ACCESS FINANCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

31 MARCH 2016

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FINANCIAL STATEMENTS

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I N D E X

	PAGE
Independent Auditors' Report to the Members	1-2
FINANCIAL STATEMENTS	
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-39

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Chartered Accountants
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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 39, which comprise the statement of financial position as at 31 March 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period 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 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 March 2016, and of its financial performance and cash flows for the period 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.

BDO

Chartered Accountants

19 May 2016

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FIFTEEN MONTHS ENDED 31 MARCH 2016

	Note	2016 $	12 months 31/12/14 $
OPERATING INCOME:			
Interest income from loans	3(o)	1,339,794,857	988,055,021
Interest income from securities		8,813,751	5,496,653
Total interest income		1,348,608,608	993,551,674
Interest expense		(89,288,109)	(55,475,324)
Net interest income		1,259,320,499	938,076,350
Net fees and commissions on loans		192,129,168	52,251,554
		1,451,449,667	990,327,904
Other operating income:			
Money services fees and commission		3,355,855	2,327,960
Foreign exchange gains		-	29,534
Other income		15,936,278	10,655,788
		19,292,133	13,013,282
		1,470,741,800	1,003,341,186
OPERATING EXPENSES:			
Staff costs	7	323,657,230	251,642,743
Allowance for credit losses	13(c)	213,348,901	229,107,140
Depreciation and amortization	14(a),(b)	37,287,246	26,851,788
Other operating expenses		228,738,458	184,269,214
		803,031,835	691,870,885
Profit before taxation		667,709,965	311,470,301
Taxation	8	67,828,976	4,744,596
Net profit for the year, being total comprehensive income		599,880,989	306,725,705
EARNINGS PER STOCK UNIT	9	$2.19	$1.12

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2016

	Note	2016 $	31 December 2014 $
ASSETS			
Cash and cash equivalents	10	352,839,096	127,869,041
Financial investments	11	2,013,377	2,013,377
Other accounts receivable	12	37,018,901	15,817,427
Loans and advances	13	2,105,123,093	1,085,265,111
Property, plant and equipment	14(a)	52,185,656	70,559,719
Intangible assets	14(b)	3,501,125	5,974,481
Deferred tax assets	15	4,261,370	1,206,847
TOTAL ASSETS		2,556,942,618	1,308,706,003
LIABILITIES AND EQUITY			
LIABILITIES:			
Payables	16	220,983,153	165,248,871
Loans payable	17	1,028,965,756	317,687,043
Project advance	18	75,861,397	7,730,344
Taxation		14,639,378	5,951,443
Total liabilities		1,340,449,684	496,617,701
EQUITY:			
Share capital	19	96,050,714	96,050,714
Retained earnings		1,120,442,220	716,037,588
Total equity		1,216,492,934	812,088,302
TOTAL LIABILITIES AND EQUITY		2,556,942,618	1,308,706,003

Approved for issue by the Board of Directors on 19 May 2016 and signed on its behalf by:

....	....
Rex James Chairman	Marcus James Chief Executive Officer

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FIFTEEN MONTHS ENDED 31 MARCH 2016

	Note	Share Capital $	Retained Earnings $	Total $
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
TOTAL COMPREHENSIVE INCOME				
Net profit		-	599,880,989	599,880,989
TRANSACTION WITH OWNERS				
Dividends paid	20	-	(195,476,357)	(195,476,357)
BALANCE AT 31 MARCH 2016		96,050,714	1,120,442,220	1,216,492,934

ACCESS FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

FIFTEEN MONTHS ENDED 31 MARCH 2016

	2016 $	12 months 31/12/14 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	599,880,989	306,725,705
Items not affecting cash resources:		
Exchange loss/(gain) on foreign balances	4,618,457	(29,534)
Depreciation and amortization	37,287,246	26,851,788
Increase in allowance for loan losses	213,348,901	229,107,140
Interest income	(1,348,608,608)	(993,551,674)
Interest expense	89,288,109	55,475,324
Gain on disposal of property, plant and equipment	-	(2,004,999)
Taxation	70,883,499	5,951,443
Deferred tax	(3,054,523)	(1,206,847)
	(336,355,930)	(372,681,654)
Changes in operating assets and liabilities		
Loans and advances	(1,233,206,883)	(191,509,965)
Other accounts receivable	(20,869,548)	(2,118,597)
Loans payable, net	708,605,572	(225,271,394)
Accounts payable	54,193,706	51,234,655
	(827,633,083)	(740,346,955)
Interest received	1,348,276,682	993,514,053
Interest paid	(87,748,181)	(55,232,570)
Taxation paid	(62,195,564)	-
Cash provided by operating activities	370,699,854	197,934,528
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment and intangible assets	(26,239,827)	(19,664,855)
Proceeds from sale of property, plant and equipment	-	2,005,000
Leasehold improvement	9,800,000	-
Cash used in investing activities	(16,439,827)	(17,659,855)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Project advance	66,068,309	(2,166,135)
Dividends paid	(195,476,357)	(100,196,092)
Cash used in financing activities	(129,408,048)	(102,362,227)
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD/YEAR	224,851,979	77,912,446
Exchange gain on foreign cash balances	118,076	728,889
Cash and cash equivalents at beginning of period/year	127,869,041	49,227,706
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR (note 10)	352,839,096	127,869,041

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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. The company changed its year end from 31 December to 31 March with effect from 31 March 2016.

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

2. **REPORTING CURRENCY:**

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

3. **SIGNIFICANT ACCOUNTING POLICIES:**

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

(a) **Basis of preparation** -

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and 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 MARCH 2016

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

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

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

Annual improvements to IFRS, 2010-2012 and **2011-2014** cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 July 2014. The main amendments applicable to the company are as follows:

- **IAS 24, 'Related Party Disclosures'** has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

- **IFRS 13, 'Fair Value Measurement'** has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

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.

The amendments did not have any effect on the company's financial statements.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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

IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2016), has been amended to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss.

IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016). The amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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

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

The 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 MARCH 2016

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 annual 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 MARCH 2016

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

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

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

(e) **Financial instruments -**

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

Financial assets

(i) **Classification**

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

Loans and receivables

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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 MARCH 2016

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 MARCH 2016

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 MARCH 2016

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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.

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

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

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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:

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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 MARCH 2016

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.

(a) **Principal financial instruments**

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

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

(b) **Financial instruments by category**

Financial assets

	Loans and Receivables		Available-for-sale	
	2016	**31 December 2014**	**2016**	**31 December 2014**
	$	**$**	**$**	**$**
Cash and cash equivalents	352,839,096	127,869,041	-	-
Loans and advances	2,105,123,093	1,085,265,111	-	-
Investments (equity)	-	-	2,013,377	2,013,377
Total financial assets	2,457,962,189	1,213,134,152	2,013,377	2,013,377

Financial liabilities

	Financial liabilities at amortised cost	
	2016	**31 December 2014**
	$	**$**
Payables	197,277,580	159,314,461
Long term loans	1,028,965,756	317,687,043
Total financial liabilities	1,226,243,336	477,001,504

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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

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

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

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

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

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

31 MARCH 2016

	Level 1	
		31 December
	2016	2014
	$	$
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 March 2016 was $2,038,431 (31 December 2014 - $1,356,038).

(e) **Financial risk factors -**

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

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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

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

Concentration of currency risk

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

	2016 $	31 December 2014 $
Cash and bank balances	113,234,318	7,162,691
Receivables (loan and advances)	303,957,869	3,675,875
Project advance	(75,861,397)	(7,730,344)
Long term loan	(183,063,150)	-
	158,267,640	3,108,222

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 8% (31 December 2014 – 10%) depreciation and a 1% (31 December 2014 – 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 MARCH 2016

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

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

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

Foreign currency sensitivity (cont'd)

	% Change in Currency Rate 2016	Effect on Profit before Tax 31 March 2016 $	% Change in Currency Rate 2014	Effect on Profit before Tax 31 December 2014 $
Currency:				
USD	-8	12,661,411	-10	310,822
USD	+1	1,582,676	+1	(31,082)

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 MARCH 2016

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

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

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

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

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

Interest rate sensitivity

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

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

(ii) **Credit risk**

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

Loans and advances

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

Cash and bank balances

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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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

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

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

Maximum exposure to credit risk

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

Loans and advances that are past due but not impaired

As at 31 March 2016, loans and advances of $246,001,661 (31 December 2014 - $$53,905,984) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

Loans and advances that are past due and impaired

As of 31 March 2016, the company had loans and advances of $328,774,016 (31 December 2014 - $209,391,010) that were impaired. The amount of the provision was $328,774,016 (31 December 2014 - $209,391,010). These loans and advances were aged over 90 days.

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

	2016 $	12 months 31/12/14 $
At 1 January 2015/2014	209,391,010	131,851,363
Provision for loans and advances impairment	213,348,901	229,107,140
Loans and advances written off during the year as uncollectible	(93,965,895)	(151,567,493)
At 31 March/31 December	328,774,016	209,391,010

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 MARCH 2016

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

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

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

Concentration of risk - Loans and advances

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

	2016	31 December 2014
	$	$
Personal loans	1,841,973,697	1,067,826,003
Business loans	591,923,412	226,830,118
	2,433,897,109	1,294,656,121
Less: Provision for credit losses	(328,774,016)	(209,391,010)
	2,105,123,093	1,085,265,111

(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 MARCH 2016

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

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

(iii) **Liquidity risk**

Cash flows of financial liabilities

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

	Less than 3 months $	3 to 12 Months $	1 to 2 Years $	2 to 5 Years $	Total $
31 March 2016					
Payables	77,550,972	119,726,608	-	-	197,277,580
Long term loans	2,411,255	680,367,525	235,412,480	234,461,533	1,152,652,793
Total financial liabilities (contrac - tual maturity dates)	79,962,227	800,094,133	235,412,480	234,461,533	1,349,930,373
31 December 2014					
Payables	68,393,459	90,921,002	-	-	159,314,461
Long term loans	18,089,760	265,040,316	51,597,891	6,358,825	341,086,792
Total financial liabilities (contrac - tual maturity dates)	86,483,219	355,961,318	51,597,891	6,358,825	500,401,253

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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:

	2016 $	12 months 31/12/14 $
Interest expense	89,288,109	55,475,324
Allowance for credit loss	213,348,901	229,107,140
Depreciation and amortisation	37,287,246	26,851,788
Bad debt recoverable	(56,420,867)	(41,482,604)
Insurance	4,608,352	3,013,402
Directors' fees	2,645,761	9,039,000
Audit fees	2,900,000	2,600,000
Bank charges	5,378,767	4,350,930
Rent	44,227,837	34,847,972
Legal and professional fees	29,322,040	51,316,537
Courier and collection services	17,121,024	23,606,846
Motor vehicle expenses	1,826,749	1,410,742
Repairs and maintenance	18,422,238	10,631,814
Security	4,443,990	3,466,520
Staff costs (note 7)	323,657,230	251,642,743
Travel and entertainment	5,824,361	3,110,848
Other expenses	41,592,292	16,785,616
Utilities	48,270,455	35,410,552
Advertising	42,300,407	19,280,431
Printing and stationery	11,656,594	6,880,608
Foreign exchange loss	4,618,458	-
	892,319,944	747,346,209

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

7. STAFF COSTS:

	2016 $	12 months 31/12/14 $
Wages, salaries and statutory contributions	249,018,564	196,806,347
Pension contributions	8,180,152	6,809,184
Other staff benefits	66,458,514	48,027,212
	323,657,230	251,642,743

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

	2016	31 December 2014
Permanent	141	142
Temporary	29	32
	170	174

8. TAXATION:

(a) Taxation for the year comprises:

	2016 $	12 months 31/12/14 $
Current tax expense	70,883,499	5,951,443
Deferred tax arising from temporary differences	(3,054,523)	(1,206,847)
	67,828,976	4,744,596

(b) Reconciliation of actual tax expense:

	2016 $	12 months 31/12/14 $
Profit before tax	667,709,965	311,470,301
Expected tax expense @ 25%	166,927,491	77,867,575
Adjusted for difference in treatment of:		
Depreciation and capital allowances	4,040,190	3,140,669
Employer tax credit	(30,378,643)	(30,775,054)
Other	28,502,079	20,556,655
	169,091,117	70,789,845
Adjustment for the effect of tax remission:		
Current tax	(101,262,141)	(66,045,249)
Expected tax expense @ 25%	67,828,976	4,744,596

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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

(c) Remission of income tax:

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

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

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

9. **EARNINGS PER STOCK UNIT:**

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

	2016 $	31 December 2014 $
Net profit attributable to stockholders ($'000)	599,881	306,726
Number of ordinary stock units ('000)	274,510	274,510
Earnings per stock unit ($ per share)	2.19	1.12

10. **CASH AND CASH EQUIVALENTS:**

	2016 $	31 December 2014 $
Short term deposits	108,880,186	64,486,497
Cash at bank	243,958,910	63,382,544
	352,839,096	127,869,041

The weighted average interest rate on short-term deposits was 4.45% (2014 – 2.44%).

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

11. **FINANCIAL INVESTMENTS:**

	2016 $	31 December 2014 $
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 March 2016 was $2,038,431 (31 December 2014 - $1,356,038).

12. **OTHER ACCOUNTS RECEIVABLE:**

	2016 $	31 December 2014 $
Taxation recoverable	8,533,183	6,373,050
Prepayments and deposits	19,114,578	5,880,258
Money services – Western Union	923,886	814,205
Other	8,447,254	2,749,914
	37,018,901	15,817,427

13. **LOANS AND ADVANCES:**

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

	2016 $	31 December 2014 $
Personal loans	1,841,973,697	1,067,826,003
Business loans -		
Agriculture	33,132,048	24,945,159
Services	188,268,304	61,195,579
Trading	345,599,972	134,929,621
Manufacturing	24,923,088	5,759,759
	591,923,412	226,830,118
	2,433,897,109	1,294,656,121

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

13. LOANS AND ADVANCES (CONT'D):

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

Remaining term to maturity

	2016 $	31 December 2014 $
Due within 1 month	204,455,666	38,793,175
1 to 3 months	126,600,309	83,677,353
3 to 12 months	737,470,588	589,181,106
Over 12 months	1,365,370,546	583,004,487
Gross loans and advances	2,433,897,109	1,294,656,121
Less: Allowance for loan losses	(328,774,016)	(209,391,010)
	2,105,123,093	1,085,265,111

(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:

	2016		31 December 2014	
	Gross $	Impairment $	Gross $	Impairment $
Current	1,930,694,719	-	1,031,359,127	-
1 to 3 months past due	317,534,954	143,106,580	184,865,208	130,959,224
3 to 12 months past due	185,667,436	185,667,436	78,431,786	78,431,786
	2,433,897,109	328,774,016	1,294,656,121	209,391,010

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:

	2016 $	2014 $
Balance at beginning of period/year	209,391,010	131,851,363
Allowance made during the period/year	213,348,901	229,107,140
Loans written off during the period/year	(93,965,895)	(151,567,493)
Balance at the end of the period/year	328,774,016	209,391,010

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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 2014	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
Additions	3,869,856	1,417,885	6,429,627	3,223,105	-	14,940,473
Adjustment	(9,800,000)	-	-	-	-	(9,800,000)
31 March 2016	48,669,456	2,517,316	38,969,576	30,162,699	31,578,500	151,897,547
Depreciation -						
1 January 2014	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
Charge for the year	6,649,114	-	9,068,743	3,825,434	3,971,245	23,514,536
31 March 2016	22,422,204	-	30,908,322	14,802,866	31,578,499	99,711,891
Net Book Value -						
31 March 2016	26,247,252	2,517,316	8,061,254	15,359,833	1	52,185,656
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

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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

(b) Intangible assets:

This comprises acquired computer software as follows:

	2016 $	31 December 2014 $
Cost:		
At beginning of the year	29,087,482	22,867,126
Additions	11,299,354	6,220,356
At end of the year	40,386,836	29,087,482
Amortisation:		
At beginning of the year	23,113,001	18,537,776
Charge for the year	13,772,710	4,575,225
At end of the year	36,885,711	23,113,001
Net book value	3,501,125	5,974,481

15. **DEFERRED INCOME TAXES:**

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

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

	2016 $	31 December 2014 $
Deferred tax assets	4,261,370	1,206,847

The movement in deferred taxation is as follows:

	2016 $	31 December 2014 $
Balance at start of year	1,206,847	-
Charge for the year (note 8)	3,054,523	1,206,847
Balance at end of year	4,261,370	1,206,847

Deferred taxation represents the amount for accelerated tax depreciation.

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

16. **PAYABLES:**

	2016 $	31 December 2014 $
Payables and accruals	101,256,545	74,327,869
Advance payments	119,726,608	90,921,002
	220,983,153	165,248,871

17. **LOANS PAYABLE:**

Loans are comprised as follows:

	2016 $	31 December 2014 $
Mayberry Investments Limited (i)	-	12,130,550
Corporate Bond Holders (ii)	199,848,618	-
Sagicor Bank Jamaica Limited (iii)	72,987,108	64,322,380
Development Bank of Jamaica Limited (iv)	241,716,767	213,718,749
Micro Investment Development Agency (v)	33,924,365	27,515,364
Proven Investments Limited (vi)	480,488,898	-
	1,028,965,756	317,687,043

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

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

(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.

(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 MARCH 2016

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

(vi) The loan consists of two (2) facilities a JMD and a USD component. The JMD loan amount attracts interest at 7% and is repayable over three (3) years, while the USD loan amount attracts interest at 6.5% and is repayable over six months.

	2016 $	31 December 2014 $
1 to 3 months	190,310,910	12,130,550
3 to 12 months	148,223,438	135,487,030
	338,534,348	147,617,580
Over 12 months	690,431,408	170,069,463
	1,028,965,756	317,687,043

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:**

	2016 $	31 December 2014 $
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 MARCH 2016

20. **DIVIDENDS:**

	2016 $	31 December 2014 $
In respect of 2014	49,988,242	100,196,092
In respect of 2015	145,488,115	-
	195,476,357	100,196,092

At Board of Directors meetings held on 29 January 2015, 23 July 2015, 22 October 2015 and 21 January 2016, dividend payments of $0.1821, $0.15, $0.12, $0.12 and $0.14 respectively were 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.

	2016 $	31 December 2014 $
Transactions:		
Compensation for key management (including directors):		
Short-term benefits	14,165,586	15,465,443
Directors' fees	2,645,760	9,039,000
Pension contributions	702,602	753,716
Operating lease expenses	22,258,964	21,381,280
Professional fees	-	691,072
Operating lease income	-	8,589,417
Loan interest – Mayberry Investments Limited	179,169	6,870,499
– Proven Investments Limited	34,562,016	-
Year-end Balances:		
Loans payable		
Mayberry Investments Limited	-	12,130,550
Proven Investments Limited	480,488,898	-

ACCESS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

22. LEASE COMMITMENTS:

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

	2016 $	31 December 2014 $
Within 1 year	28,196,643	31,523,924
Subsequent years (2-5)	40,371,229	78,086,746
	68,567,872	109,610,670

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 period ended 31 March 2016, can be found in the statement of profit or loss and other comprehensive income. There are no differences in the measurement of the reportable segment results and the company's results.

Details of the segment assets and liabilities for the period ended 31 March 2016, 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. NON-CASH TRANSACTION IN INVESTING ACTIVITIES:

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