,961,318	70,954,244	6,171,333	477,001,504

	Less than 3 months $	3 to 12 Months $	1 to 2 Years $	2 to 5 Years $	Total $
31 December 2013					
Payables	30,678,095	79,115,054	-	-	109,793,149
Long term loans	25,332,986	440,685,157	76,940,294	-	542,958,437
Total financial liabilities (contractual maturity dates)	56,011,081	519,800,211	76,940,294	-	652,751,586

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(vi) **Capital management –**

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

6. **EXPENSES BY NATURE:**

Total direct and administrative expenses:

	2014 $	2013 $
Interest expense	55,475,324	37,034,489
Allowance for credit loss	229,107,140	95,723,893
Depreciation and amortisation	26,851,788	22,053,225
Bad debt recoverable	(41,482,604)	(12,776,610)
Insurance	3,013,402	2,779,129
Directors' fees	9,039,000	6,580,000
Audit fees	2,600,000	2,475,000
Bank charges	4,350,930	3,958,113
Rent	34,847,972	28,661,824
Legal and professional fees	51,316,537	16,389,823
Courier and collection services	23,606,846	18,662,772
Motor vehicle expenses	1,410,742	1,739,644
Repairs and maintenance	10,631,814	6,881,671
Security	3,466,520	3,202,399
Staff costs (note 7)	251,642,743	226,352,134
Travel and entertainment	3,110,848	6,111,489
Other expenses	16,785,616	19,666,244
Utilities	35,410,552	30,316,699
Advertising	19,280,431	25,700,450
Printing and stationery	6,880,608	5,914,761
	747,346,209	547,427,149

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

7. STAFF COSTS:

	2014 $	2013 $
Wages, salaries and statutory contributions	196,806,347	180,453,600
Pension contributions	6,809,184	4,276,082
Other staff benefits	48,027,212	41,622,452
	251,642,743	226,352,134

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

	2014	2013
Permanent	142	148
Temporary	32	62
	174	210

8. TAXATION:

(a) Taxation for the year comprises:

	2014 $	2013 $
Current tax expense	5,951,443	-
Deferred tax arising from temporary differences	(1,206,847)	-
	4,744,596	-

(b) Reconciliation of actual tax expense:

Profit before tax	311,470,301	270,112,468
Expected tax expense @ 25% (33 1/3%)	77,867,575	90,037,489
Adjusted for difference in treatment of:		
Depreciation and capital allowances	3,140,669	(4,591,514)
Other	20,556,655	-
	101,564,897	85,445,975
Adjustment for the effect of tax remission:		
Current tax	(96,820,303)	(85,445,975)
Expected tax expense @ 25% (33 1/3%)	4,744,596	-

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

8. TAXATION (CONT'D):

(c) Change in tax rate:

Effective 31 December 2013, the company surrendered its cambio operation licence and is no longer a registered entity as defined by Tax Administration Jamaica. Hence, the tax rate applicable for year of assessment 2014 has been reduced to 25%. Also, the company is in its 6th year since being listed on the Jamaica Stock Exchange Junior Market and is now subject to 50% tax remission as of 31 October 2014.

Under the Provisional Collection of Tax Act, the Minimum Business Tax Order, 2014, enacted a new minimum tax of $60,000 per annum commencing in the year of assessment 2014. The Minimum Business Tax paid can be credited towards the Income Tax Payable for the year of assessment 2014, provided that the income tax liability is greater than the minimum tax. This tax has been paid by the company and the appropriate credit has been applied in determining the final Income Tax in these financial statements.

(d) Remission of income tax:

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

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

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

9. EARNINGS PER STOCK UNIT:

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

	2014 $	2013 $
Net profit attributable to stockholders ($'000)	306,726	270,112
Number of ordinary stock units ('000)	274,510	274,510
Earnings per stock unit ($ per share)	1.12	0.98

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

10. CASH AND CASH EQUIVALENTS:

	2014 $	2013 $
Short term deposits	64,486,497	9,224,787
Cash at bank	63,382,544	40,002,919
	127,869,041	49,227,706

The weighted average interest rate on short-term deposits was 2.44% (2013 – 5.1%).

11. FINANCIAL INVESTMENTS:

	2014 $	2013 $
Available-for-sale investments		
Quoted equities	2,013,377	2,013,377

Market values of quoted investments are computed using listed bid prices. This amount as at 31 December 2014 was $1,356,038 (2013 - $1,574,753).

12. OTHER ACCOUNTS RECEIVABLE:

	2014 $	2013 $
Taxation recoverable	6,373,050	4,998,887
Prepayments and deposits	5,880,258	2,932,245
Money services – Western Union	814,205	1,085,922
Other	2,749,914	4,644,155
	15,817,427	13,661,209

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

13. **LOANS AND ADVANCES:**

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

	2014 $	2013 $
Personal loans	1,067,826,003	1,016,296,834
Business loans -		
Agriculture	24,945,159	22,974,618
Services	61,195,579	72,256,936
Trading	134,929,621	136,941,211
Manufacturing	5,759,759	6,244,050
	226,830,118	238,416,815
	1,294,656,121	1,254,713,649

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

Remaining term to maturity

	2014 $	2013 $
Due within 1 month	38,793,175	19,180,196
1 to 3 months	83,677,353	93,007,833
3 to 12 months	589,181,106	542,781,454
Over 12 months	583,004,487	599,744,166
Gross loans and advances	1,294,656,121	1,254,713,649
Less: Allowance for loan losses	(209,391,010)	(131,851,363)
	1,085,265,111	1,122,862,286

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(b) Impairment losses on loans and advances

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

	2014		2013	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Current	1,031,359,127	-	1,030,970,597	-
1 to 3 months past due	184,865,208	130,959,224	165,932,982	74,041,293
3 to 12 months past due	78,431,786	78,431,786	57,810,070	57,810,070
	1,294,656,121	209,391,010	1,254,713,649	131,851,363

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

(c) Specific allowances for loan losses:

	2014	2013
	$	$
Balance at beginning of year	131,851,363	185,897,487
Allowance made during the year	229,107,140	95,723,893
Loans written off during the year	(151,567,493)	(149,770,017)
Balance at the end of the year	209,391,010	131,851,363

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS:

(a) Property, plant and equipment

	Leasehold Improvement	Capital Work in progress	Computer Equipment	Furniture and Fixtures	Motor Vehicles	Total
	$	$	$	$	$	$
At cost -						
1 January 2013	23,583,081	-	16,137,943	22,353,006	32,399,500	94,473,530
Disposal	(170,000)	-	-	(3,842,397)	-	(4,012,397)
Additions	3,359,310	-	6,546,874	33,766,258	3,179,000	46,851,442
31 December 2013 as previously stated	26,772,391	-	22,684,817	52,276,867	35,578,500	137,312,575
Adjustment	-	25,757,218	-	(25,757,218)	-	-
31 December 2013 as restated	26,772,391	25,757,218	22,684,817	26,519,649	35,578,500	137,312,575
Disposal	-	-	-	-	(4,000,000)	(4,000,000)
Additions	443,851	1,099,431	9,855,132	2,046,085	-	13,444,499
Transfers	27,383,358	(25,757,218)	-	(1,626,140)	-	-
31 December 2014	54,599,600	1,099,431	32,539,949	26,939,594	31,578,500	146,757,074
Depreciation -						
1 January 2013	8,064,252	-	12,377,518	7,932,498	13,880,504	42,254,772
Eliminated on disposal	(169,999)	-	-	(1,929,496)	-	(2,099,495)
Charge for the year	2,601,312	-	4,025,770	2,306,308	8,832,124	17,765,514
31 December 2013	10,495,565	-	16,403,288	8,309,310	22,712,628	57,920,791
Eliminated on disposal	-		-	-	(3,999,999)	(3,999,999)
Charge for the year	5,277,525	-	5,436,291	2,668,122	8,894,625	22,276,563
31 December 2014	15,773,090	-	21,839,579	10,977,432	27,607,254	76,197,355
Net Book Value -						
31 December 2014	38,826,510	1,099,431	10,700,370	15,962,162	3,971,246	70,559,719
31 December 2013	16,276,826	25,757,218	6,281,529	18,210,339	12,865,872	79,391,784
31 December 2012	15,518,829	-	3,760,425	14,420,508	18,518,996	52,218,758

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

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

(b) Intangible assets:

This comprises acquired computer software as follows:

	2014 $	2013 $
Cost:		
At beginning of the year	22,867,126	20,230,582
Additions	6,220,356	2,636,544
At end of the year	29,087,482	22,867,126
Amortisation:		
At beginning of the year	18,537,776	14,250,065
Charge for the year	4,575,225	4,287,711
At end of the year	23,113,001	18,537,776
Net book value	5,974,481	4,329,350

15. DEFERRED INCOME TAXES:

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% (2013 – Nil).

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

	2014 $	2013 $
Deferred tax assets	1,206,847	-

The movement in deferred taxation is as follows:

	2014 $	2013 $
Balance at start of year	-	-
Charge for the year (note 8)	1,206,847	-
Balance at end of year	1,206,847	-

Deferred taxation represents the amount for accelerated tax depreciation.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

16. **PAYABLES:**

	2014 $	2013 $
Payables and accruals	74,327,869	34,656,408
Advance payments	90,921,002	79,115,054
	165,248,871	113,771,462

17. **LOANS PAYABLE:**

Loans are comprised as follows:

	2014 $	2013 $
Mayberry Investments Limited (i)	12,130,550	84,263,141
JCSD Trustee Services Limited (ii)	-	100,446,403
Sagicor Bank Jamaica Limited (iii)	64,322,380	63,815,731
Sagicor Bank Jamaica Limited (iii)	-	20,000,000
Development Bank of Jamaica Limited (iv)	213,718,749	188,210,773
Micro Investment Development Agency (v)	27,515,364	86,222,389
	317,687,043	542,958,437

(i) This loan attracts interest at 13.5% per annum, is repayable over 24 months and is unsecured.

(ii) This represents a 9% unsecured corporate bond, principal was repaid on maturity in November 2014. Interest was payable 6 months from the issue date in April 2014 with the remaining interest on maturity.

(iii) This loan attracts interest at 9% per annum and is secured by promissory notes and letter of commitment executed by the borrower under seal. The available line of credit is $80 million. An additional bridge loan facility was granted for 3 months in the amount of $20 million at an interest rate of 16.4%.

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

(v) 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.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

17. LOANS PAYABLE (CONT'D):

	2014 $	2013 $
Within 1 month	-	12,206,314
1 to 3 months	12,130,550	94,335,150
3 to 12 months	135,487,030	269,542,775
	147,617,580	376,084,239
Over 12 months	170,069,463	166,874,198
	317,687,043	542,958,437

18. PROJECT ADVANCE:

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

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

19. SHARE CAPITAL:

	2014 $	2013 $
Authorised 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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

20. **DIVIDENDS:**

	2014 $	2013 $
In respect of 2012	-	178,431,396
In respect of 2013	-	85,098,050
In respect of 2014	100,196,092	-
	100,196,092	263,529,446

At the Board of Directors meeting on 31 July 2014, an interim dividend payment of $0.365 per share payable on 1 September 2014 was approved by the Board of Directors.

21. **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.

	2014 $	2013 $
Transactions:		
Compensation for key management (including directors):		
Short-term benefits	15,465,443	18,065,765
Directors' fees	9,039,000	6,580,000
Pension contributions	753,716	576,690
Operating lease expenses	21,381,280	13,205,155
Professional fees	691,072	1,506,696
Operating lease income	8,589,417	8,589,417
Loan interest – Mayberry Investments Limited	6,870,499	8,774,898
Year-end Balances:		
Loans payable		
Mayberry Investments Limited	12,130,550	84,263,141

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. LEASE COMMITMENTS:

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

	2014 $	2013 $
Within 1 year	31,523,924	34,847,972
Subsequent years (2-5)	78,086,746	8,310,400
	109,610,670	43,158,372

23. SEGMENT INFORMATION:

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

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

Financial information related to the operating segment results from continuing operations for the year ended 31 December 2014, can be found in the statement of profit or loss and other comprehensive income. There are no differences in the measurement of the reportable segment results and the company's results.

Details of the segment assets and liabilities for the year ended 31 December 2014, can be found in the statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the company's assets and liabilities.

Entity-wide disclosures:

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

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

24. EVENTS AFTER THE REPORTING PERIOD:

At the Board of Directors' meeting on 29 January 2015, an interim dividend of $0.1821 per ordinary stock unit was declared. Dividend will be paid on 20 March 2015 to stockholders.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

25. **LITIGATION:**

As at 31 December 2014, legal proceedings involving the company were pending. The matters surround unsettled issues involving the CEO, some directors of the company, a major shareholder of the company and some related parties to the CEO. The directors involved are no longer directors of the company and have divested themselves of all their shares in the company while the then major shareholder involved has sold all but 1.3 million of its shares in the company. Those directors and the then major shareholder have applied to have the case struck out.

Management is of the opinion that financial exposure to the company is immaterial to both its financial position and financial performance.