KPMG
204 Johnsons Centre
#2 Bella Rosa Rd
Gros Islet
St. Lucia
Telephone: (758) 453 2298
Email: ecinfo@kpmg.lc

INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN INVESTMENTS LIMITED

Opinion

We have audited the separate financial statements of Proven Investments Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 8 to 86 which comprise the Group's and Company's statements of financial position as at March 31, 2018, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Company as at March 31, 2018, and the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters

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

1. *Impairment of goodwill and intangible assets*

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the Group's goodwill and intangible assets may not be recoverable due to changes in the business and economic environment in which Access Financial Services Limited operates. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability. *See Note 11 of the financial statements.*	Our audit procedures included testing the reasonableness of the Group's forecasts and discounted cash flow calculations, including: • Using our own valuation specialists to evaluate the assumptions and methodologies used by management, and testing the mathematical accuracy of the computations; • Comparing the Group's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions; • Comparing the sum of the discounted cash flows to the subsidiaries' market capitalisation to assess the reasonableness of those cash flows; and • Assessing the adequacy of the Group's disclosures about the sensitivity of the impairment assessment to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters (continued)

2. Valuation of investment securities and derivatives

Key Audit Matter	*How the matter was addressed in our audit*
The valuation of the Group's investment securities, including derivatives, requires significant estimation, which is impacted by uncertainty of market factors, pricing assumptions and general business and economic conditions. This is particularly relevant for structured notes, which do not have readily comparable instruments for pricing purposes. *See Notes 5 and 35 of the financial statements.*	In performing our audit in respect of this matter, we did the following: • Involved our own valuation specialists in challenging the valuation methodologies and assumptions used by management to determine the fair value of investment securities and derivatives. This included independent computations and comparison of the fair value of structured notes and derivatives; • Evaluated indicators of impairment in respect of investment securities. Reviewed management's assessment and considered whether indicators of impairment are appropriately considered and reflected in the measurement of investments; • Performed detailed analysis of material securities exhibiting indicators of impairment to assess whether adequate impairment allowance was recognised in the financial statements. • Assessed the adequacy of the Group's disclosures about impairment allowances and the sensitivity of the impairment assessment to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Other Information

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6-7, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Lisa Brathwaite.

KPMG

Chartered Accountants
May 28, 2018

Saint Lucia

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Appendix to the Independent Auditors' report

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

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

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

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

PROVEN INVESTMENTS LIMITED

Group Statement of Financial Position
As of March 31, 2018
(Presented in United States dollars, except as otherwise stated)

	Notes	2018 $'000	2017 $'000 Restated*	2016 $'000 Restated*
ASSETS				
Cash and cash equivalents	3(c)(ii)	89,363	151,314	13,721
Resale agreements	4	24,373	38,498	38,767
Investment securities	5	369,085	362,259	232,158
Inventory		-	-	643
Loans receivable	6	43,903	39,421	24,993
Other assets	7	10,350	11,571	10,602
Owed by related parties		-	-	338
Income tax recoverable		51	51	51
Property development in progress	8	-	200	210
Investment property	10	17,348	6,148	6,013
Intangible assets	11	20,014	21,190	19,853
Property, plant and equipment	12	1,039	965	597
Deferred tax asset	19	1,389	1,713	1,097
Total assets		576,915	633,330	349,043
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Repurchase agreements	13	93,709	142,999	159,830
Owed to related parties	14	98	949	-
Notes payable	15	110,961	96,687	96,529
Current income tax payable		1,143	1,623	198
Other liabilities	16	4,220	12,843	11,540
Due to banks		2,187	2,210	-
Due to customers	17	240,829	270,055	-
Deferred income		-	130	-
Preference shares	18	16,416	15,977	7,978
Total liabilities		469,563	543,473	276,075
Stockholders' equity				
Share capital	20	86,716	69,248	69,248
Fair value reserve	21	(8,194)	(4,297)	(13,190)
Foreign exchange translation reserve	22	(6,875)	(7,564)	(5,809)
Retained earnings		13,448	14,149	9,727
Equity attributable to owners of the company		85,095	71,536	59,976
Non-controlling interest	23	22,257	18,321	12,992
Total stockholders' equity		107,352	89,857	72,968
Total liabilities and shareholders' equity		576,915	633,330	349,043

The financial statements on pages 8 to 86 were approved for issue by the Board of Directors on May 28, 2018 and signed on its behalf by:

Rhory McNamara Director

Jeffrey Gellineau Director

*See note 36

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2018
(Presented in United States dollars, except as otherwise stated)

	Notes	2018 $'000	2017 $'000 Restated*
Net interest income and other revenue			
Interest income	24	28,490	24,149
Interest expense	24	(8,099)	(9,646)
		20,391	14,503
Dividends		807	1,357
Fees and commissions		5,076	2,368
Net fair value adjustments and realised gains	25	4,293	1,720
Net foreign exchange (losses)/gains		(444)	1,902
Pension management income		2,360	1,966
Operating revenue, net of interest expense		32,483	23,816
Other income		3,667	1,006
Total		36,150	24,822
Operating expenses			
Staff costs	26	8,608	8,310
Depreciation and amortisation	11,12	1,659	1,343
Impairment losses of loans and other assets	6,7	2,273	1,156
Impairment reversal on investments		-	(921)
Property expenses		2,155	565
Other operating expenses	27	8,866	7,796
Total		23,561	18,249
Operating profit		12,589	6,573
Preference share dividend	29(f)	(976)	(2,184)
Gain on acquisition of business	9(a),(b)(i)	48	8,030
Profit before income tax		11,661	12,419
Income tax charge	28	(2,154)	(697)
Profit for the year		9,507	11,722
Profit attributable to:			
Owners of the company		5,682	8,850
Non-controlling interest		3,825	2,872
Profit for the year		9,507	11,722
Earnings per stock unit	30	0.94¢	1.60¢

*See note 36

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income (Continued)
Year ended March 31, 2018
(Presented in United States dollars, except as otherwise stated)

	2018 $'000	2017 $'000 Restated*
Profit for the year	9,507	11,722
Other comprehensive (loss)/income		
Items that are or may be reclassified to profit or loss:		
Realised gains on available-for-sale securities	3,052	10,756
Unrealised losses on available-for-sale securities, net of tax	(6,854)	(1,139)
Deferred tax on fair value adjustment on available-for-sale securities	(95)	(724)
Exchange differences on translation of foreign operations	689	(1,755)
Total other comprehensive (loss)/income	(3,208)	7,138
Total comprehensive income for the year	6,299	18,860
Total comprehensive income attributable to:		
Owners of the company	2,474	15,988
Non-controlling interests	3,825	2,872
Total comprehensive income for the year	6,299	18,860

*See note 36

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Changes in Equity
Year ended March 31, 2018
(*Presented in United States dollars, except as otherwise stated)*

	Share capital $'000 (note 20)	Fair value reserve $'000 (note 21)	Foreign exchange translation reserve $'000 (note 22)	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interest $'000	Total $'000
Balances at March 31, 2016, as previously reported	69,248	(13,190)	(5,809)	9,400	59,649	12,662	72,311
Prior year adjustment (see note 36)	-	-	-	327	327	330	657
Restated balances at March 31, 2016	69,248	(13,190)	(5,809)	9,727	59,976	12,992	72,968
Total comprehensive income for the year							
Profit for the year, as restated (see note 36)	-	-	-	8,850	8,850	2,872	11,722
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(1,755)	-	(1,755)	-	(1,755)
Realised gains on available-for-sale securities	-	10,756	-	-	10,756	-	10,756
Unrealised losses on fair value of available-for-sale securities	-	(1,139)	-	-	(1,139)	-	(1,139)
Deferred tax credit on fair value adjustments	-	(724)	-	-	(724)	-	(724)
Other comprehensive loss for the year, net of tax	-	8,893	(1,755)	-	7,138	-	7,138
Total comprehensive income for the year, as restated	-	8,893	(1,755)	8,850	15,988	2,872	18,860
Transactions with owners recorded directly in equity							
Dividends to equity holders (note 31)	-	-	-	(4,360)	(4,360)	(705)	(5,065)
Change in ownership interest							
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	3,244	3,244
Acquisition of subsidiary with non-controlling interest [note 9(c)]	-	-	-	(68)	(68)	(82)	(150)
Restated balances at March 31, 2017	69,248	(4,297)	(7,564)	14,149	71,536	18,321	89,857
Total comprehensive income for the year							
Profit for the year	-	-	-	5,682	5,682	3,825	9,507
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	689	-	689	-	689
Realised gain on available-for-sale securities	-	3,052	-	-	3,052	-	3,052
Unrealised losses on fair value of available-for-sale securities	-	(6,854)	-	-	(6,854)	-	(6,854)
Deferred tax credit on fair value adjustments	-	(95)	-	-	(95)	-	(95)
Other comprehensive loss for year, net of tax	-	(3,897)	689	-	(3,208)	-	(3,208)
Total comprehensive income for the year	-	(3,897)	689	5,682	2,474	3,825	6,299
Transactions with owners recorded directly in equity							
Issue of ordinary shares (note 20)	17,468	-	-	-	17,468	-	17,468
Dividends to equity holders (note 31)	-	-	-	(6,383)	(6,383)	(1,364)	(7,747)
Change in ownership interest							
Acquisition of non-controlling interest without change in control	-	-	-	-	-	1,475	1,475
Balances at March 31, 2018	86,716	(8,194)	(6,875)	13,448	85,095	22,257	107,352

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Cash Flows
Year ended March 31, 2018
Presented in United States dollars, except as otherwise stated)

	Notes	2018 $'000	2017 $'000 Restated*
Cash flows (used in)/from operating activities			
Profit for the year		9,507	11,722
Adjustments for:			
Amortisation	11	1,336	1,139
Depreciation	12	323	204
Interest income	24	(28,490)	(24,149)
Interest expense	24	8,099	9,646
Dividend income		(807)	(1,357)
Impairment reversal on bond		-	(921)
Impairment loss on loans		2,448	1,156
Gain on acquisition of subsidiary	9(a),26	(48)	(8,030)
Equity-settled share based payment		199	3,244
Amortisation of transaction cost on issue of preference shares		63	-
Unrealised foreign exchange loss/(gain)		444	(1,902)
Income tax charge	28	2,154	697
		(4,772)	(8,551)
Change in operating assets and liabilities			
Investment securities		(10,628)	39,582
Loans receivable		(5,062)	(9,139)
Other assets		3,705	3,685
Other liabilities		(9,390)	98
Due to customers		(29,226)	(7,946)
Due to other banks		(28)	(1)
Repurchase agreements		(49,290)	(16,831)
Resale agreements		14,125	269
Inventory		-	643
Owed to related party		(851)	1,287
		(91,417)	3,096
Interest received		26,009	20,120
Dividend received		807	1,357
Interest paid		(7,458)	(8,805)
Income tax recovered/(paid)		(2,405)	112
Net cash (used in)/from operating activities		(74,464)	15,880
Cash flows (used in)/from investing activities			
Acquisition of subsidiaries, net of cash acquired		(644)	118,955
Acquisition of additional shares in subsidiary	9(c)	-	(150)
Development in progress		194	10
Purchase of investment property		(11,184)	(135)
Purchase of property, plant and equipment	12	(344)	(178)
Proceeds from sale of property plant and equipment		-	-
Purchase of intangible asset	11	(79)	(72)
Net cash (used in)/from investing activities		(12,057)	118,430
Net cash flows (used in)/from operating and investing activities (carried forward to page 13)		(86,521)	134,310

*See note 36

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Cash Flows
Year ended March 31, 2018
Presented in United States dollars, except as otherwise stated)

	Notes	2018 $'000	2017 $'000 Restated*
Cash flows (used in)/from operating and investing activities (brought forward from page 12)		(86,521)	134,310
Cash flows (used in)/from financing activities			
Proceeds from issue of shares	20	17,468	-
Proceeds from issue of preference shares	18	-	15,976
Repayment of preference shares	18	-	(7,977)
Translation adjustment in respect of foreign subsidiaries		575	191
Notes payable		14,274	158
Dividend paid	31	(7,747)	(5,065)
Net cash from financing activities		24,570	3,283
Net (decrease)/increase in cash and cash equivalents		(61,951)	137,593
Cash and cash equivalents at beginning of year		151,314	13,721
Cash and cash equivalents at end of year		89,363	151,314

*See note 36

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Company Statement of Financial Position
As at March 31, 2018
(Presented in United States dollars, except as otherwise stated)

	Notes	2018 $'000	2017 $'000
ASSETS			
Cash and cash equivalents	3(c)(ii)	261	320
Resale agreements	4	5,500	-
Investment securities	5	117,487	112,062
Loans receivable	6	25,030	18,888
Other assets	7	2,326	2,262
Owed by subsidiaries	14	47	-
Income tax recoverable		51	51
Investment in subsidiaries	9	56,988	56,988
Total assets		207,690	190,571
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Repurchase agreements	13	4,384	14,845
Owed to subsidiaries	14	1,269	737
Owed to related parties	14	98	1,094
Notes payable	15	101,144	87,315
Preference shares	18	16,416	15,977
Other liabilities	16	979	2,100
Total liabilities		124,290	122,068
Shareholders' equity			
Share capital	20	86,716	69,248
Fair value reserve	21	(4,638)	(3,250)
Retained earnings		1,322	2,505
Total shareholders' equity		83,400	68,503
Total liabilities and shareholders' equity		207,690	190,571

The financial statements on pages 8 to 86 were approved for issue by the Board of Directors on May 28, 2018 and signed on its behalf by:

Rhory McNamara Director

Jeffrey Gellineau Director

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income (Continued)
Year ended March 31, 2018
(Presented in United States dollars, except as otherwise stated)

	Notes	2018 $'000	2017 $'000
Net interest income and other revenue			
Interest income	24	7,034	6,980
Interest expense	24	(4,921)	(4,938)
		2,113	2,042
Dividends		7,599	3,288
Net fair value adjustments and realised gains/(losses)	25	414	(759)
Net foreign exchange (losses)/gains		(594)	1,083
Operating revenue, net of interest expense		9,532	5,654
Other income		5	134
Total		9,537	5,788
Operating expenses			
Staff costs	26	92	2,248
Impairment losses on loans and other assets	6,7	349	202
Impairment loss/(reversal) on investments		1	(921)
Other operating expenses	27	2,919	3,854
Total		3,361	5,383
Operating profit		6,176	405
Preference share dividend	29(f)	(976)	(2,184)
Profit/(loss) for the year		5,200	(1,779)

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income (Continued)
Year ended March 31, 2018
(Presented in United States dollars, except as otherwise stated)

	2018 $'000	2017 $'000
Profit/(loss) for the year	5,200	(1,779)
Other comprehensive (loss)/income		
Items that are or may be reclassified to profit or loss:		
Realised gain on available-for-sale securities	3,254	11,059
Unrealised losses on available-for-sale securities		
	(4,642)	(3,290)
Other comprehensive (loss)/income	(1,388)	7,769
Total comprehensive income for the year	3,812	5,990

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Company Statement of Changes in Equity
Year ended March 31, 2018
(Presented in United States dollars, except as otherwise stated)

	Share capital $'000 (note 20)	Fair value reserve $'000 (note 21)	Retained earnings $'000	Total $'000
Balances at March 31, 2016	69,248	(11,019)	8,644	66,873
Total comprehensive income for the year				
Loss for the year	-	-	(1,779)	(1,779)
Other comprehensive income for the year				
Unrealised loss on fair value of available-for-sale securities	-	(3,290)	-	(3,290)
Realised gain in fair value of available-for-sale securities	-	11,059	-	11,059
Total comprehensive income	-	7,769	-	7,769
Total comprehensive income for the year	-	7,769	(1,779)	5,990
Transactions with owners recorded directly in equity				
Dividends to equity holders (note 31)	-	-	(4,360)	(4,360)
Balances at March 31, 2017	**69,248**	**(3,250)**	**2,505**	**68,503**
Total comprehensive income for the year				
Profit for the year	-	-	5,200	5,200
Other comprehensive income for the year				
Realised gains on available-for-sale securities	-	3,254	-	3,254
Unrealised loss on fair value of available-for-sale securities	-	(4,642)	-	(4,642)
Total other comprehensive loss	-	(1,388)	-	(1,388)
Total comprehensive income for the year	-	(1,388)	5,200	3,812
Transactions with owners recorded directly in equity				
Issue of ordinary shares (note 20)	17,468	-	-	17,468
Dividends to equity holders (note 31)	-	-	(6,383)	(6,383)
Balances at March 31, 2018	**86,716**	**(4,638)**	**1,322**	**83,400**

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Company Statement of Cash Flows
Year ended March 31, 2018
(Presented in United States dollars, except as otherwise stated)

	Notes	2018 $'000	2017 $'000
Cash flows (used in)/from operating activities			
Profit/(loss) for the year		5,200	(1,779)
Adjustments for:			
Impairment reversal on bonds		-	(921)
Interest income	24	(7,034)	(6,980)
Interest expense	24	4,921	4,938
Dividend income		(7,599)	(3,288)
Equity-settled share-based payment		-	2,165
Unrealised exchange loss on preference shares		375	-
Unrealised foreign exchange loss/(gain)		594	(1,083)
Amortisation of transaction cost on issue of preference shares		63	-
		(3,480)	(6,948)
Change in operating assets and liabilities			
Investment securities		(6,814)	23,499
Loans receivable		(6,142)	(11,746)
Other assets		2,067	1,592
Owed by subsidiaries		(47)	-
Other liabilities		(727)	(1,797)
Repurchase agreements		(10,461)	(8,965)
Resale agreements		(5,500)	164
Owed to subsidiaries		532	-
Owed to related party		(995)	1,875
		(31,567)	(2,326)
Interest received		4,903	4,816
Dividend received		7,599	3,288
Interest paid		(5,314)	(5,383)
Net cash (used in)/from operating activities		(24,379)	395
Cash flows (used in)/from investing activities			
Proceeds from issue of preference shares	18	-	15,976
Repayment of preference shares	18	-	(7,977)
Acquisition of subsidiaries, net of cash acquired		-	(12,600)
Acquisition of additional shares in subsidiaries	9(c)	-	(150)
Disposal of investment property		-	5,623
Net cash (used in)/from investing activities		-	872
Cash flows (used in)/from financing activities			
Proceeds of issue of shares	20	17,468	-
Notes payable		13,235	1,788
Dividend paid	31	(6,383)	(4,360)
Net cash from/(used in) financing activities		24,320	(2,572)
Net decrease in cash and cash equivalents		(59)	(1,305)
Cash and cash equivalents at beginning of year		320	1,625
Cash and cash equivalents at end of year		261	320

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements
Year ended March 31, 2018
(Presented in United States dollars, except as otherwise stated)

1. Identification

Proven Investments Limited ("the Company") is incorporated and domiciled in Saint Lucia under the International Business Companies Act, with registered office at 20 Micoud Street, Castries, Saint Lucia. The Company's shares are listed on the Jamaica Stock Exchange.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding equity in investments.

The Company has the following subsidiaries:

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2018	2017
Boslil Bank Limited	Saint Lucia	Private Banking	75	82.82
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Proven Fund Managers Limited	Jamaica	Pension fund management	100	100
Real Properties Limited and its wholly-owned subsidiaries	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Real Millsborough Limited	Saint Lucia	Real estate investment	100	100
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	100
Real PP Limited	Saint Lucia	Real estate investment	100	-
Real 53 NPW Limited	Saint Lucia	Real estate investment	100	-
Proven Reit Limited	Jamaica	Management services	100	100
Access Financial Services Limited	Jamaica	Retail lending	49.72	49.72

2. Basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Certain new and amended standards came into effect during the year. None of them had any significant effect on the amount and disclosures in the financial statements.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following are likely to have an effect on its financial statements:

(i) The Group is required to adopt IFRS 9, *Financial Instruments* from April 1, 2018. The standard replaces IAS 39, *Financial Instruments: Recognition and Measurement* and sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its preliminary assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for accounts receivable, loans, investments in debt securities and securities purchased under resale agreements. However, the Group is still in the process of its assessment and the final impact is not yet known.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments. Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

(i) IFRS 9, *Financial Instruments* (continued)

The Group believes that impairment losses are likely to increase and become more volatile for assets in the scope of IFRS 9 impairment model. However, the Group is still in the process of determining the likely financial impact on its financial statements. IFRS 9 will require extensive disclosures, in particular for credit risk and ECLs. The Group's assessment included an analysis to identify data gaps against current processes and the Group is in the process of implementing the system and control changes that it believes will be necessary to capture the required data.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as follows:

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement as well as impairment changes. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at April 1, 2018.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application:

    - The determination of the business model within which a financial asset is held.

    - The designation and revocation of previous designations of certain financial assets as measured at FVTPL.

    - The designation of certain investments in equity investments not held for trading as at FVOCI.

(ii) The Group is required to adopt IFRS 15, *Revenue from Contracts with Customers* from April 1, 2018. The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18, *Revenue*, IAS 11, *Construction Contracts* and IFRIC 13, *Customer Loyalty Programmes*.

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

(ii) IFRS 15, *Revenue from Contracts with Customers* (continued)

Management has assessed that the main impact of this standard is in respect of fees and commission income. The Group earns fees and commission income on provision of asset management, advisory and pension management services. Based on preliminary review, IFRS 15 is not expected to have a material impact on the timing and recognition of fee and commission income. However, management has not yet completed its assessment and the financial impact has not yet been determined.

(iii) IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

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

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

(iv) Amendments to IAS 40, *Transfers of Investment Property,* effective for annual reporting periods beginning on or after January 1, 2018, clarifies when an entity should transfer a property asset to, or from, investment property. A transfer is made when and only when there is an actual change in use – i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use.

The entity has a choice on transition to apply the prospective approach – i.e. apply the amendments to transfers that occur after the date of initial application – and also reassess the classification of property assets held at that date; or apply the amendments retrospectively in accordance with IAS 8, but only if it does not involve the use of hindsight.

The Group is assessing the impact that the amendment will have on its 2019 financial statements.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

(v) *Improvements to* IFRSs *2014-2016* contain amendments to certain standards applicable to the Group as follows:

- IAS 28, *Investments in Associates and Joint Ventures,* effective retrospectively for annual reporting periods beginning on or after January 1, 2018, has been amended to clarify or state the following:

  (i) A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis.

  (ii) A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.

The Group is assessing the impact that the amendment will have on its 2019 financial statements.

(vi) IFRIC 22, *Foreign Currency Transactions and Advance Consideration*, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability.

An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

The interpretation clarifies that the transaction date is the date on which the entity initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The Group is assessing the impact that the interpretation will have on its 2019 financial statements.

(vii) IFRIC 23, *Uncertainty over income tax treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting treatment for income tax treatments that are yet to be accepted by tax authorities, whilst aiming to enhance transparency.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

(vii) IFRIC 23, *Uncertainty over income tax treatments* (continued)

IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that is used or plans to use in its income tax filing. If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

IFRIC 23 does not add any new disclosure requirements. However, it highlights that an entity shall determine whether it should disclose judgements made in the process of applying its accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, in accordance with paragraph 122 of IAS 1, *Presentation of Financial Statements*.

IFRIC 23 requires that when it is probable that a taxation authority will accept an uncertain tax treatment, paragraph 88 of IAS 12 should be applied to determine the disclosure of a tax- related contingency. If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

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

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

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

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the inclusion at fair value of available-for-sale securities, financial assets at fair value through profit or loss and investment property.

2. Basis of preparation (continued)

(c) Functional and presentation currency

The financial statements are presented in United States dollars (US$), which is the functional currency of the Company, rounded to the nearest thousand, unless otherwise indicated. The financial statements of those subsidiaries which have the Jamaica dollar as their functional currency, are translated into US$ in the manner set out in note 3(h).

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies:

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The estimates, and the assumptions underlying them, as well as the judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(i) Key sources of estimation uncertainty

- Allowance for impairment losses

  In determining amounts, if any, to be recorded for impairment of financial assets, management makes assumptions in assessing whether certain facts and circumstances, such as repayment default and adverse economic conditions, are indicators that there may be a measurable decrease in the estimated future cash flows from outstanding balances. Management also makes estimates of the likely estimated future cash flows from balances determined to be impaired, as well as the timing of such cash flows.

  In determining the total allowance for impairment, management evaluates financial assets individually for impairment, based on management's best estimate of the present value of the cash flows that are expected to be received from the counterparties. In estimating these cash flows, management makes assumptions about a counterparty's financial situation and the net realisable value of any collateral.

2. Basis of preparation (continued)

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

(i) Key sources of estimation uncertainty

- Fair value of financial instruments

  There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach; the fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 5 and 35).

- Impairment of goodwill and other intangible assets

  Impairment of goodwill and other intangibles is dependent upon management's internal assessment of future cash flows from the intangibles and cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of cash generating units in respect of goodwill. The estimate of the amount recoverable from future use of those units is sensitive to the discount rates used (note 11).

(ii) Critical judgements in applying the Group's accounting policies

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

Management is sometimes also required to make critical judgements in applying accounting policies. These include the following judgements:

- Whether the criteria are met for classifying financial assets. For example, the determination of whether a security may be classified as 'loans and receivables' (note 5) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 35) requires judgement as to whether a market is active.

- In determining whether the Group has control over an investee and should therefore consolidate that investee, management considers the percentage of the investee's share capital that it holds and makes judgements about other relevant factors affecting control (see note 9).

3. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

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

(ii) Subsidiaries

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

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees' identifiable net assets at the date of acquisition, plus accumulated share of changes in equity of the relevant subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iv) Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in associates and joint ventures are accounted for using the equity method.

They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to Nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of an associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of accumulated losses not recognised.

(v) Loss of control

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

(vi) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its associate and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

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

(i) Classification of financial instruments

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

3. Significant accounting policies (continued)

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

(i) Classification of financial instruments (continued)

The Group classifies non-derivative financial assets into the following categories. Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased.

Loans and receivables: This comprises securities acquired or loans granted with fixed or determinable payments and which are not quoted in an active market.

Fair value through profit or loss: This comprises securities that the Group acquires for the purpose of selling or repurchasing in the near term, or that it holds as part of a portfolio that is managed together for short-term profit or position taking, or that it designates as such at the time of acquisition.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition or not classified in any of the other categories.

The Group classifies non-derivative financial liabilities into the "other financial liabilities" category.

(i) Recognition and derecognition - non-derivative financial assets and financial liabilities

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership but does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

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

3. Significant accounting policies (continued)

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

(ii) Measurement and gains and losses - Non-derivative financial assets

Loans and receivables: On initial recognition these are measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange, dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial assets at fair value through profit or loss: On initial recognition these are measured at fair value, with directly attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, as well as any interest or dividend income, are recognised in profit or loss.

A*vailable-for-sale:* On initial recognition, these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss and changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

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

(c) Financial instruments - Other

(i) Non-trading derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group makes use of derivatives to manage its own exposure to foreign exchange risk.

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(i) Non-trading derivatives (continued)

The Group evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a “host contract”). The Group accounts for an embedded derivative separately from the host contract when (i) the host contract is not itself carried at fair value through profit or loss, (ii) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and (iii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at fair value through profit or loss.

(ii) Cash and cash equivalents

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

Cash and cash equivalents are measured at amortised cost.

(iii) Other assets

Other assets are measured at amortised cost less impairment losses.

(iv) Other liabilities

Other liabilities are measured at amortised cost.

(v) Resale and repurchase agreements

Resale agreements are accounted for as short-term collateralised lending, and are classified as loans and receivables. On initial recognition they are measured at fair value. Subsequent to initial recognition they are measured at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income using the effective interest method.

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(v) Resale and repurchase agreements (continued)

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Repurchase agreements are accounted for as short-term collateralised borrowing, and are classified as other liabilities. On initial recognition and subsequently, the securities given as collateral are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. The difference between the sale consideration and the repurchase cost is recognised in profit or loss over the life of each agreement as interest expense using the effective interest method.

(vi) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of its preference share capital, it is classified as:

(1) equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;

(2) liability if it is redeemable on a specific date or at the option of the holders, or if dividends are not discretionary; in such a case dividends thereon are recognised as interest in profit or loss.

The Group's preference shares bear contractual entitlements to dividends that are cumulative, and not at the discretion of the directors. Accordingly, they are classified as financial liabilities.

Incremental costs directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instruments.

(vii) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are measured at amortised cost less impairment allowances, see note 3(j).

(viii) Accounts payable

Accounts payable are measured at amortised cost.

3. Significant accounting policies (continued)

(b) Financial instruments – Other (continued)

(ix) Interest-bearing borrowings

Interest-bearing borrowings, other than repos, which are described in [note 3(c)(v)], are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(x) Offsetting

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

(xi) Amortised cost

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

(c) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. These costs comprise the value of land contributed to the development, direct costs related to property development activities and indirect costs that are attributable to the development activities and can be allocated to the project.

(e) Investment properties

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined every three years by an independent registered valuer, and in each of the two intervening years by the directors. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

3. Significant accounting policies (continued)

(e) Investment properties (continued)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(f) Property, plant and equipment

(i) Cost

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(ii) Depreciation

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Computers	25% - 33⅓%
Furniture, fixtures and equipment	10% - 20%
Leasehold improvements	10% - 20%
Motor vehicles	20% - 25%

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

(g) Intangible assets

(i) Customer relationships and non-compete agreements that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Trade name, licences and goodwill that have indefinite useful lives are carried at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

3. Significant accounting policies (continued)

(g) Intangible assets (continued)

(ii) Software

Acquired computer software licenses as well as third party and internal costs directly associated with the development of software are capitalised as intangible assets on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives (three to eight years). Internal costs associated with developing or maintaining computer software programs are recognised as expense as incurred.

(iii) Subsequent expenditure

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

(iv) Amortisation

Except for goodwill, trade name and license, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

- Customer relationships 6 to 20 years
- Non-compete agreement 2-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(v) Impairment of assets

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

3. Significant accounting policies (continued)

(h) Foreign currency translation

(i) Transactions and balances

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

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

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

(ii) Foreign operations

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

(i) Income tax

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

(i) Current income tax

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

(ii) Deferred income tax

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

3. Significant accounting policies (continued)

(i) Income tax (continued)

(ii) Deferred income tax (continued)

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

(j) Impairment

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

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

Loans and advances that have been assessed individually and found not to be impaired are assessed collectively in groups of assets with similar risk characteristics to determine whether provisions should be made due to incurred loss events which are not yet evident. The collective assessment takes account of data from the loan portfolio such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, concentrations of risks and economic data country risk and the performance of different groups.

(1) Calculation of recoverable amount

The recoverable amount of the Group's investment securities classified as loans and receivables and other receivables such as loans and advances is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

(a) The calculation of the present value of the estimate future cash flows of a collateralised financial asset reflects the expected cash flows from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

(b) When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amount previously written off decrease the amount of the loan impairment charge in profit or loss.

3. Significant accounting policies (continued)

(j) Impairment (continued)

(1) Calculation of recoverable amount (continued)

(b) (Continued)

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(2) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reverse in profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Investment in subsidiaries

Investment in subsidiaries is measured in the separate financial statements of the Company at cost, less impairment losses, if any.

(l) Revenue recognition

Revenue comprises interest income, fees and commissions, dividends, income and gains from holding and trading securities and property sales.

(i) Interest income

Interest income is recognised in profit or loss for all interest-earning instruments, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset to its carrying amount. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently. Interest income includes coupons earned on fixed income investments, accretion of discount on treasury bills and other discounted instruments, and amortisation of premium on instruments bought at a premium.

3. Significant accounting policies (continued)

(l) Revenue recognition (continued)

(ii) Fee and commission income

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised as the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(iii) Dividends

Dividend income is recognised when the right to receive income is established. For quoted securities, this is usually the ex-dividend date.

(iv) Gains or losses on holding and trading securities

Gains or loss on securities trading are recognised when the Group becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

(m) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount. The effective interest rate is established on initial recognition of the financial liability and not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortisation of premium on instruments issued at other than par.

(n) Employee benefits

Employee benefits comprise all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, National Insurance Scheme contributions, annual vacation leave, and non-monetary benefits, such as medical care and housing; post-employment benefits, such as pensions and medical care; other long-term employee benefits, such as long service awards; and termination benefits.

(i) General benefits

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

3. Significant accounting policies (continued)

(n) Employee benefits (continued):

(i) General benefits (continued)

Post-employment benefits are accounted for as described in (ii) below. Other long-term benefits, including termination benefits, which arise when either (1) the employer decides to terminate an employee's employment before the normal retirement date or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned and charged as an expense, unless not considered material, in which case they are charged when they fall due.

(ii) Share-based payment transaction

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is recognised as staff costs.

4. Resale agreements

The Group purchases government and corporate securities and agrees to resell them at a specified dates at a specified prices.

Resale agreements result in credit exposure, in that the counterparty to the transaction may be unable to fulfill its contractual obligations. At the reporting date, the fair value of the securities held as collateral for resale agreements was $29,726,745 (2017: $40,403,442) for the Group and $5,730,871 (2017: $Nil) for the Company.

5. Investment securities

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial assets at fair value through profit or loss				
Quoted equities	64	98	-	-
Credit linked notes	1,998	1,941	1,998	1,941
Foreign currency forward contracts	-	70	-	70
	2,062	2,109	1,998	2,011
Available-for-sale securities				
Global bonds	210,510	152,421	20,948	24,511
Government of Jamaica securities	31,757	63,725	-	-
Corporate bonds	72,520	53,072	58,904	51,270
Mutual funds	10,977	38,869	10,977	21,313
Credit linked notes	-	11,551	-	11,551
Certificate of deposits	21,381	4,523	21,381	-
Equities - Jamaica	332	9	332	9
Global equities	5,215	3,770	2,947	1,397
Commercial paper	1,043	150	-	-
	353,735	328,090	115,489	110,051
Subtotal (see page 41)	355,797	330,199	117,487	112,062

5. Investment securities (continued)

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Subtotal (see page 40)	355,797	330,199	117,487	112,062
Loans and receivables				
Term deposits	7,423	29,148	-	-
Global bonds	5,865	1,785	-	-
Government of Jamaica securities	-	1,127	-	-
	13,288	32,060	-	-
	369,085	362,259	117,487	112,062

As at March 31, 2018, $293,309,000 (2017: $231,158,000) of investment securities is expected to be recovered more than 12 months after the reporting date.

6. Loans receivable

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Loans and advances to customers	41,376	29,462	-	-
Margin loans [see (a) below]	1,683	3,912	-	-
Corporate notes	6,647	9,641	25,347	18,888
	49,706	43,015	25,347	18,888
Less allowance for impairment [see (c)]	(5,803)	(3,594)	(317)	-
	43,903	39,421	25,030	18,888

(a) Margin loans represent advances made by the Group to facilitate the purchase of securities by its clients. The securities purchased are pledged as collateral for the outstanding advances. Certain of these securities have been re-pledged by the Group (see note 15).

At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was $7,566,000 (2017: $2,357,000).

(b) Loans receivable, net of allowance for impairment, are due, from the reporting date, as follows:

	Group				
	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000
			2018		
Margin loans	152	1,534	-	-	1,686
Corporate notes	1,150	1,501	-	3,678	6,329
Loans and advances to customers	3,874	9,264	22,750	-	35,888
	5,176	12,299	22,750	3,678	43,903

6. Loans receivable (continued)

(b) Loans receivable, net of allowance for impairment, are due, from the reporting date, as follows:

	Group				
	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
			2017		
Margin loans	2,823	1,089	-	-	3,912
Hire purchase loans	3,487	7,989	9,100	-	20,576
Corporate notes	-	9,352	-	289	9,641
Loans and advances to customers	-	5,292	-	-	5,292
	6,310	23,722	9,100	289	39,421

	Company				
	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
			2018		
Corporate notes	1,420	8,426	11,505	3,679	25,030
			2017		
Corporate notes	-	10,291	8,308	289	18,888

(c) Impairment losses

(i) The aging of loans receivable is as follows:

	Group			
	2018		2017	
	Gross $'000	Allowance for impairment $'000	Gross $'000	Allowance for impairment $'000
Not past due and not impaired	41,947	-	38,971	-
Less than 90 days past due and not impaired	2,776	892	1,924	1,741
More than 90 days past due and impaired	4,983	4,911	2,120	1,853
	49,706	5,803	43,015	3,594

6. Loans receivable (continued)

(c) Impairment losses (continued)

(ii) The movement on the impairment allowance is as follows:

	Group	
	2018	2017
	$'000	$'000
Balance at the beginning of the year	3,594	2,702
Impairment losses recognised	2,241	1,009
Effect of exchange rate movements	(32)	(117)
Balance at the end of the year	5,803	3,594

7. Other assets

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Withholding tax recoverable	3,185	3,518	-	-
Interest receivable	2,481	4,029	2,132	2,212
Other [see (a)]	4,794	4,132	194	50
	10,460	11,679	2,326	2,262
Less allowance for impairment [see (b)]	(110)	(108)	-	-
	10,350	11,571	2,326	2,262

(a) Included in this amount is $972,000 (2017: $1,653,000) expended by the Group on planning for the development of property.

(b) The movement in allowance for impairment is as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at beginning of year	108	507	-	1
Write-offs	-	(288)	-	(1)
Effect of exchange rate movements	2	(111)	-	-
Balance at end of year	110	108	-	-

During the year trade receivables of $32,000 (2017: $147,000) for the Group and $32,000 (2017: $202,000) for the Company were recognised directly in profit or loss.

8. Property development in progress

In the prior year, the Group participated with another party in a joint operation to develop and sell property comprising residential apartment units. Under the terms of the agreement dated March 28, 2014, the Group contributed land and undertook certain other activities. The Group and the other joint operator share equally in the net profits of the development. An amount of $297,000 represents the Group's contribution to the joint operation less the other party's interest therein; the other party, in return for its interest in the transferred property, is obligated to contribute certain expertise, services and other things. The value to the Group of this obligation is included in other assets. (Note 7).

	Group	
	2018	2017
	$'000	$'000
At beginning of year	200	210
Transfer to other assets	(200)	-
Effect of exchange rate movements	-	(10)
At end of year	-	200

9. Investment in subsidiaries

	Company	
	2018	2017
	$'000	$'000
Ordinary shares at cost:		
Proven Wealth Limited	16,567	16,567
Real Properties Limited (formerly Proven REIT Limited [see (c) below]	641	641
Asset Management Company Limited	412	412
Boslil Bank Limited [see (a) below]	10,435	10,435
Proven Fund Managers Limited (formerly PWL Transition Limited)	18,176	18,176
Access Financial Services Limited	10,757	10,757
	56,988	56,988

(a) Acquisition of Boslil Bank Limited

Effective March 13, 2017, Proven Investments Limited acquired the entire issued share capital of Boslil Bank Limited (BOSLIL). The principal activities of BOSLIL are investment management and banking. The acquisition is expected to provide an enhanced level of income, above-average returns, and preservation of capital for shareholders of the Company.

BOSLIL has contributed revenue of $468,000 and attributable post-acquisition profit of $336,000 to the Group's results in the period to March 31, 2017. If the acquisition had occurred on April 1, 2016, management estimates that consolidated revenue from BOSLIL would have been $3,729,000, and consolidated profit for the year would have been $2,726,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 1, 2016. The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition.

9. Investment in subsidiaries (continued)

(a) Acquisition of Boslil Bank Limited (continued)

(i) Identifiable assets acquired and liabilities assumed:

	2017 $'000
Cash and cash equivalents	132,959
Investments	159,869
Loans receivable	5,285
Other receivables	625
Intangible assets	2,200
Property, plant and equipment	398
Deposits from other banks	(2,211)
Due to customers	(278,001)
Other liabilities	(494)
	20,630
Consideration transferred:	
Cash	(12,600)
Gain on acquisition	8,030

(ii) Cash flow on acquisition

	2017 $'000
Total consideration transferred	12,600
Less: cash acquired [note (9(a)(i)]	(132,959)
Net cash generated on acquisition	(120,359)

(iii) Share based payment

Effective March 13, 2017, Proven Investments Limited transferred 17.18% of its shareholding in BOSLIL to the managing director and granted an option to acquire an additional 7.82% at an exercised price of $1,277,000 within a year. The option was exercised during the year and the fair value of option recognised as share based payment [see note (26)].

(iv) The fair value of certain material asset categories was established as follows:

1. Property, plant and equipment: The value of land was assessed through market comparison techniques by qualified independent valuation assessors. The value of buildings and certain equipment was assessed through valuation techniques, specifically the depreciated replacement cost methodology to account for physical deterioration as well as functional and economic obsolescence.

2. Intangible assets: The value of brands and trademarks was assessed through market benchmarking information provided by independent data specialists. The value of customer relationships was assessed through the multi-period excess earnings method, performed by a qualified independent valuator. The value of non-compete agreements was valued using the incremental cashflow method.

The other receivables comprise gross contractual amounts due of $5,285,000, which was expected to be fully collectible at the date of acquisition.

9. Investment in subsidiaries (continued)

(a) Acquisition of Boslil Bank Limited (continued)

(v) Acquisition-related costs

The Group incurred acquisition-related costs of $653,000 on legal fees and due diligence costs. These costs have been included in 'administrative expenses' in profit for the year ended March 31, 2017.

(vi) Bargain purchase

The consideration of $12,600,00 million is less than the net assets of the business of $20,630,000 million, thereby resulting in a gain of $8,030,000 million, recognised in the statement of profit and loss and other comprehensive income. The reasons for the bargain purchase are as follows:

- The loss of certain correspondent banking relationships ("CBR") and the uncertainty regarding the favorable resolution of CBR issues that may have negatively impacted BOSLIL and hence the seller's negotiating position.

- The seller wanted to realise gains on its initial investment in BOSLIL, while disposing of the business as a going concern.

(b)(i) Acquisition of Micro Credit Limited

On May 27, 2017, Access Financial Services acquired the business of Micro Credit limited as a going concern comprising mainly loan portfolio, property, plant and equipment, trademark and customer relationship.

Identifiable assets acquired and liabilities assumed:

	2018 $'000
Loans receivables	591
Intangible assets	58
Property, plant and equipment	43
	692
Consideration transferred:	
Cash	(644)
Gain on acquisition	48

(b)(ii) Acquisition from Damark Limited

On May 27, 2016, Access Financial Services Limited acquired the business of Damark Limited. The principal activities of Damark Limited was retail lending. The acquisition is expected to provide enhanced income, above-average returns and preservation of capital for shareholders of the Group.

9. Investment in subsidiaries (continued)

(b)(ii) Acquisition from Damark Limited (continued)

Identifiable assets acquired and liabilities assumed:

	2017
	$'000
Loans receivables	1,160
Intangible assets	191
Property, plant and equipment	17
	1,368
Consideration transferred:	
Cash	(1,404)
Goodwill	(36)

The loan and other receivables comprise gross contractual amounts due of $1,160,000 which was expected to be fully recoverable at the date of acquisition.

(c) In the prior year, the Group acquired an additional 15% interest in Real Properties Limited (formerly Proven REIT Limited) for $150,000 in cash, increasing its ownership from 85% to 100%. The carrying amount of Real Properties Limited's net assets in the Group's consolidated financial statements on the date of the acquisition was $547,000. The Group recognised a decrease in NCI and retained earnings of $82,000 and $68,000 respectively.

	2017
	$'000
Carrying amount of NCI acquired	82
Consideration paid to NCI	(150)
A decrease in equity attributable to owners of the company	(68)

10. Investment property

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
At beginning of year	6,148	6,013	-	5,623
Investment property acquired	11,186	128	-	-
Fair value adjustment	(4)	27	-	-
Disposal	-	-	-	(5,623)
Foreign exchange translation adjustment	18	(20)	-	-
	17,348	6,148	-	-

The company's land and buildings were last revalued in April 2018 and December 2017 by independent valuators, DC Tavares Finson Realty Company Limited. The valuations were done on the basis of open market value. The fair value of the investment property is categorised into Level 3 of the fair value hierarchy.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach. This model takes into account: • The fact that the intention is to dispose of the property in an open market transaction. • The expected sale would take place on the basis of a willing seller and willing buyer. • A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market. • Values are expected to remain stable throughout the period of market exposure and disposal by of sale (hypothetical). • The property will be freely exposed to the market; and • The potential rental value of the property in the current investment climate.	• Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. • The strength of demand for the property, given its condition, location and range of potential uses. • The potential rental value of the property in the current investment climate	The estimated fair value would increase/(decrease) if: • The level of current and future economic activity in the location and the impact on the strength of the demand is greater/(less) than judged. • The potential rental income from the property is greater /(less) than judged.

11. Intangible assets

	Group						
	Customer relationships $'000	Non-compete agreements $'000	Trade name $'000	Goodwill $'000	License $'000	Computer software $'000	Total $'000
Cost:							
March 31, 2016	6,730	1,570	2,269	10,355	462	382	21,768
Acquired through business combination	1,582	99	265	36	-	445	2,427
Additions	-	-	-	-	-	72	72
Translation adjustment	-	-	-	-	(23)	(12)	(35)
March 31, 2017	8,312	1,669	2,534	10,391	439	887	24,232
Acquired through business combination	46	-	12	-	-	-	58
Additions	-	-	-	-	-	79	79
Translation adjustment	4	-	1	1	13	10	29
March 31, 2018	8,362	1,669	2,547	10,392	452	976	24,398
Amortisation:							
March 31, 2016	1,099	465	-	-	-	351	1,915
Amortisation for the year	666	434	-	-	-	39	1,139
Translation adjustment	-	-	-	-	-	(12)	(12)
March 31, 2017	1,765	899	-	-	-	378	3,042
Amortisation for the year	844	182	-	-	-	310	1,336
Translation adjustment	(1)	20	-	-	-	(13)	6
March 31, 2018	2,608	1,101	-	-	-	675	4,384
Net book values:							
March 31, 2018	5,754	568	2,547	10,392	452	301	20,014
March 31, 2017	6,547	770	2,534	10,391	439	509	21,190
March 31, 2016	5,631	1,105	2,269	10,355	462	31	19,853

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the countries in which the businesses operate.

Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over 5 years and the long-term growth rate is applied following the immediately following year, within a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill. Key assumptions are set out below:

The fair value of the Access Financial Services Limited's trade name was calculated using the relief from royalty method and compared the fair value to the carrying value of the trade name as at March 31, 2018.

	2018	2017
Retail lending cash generating units (CGUs)		
Discount rate	29.5%	24.6%
Growth rate	6.0%	6.0%

12. Property, plant and equipment

	Group						
	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Computer equipment	Work in progress	Art-work	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
March 31, 2016	480	868	302	1,105	22	5	2,782
Acquired through business combination	23	160	30	202	-	-	415
Additions	48	65	-	65	-	-	178
Transfers	20	-	-	-	(20)	-	-
Disposals	-	-	(163)	-	-	-	(163)
Translation adjustment	(10)	(17)	(16)	(117)	(2)	-	(162)
March 31, 2017	561	1,076	153	1,255	-	5	3,050
Acquired through business combination	-	43	-	-	-	-	43
Additions	50	137	110	47	-	-	344
Disposals	-	-	(59)	-	-	-	(59)
Translation adjustment	12	14	12	(42)	-	-	(4)
March 31, 2018	623	1,270	216	1,260	-	5	3,374
Depreciation:							
March 31, 2016	225	665	302	993	-	-	2,185
Charge for the year	63	60	2	79	-	-	204
Disposals	-	-	(163)	-	-	-	(163)
Translation adjustment	(21)	(8)	(24)	(88)	-	-	(141)
March 31, 2017	267	717	117	984	-	-	2,085
Charge for the year	104	77	34	108	-	-	323
Disposals	-	-	(59)	-	-	-	(59)
Translation adjustment	(3)	(7)	(4)	-	-	-	(14)
March 31, 2018	368	787	88	1,092	-	-	2,335
Net book values:							
March 31, 2018	255	483	128	168	-	5	1,039
March 31, 2017	294	359	36	271	-	5	965
March 31, 2016	255	203	-	112	22	5	597

13. Repurchase agreements

The Group and Company sells Government and corporate securities and agrees to repurchase them on specified dates and at specified prices.

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	28,868	50,470	2,730	-
Denominated in United States dollars	64,841	92,529	1,654	14,845
	93,709	142,999	4,384	14,845

14. Owed by/(to) related parties

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Owed by/(to) other related parties				
Current accounts	(85)	102	(85)	(43)
Dividend payable [See 18(a)]	(13)	(1,051)	(13)	(1,051)
	(98)	(949)	(98)	(1,094)
Owed by subsidiaries - current account	-	-	47	-
Owed to subsidiaries - current account	-	-	(1,269)	(737)

Current accounts represent accrued management fees and amounts payable to Proven Management Limited.

15. Notes payable

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Structured notes [See (i)]	59,577	64,400	59,577	64,400
Equity-linked notes [See (ii)]	-	1,699	-	1,699
Margin loans payable [See (iii)]	41,567	14,075	41,567	18,962
Other	9,817	14,259	-	-
Short-term loan [See (iv)]	-	2,254	-	2,254
	110,961	96,687	101,144	87,315

(i) Structured notes represent short to medium-term debt obligations issued by the Group. The notes are secured by a basket of securities and typically have fixed quarterly coupon payments, with bullet payments of principal at maturity.

(ii) Equity-linked notes are medium-term debt instruments issued by the Group, which pay a return that is linked to the performance of the underlying securities.

(iii) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Group to:

- acquire securities on its own account. The facilities are collateralised by the securities held with the brokerage firms.

- fund facilities offered to its clients. The clients have agreed with the Group that the securities purchased may be re-pledged or otherwise offered by the Group as collateral for the margin facility extended to the Group by the brokerage firm [note 6(a)].

15. Notes payable (continued)

(iv) This was a short term revolving facility granted by First Global Bank Limited on September 28, 2015. The facility was set to revolve at least once annually. Each draw down under the revolving line was to be fully repaid within twelve (12) months. Interest rates were initially set to 8.9% per annum and re-priced thereafter at six months Weighted Average Treasury Bill Yield, plus a margin of 255 basis point. The facility was repaid during the year.

16. Other liabilities

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Interest payable	641	841	393	444
Payable to client	342	6,854	-	-
Statutory	24	17	-	-
Accrued charges	295	976	131	138
Other	2,918	4,155	455	1,518
	4,220	12,843	979	2,100

17. Due to customers

	Group	
	2018	2017
	$'000	$'000
Time deposits	15,983	14,701
Interest bearing accounts	7,228	6,679
Non-interest bearing accounts	217,618	248,153
Sweep accounts	-	522
	240,829	270,055

18. Preference shares

		Group and Company	
	J$'000	2018	2017
		$'000	$'000
Managers' preference shares [See (a)]		1	1
8.25% Cumulative redeemable preference shares [See (b) at note 20]			
At beginning of year	2,097,967	15,977	7,977
Repayment	-	-	(7,977)
Issued during the year	-	-	15,976
Amortisation of transaction costs	-	63	-
Effect of exchange rate fluctuation	-	375	-
At end of year	2,097,967	16,415	15,976
		16,416	15,977

18. Preference shares (continued)

(a) The terms and conditions of the manager's preference shares include the following:

(i) the manager's preference shares shall rank *pari passu* as between and among themselves;

(ii) each manager's preference share is entitled to a cumulative annual preference dividend in the sum which is equal to:

(1) 25% of the profits and gains of the Company in each financial year in excess of the Annual Earnings Hurdle (computed in accordance with the formula set out in the terms and conditions of issue) for such financial year, divided by

(2) the number of manager's preference shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the hurdle rate is applied to the average equity of the Company during such financial year.

(iii) Apart from the right to the cumulative annual preference dividend, the manager's preference shares have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a *pari passu* basis with the capital paid on the ordinary shares.

(iv) Each manager's preference share has votes attaching to it that are a multiple of the votes attaching to each ordinary share on all resolutions and decisions at a general meeting, such that the preference share votes will be at least equal to the votes of the ordinary shares, except on any resolution intended to vary the formula for computing the dividend payable to the preference shareholders, in which case each manager's preference share is entitled to one vote.

(b) The terms and conditions of the 8.25% Cumulative redeemable preference shares include the following:

(i) The right to a preferential dividend at the agreed annual rate, payable out of the profits of the Company, calculated on the capital paid up on the preference stock units, and any dividend not paid shall accumulate until paid;

(ii) The right to preferential repayment of paid-up preference capital, and any arrears of preference dividend upon the winding up or the Company or other return of capital;

(iii) No right to vote at any general meeting of the Company except where the dividend on the preference stock units are past due more than twelve months, and/or the notice for the redemption of preference stock units is past due and/or a resolution to wind up the company has been passed;

(iv) The Company may redeem all or any of the preference stock units on or before December 15, 2021 at J$5.00 each.

The dividend on both classes of preference shares is recorded as interest expense in the profit or loss.

19. Deferred tax assets

	Group			
	2018			
	Balance at March 31, 2017 $'000 Restated*	Recognised in profit or loss $'000 (note 28)	Recognised in equity $'000	Balance at March 31, 2018 $'000
Property, plant and equipment	7	5	-	12
Loans receivable	917	-	-	917*
Other receivables	(750)	324	-	(426)
Unrealised foreign exchange gains	914	(478)	-	436
Investment property	(5)	(4)	-	(9)
Available-for-sale investment securities	309	(24)	(95)	190
Other liabilities	143	(67)	-	76
Tax losses	24	-	-	24
Exchange difference on translation	14	13	-	27
Other	140	2	-	142
	1,713	(229)	(95)	1,389

	2017			
	Balance at March 31, 2016 $'000 Restated*	Recognised in profit or loss $'000 (note 28) Restated*	Recognised in equity $'000	Balance at March 31, 2017 $'000 Restated*
Property, plant and equipment	(13)	20	-	7
Loans receivable	657	260	-	917*
Other receivables	(694)	(56)	-	(750)
Unrealised foreign exchange gains	14	900	-	914
Investment property	(5)	-	-	(5)
Available-for-sale investment securities	831	202	(724)	309
Other liabilities	197	(54)	-	143
Tax losses	24			24
Exchange difference on translation	36	(22)	-	14
Other	50	90	-	140
	1,097	1,340	(724)	1,713

*See note 36

20. Share capital

	2018 $'000	2017 $'000
Authorised:		
2,999,990,000 Ordinary shares, par value US$0.01 each	29,999,900	29,999,900
10,000 Manager's Preference Shares, par value US$0.01 each	100	100
300,000,000 8.25% Cumulative Redeemable Preference Shares, par value US$0.01 each	3,000,000	3,000,000
700,000,000 cumulative redeemable Preference share, par value US$0.01 each	7,000,000	7,000,000
	40,000,000	40,000,000

	2018 Units	2017 Units	2018 $'000	2017 $'000
Issued and fully paid:				
Ordinary shares	625,307,963	551,595,777	86,716	69,248
Manager's Preference Shares	10,000	10,000	1	1
8.25% (2017: 8.25%) Cumulative Redeemable Preference Shares	419,493,412	419,593,412	16,415	15,976
			103,132	85,225
Less: Preference shares classified as liability (see note 18)			(16,416)	(15,977)
			86,716	69,248

(a) During the financial year, the Company issued an additional 73,712,186 ordinary shares at US$0. 24¢ per share for the aggregate increase in ordinary share capital of $17,468,000.

(b) The holders of the ordinary shares are entitled to receive dividends from time to time, and are entitled to one vote per share at meetings of the Company.

(c) The rights and entitlements of the holders of the preference shares are set out in note 18.

21. Fair value reserve

This represents the cumulative net unrealised gains/(losses) in fair value, net of taxation, on the revaluation of available-for-sale investment securities, and remains until the securities are disposed of or impaired.

22. Foreign exchange translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

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Notes to the Financial Statements (Continued)
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23. Non-controlling interest

The following table summarises information relating to each of the group's subsidiaries that has material non-controlling interest (NCI), before any intra-group eliminations.

	2018			
	Access Financial Services $'000	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
NCI percentage	**50.28%**	**25%**		
Total assets	28,077	262,963		
Total liabilities	(9,697)	(243,441)		
Net assets	18,380	19,522		
Carrying amount of NCI	9,241	4,881	8,135	22,257
Revenue	14,235	8,074		
Profit for the year	5,631	3,977		
Profit allocated to NCI	2,831	994		3,825
Cash flows from operating activities	1,980	(43,655)		
Cash flows from investment activities	(356)	(22)		
Cash flows from financing activities	(1,949)	(2,279)		
Net decrease in cash and cash equivalents	(325)	(45,956)		

	2017			
	Access Financial Services $'000 Restated*	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
NCI percentage	**50.28%**	**17.18%**		
Total assets	25,714	292,052		
Total liabilities	(11,099)	(272,566)		
Net assets	14,615	19,486		
Carrying amount of NCI	7,348	3,348	7,625	18,321
Revenue	11,907	181		
Profit for the year	5,596	336		
Profit allocated to NCI	2,814	58		2,872
Cash flows from operating activities	2,337	15,258		
Cash flows from investment activities	(377)	-		
Cash flows from financing activities	(1,983)	3		
Net (decrease)/increase in cash and cash equivalents	(23)	15,261		

*See note 36

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
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24. Net interest income

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Interest income:				
BOJ certificates of deposit	9	-	-	-
GOJ benchmark investment notes	2,011	2,266	410	-
Regional and corporate bonds	6,648	3,503	3,046	3,508
Global bonds	5,027	6,078	1,619	2,270
Resale agreements	903	1,121	14	21
Corporate note	989	779	1,932	1,181
Other loans receivable	11,935	10,058	-	-
Other	968	344	13	-
	28,490	24,149	7,034	6,980
Interest expense:				
Interest on margin loans	708	413	708	413
Repurchase agreements	2,874	4,425	185	360
Notes payable	3,878	3,845	2,332	3,319
Preference shares	-	690	-	690
Other	639	273	1,696	156
	8,099	9,646	4,921	4,938
Net interest income	20,391	14,503	2,113	2,042

25. Net fair value adjustments and realised gains

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Fair value adjustment for investment property	(4)	27	-	-
Fair value gains/(losses) on fixed income securities	4,247	1,682	414	(758)
Fair value gains/(losses) on equity securities	50	11	-	(1)
	4,293	1,720	414	(759)

26. Staff costs

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Salaries, wages and related costs	6,813	3,652	-	-
Bonus and ex-gratia payments	361	335	-	-
Statutory payroll contributions	275	211	-	-
Pension costs - defined contribution plan	134	103	-	-
Staff welfare	53	53	-	-
Equity-settled share based payment [note (9)(iii)]	199	3,244	-	2,165
Other	773	712	92	83
	8,608	8,310	92	2,248

26. Staff costs (continued)

Included in staff costs are the following directors' emoluments:

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Fees	261	139	92	83
Management remuneration	366	404	-	-

27. Other operating expenses

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Audit fees	233	237	109	103
Bad debt recovery, net	(208)	(177)	-	-
Irrecoverable GCT	347	278	111	179
Insurance	136	112	13	-
Legal and other professional fees	1,015	1,211	233	829
Licenses and permits	474	425	-	-
Marketing and advertising	677	681	205	195
Miscellaneous	612	434	144	214
Management fees [note 29(f)]	1,690	1,363	1,690	1,363
Irrecoverable income tax withheld	79	98	79	98
Office rent	646	523	-	-
Commission expenses and fees	-	-	210	251
Printing and stationery	210	150	4	-
Repairs and maintenance	449	451	-	-
Subscriptions and donations	94	20	-	-
Courier and collection services	300	221	-	-
Travelling	200	128	44	64
Utilities	549	347	-	-
Other operating expenses	1,363	1,294	77	558
	8,866	7,796	2,919	3,854

28. Taxation

(a) The tax charge for income tax is computed at 1%, 25% and 33⅓% (depending on the jurisdiction) of profit for the year as adjusted for tax purposes, and is made up as follows:

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
(i) Current tax charge:				
Charge on current period's profits:				
Income tax at 1%	24	-	-	-
Income tax at 33⅓%	1,401	1,442	-	-
Income tax at 25%	675	595	-	-
	2,100	2,037	-	-

28. Taxation (continued)

(a) The tax charge for income tax is computed at 1%, 25% and 33⅓% (depending on the jurisdiction) of profit for the year as adjusted for tax purposes, and is made up as follows (continued):

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000 Restated*	$'000	$'000
(ii) Deferred tax:				
Origination and reversal of temporary differences	229	(1,340)	-	-
(iii) Prior year over provision	(175)	-	-	-
Total income tax charge	2,154	697	-	-

(b) Reconciliation of actual tax expense/(credit):

The tax rate for two of the subsidiaries is 25% and 33⅓% of profit before income tax adjusted for tax purposes, while the tax rate for the Company is 1% of profits. The actual charge for the year is as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000 Restated*	$'000	$'000
Profit/(loss) before taxation	11,661	12,419	5,200	(1,779)
Computed "expected" tax expense at 1%	1	-	-	-
Computed "expected" tax expense at 25%	1,576	1,475	-	-
Computed "expected" tax expense at 33⅓%	1,417	1,424	-	-
	2,994	2,899	-	-
Difference between profits for financial statements and tax reporting purposes on				
Depreciation charge and capital allowances	2	20	-	-
Income exempt from income tax	(212)	(676)	-	-
Employer tax credit	(363)	(255)	-	-
Disallowed expenses	438	164	-	-
Unrealised foreign exchange gains	(5)	-	-	-
Financial asset at fair value	3	-	-	-
Tax remission in subsidiary	(661)	(851)	-	-
Provision for loan loss	-	(260)	-	-
Prior period over-accrual	(175)	-	-	-
Other	133	(344)	-	-
Actual tax expense	2,154	697	-	-

*See note 36

29. Related party transactions

(a) Definition of related party

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

(1) has control or joint control over the Group;
(2) has significant influence over the Group; or
(3) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(3) Both entities are joint ventures of the same third party.
(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
(6) The entity is controlled, or jointly controlled by a person identified in (i).
(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(8) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

(b) Identity of related parties

The Group has related party relationships with its subsidiaries and associates and with its directors and executive officers and those of its subsidiaries and associates.

(c) The Group has engaged a related party, Proven Management Limited, to provide investment management services in relation to financial instruments held in a number of funds, and the business and operations of the Group, for a fee. The fee is charged at 2% of the Group's Average Net Asset Value in the financial year [see note 29(f)].

	Group and Company	
	2018	2017
	$'000	$'000
Investment management fees paid for the year	1,545	1,248
Fees accrued at end of year	145	115
	1,690	1,363

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29. Related party transactions (continued)

(d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors and executive officers. Key management compensation for the year, included in staff costs (note 26), is as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Directors' fees	261	139	92	83
Management remuneration	366	404	-	-

The statement of financial position includes balances, arising in the ordinary course of business, with its related parties, as follows:

	2018	2017
	Directors and key management	Directors and key management
	$'000	$'000
Resale agreements	63	72
Other receivables	273	217
Repurchase agreements	-	176

Other amounts with related parties are disclosed in note 14.

(f) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Proven Wealth Limited				
Interest income	-	-	139	148
MPS Holding Limited				
Dividends paid	976	2,184	976	2,184
Proven Management Limited				
Management fees	1,690	1,363	1,690	1,363

30. Earnings per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent, of $5,682,000 (2017: $8,850,000), by the weighted average number of ordinary stock units in issue during the year, numbering 601,881,624 (2017: 551,595,777).

31. Distribution to equity holders

	Group and Company	
	2018	2017
	$'000	$'000
Distribution to ordinary shareholders		
per stock unit - parent at 1.1¢ (2017: 0.8¢)	6,383	4,360
- non-controlling interest at 0.7¢ (2017: 0.5¢)	1,364	705
	7,747	5,065

32. Lease commitments

At the reporting date, there were operating lease rental commitments payable as follows:

	Group	
	2018	2017
	$'000	$'000
Within one year	494	386
Subsequent years	355	516
	849	902

33. Segmental financial information

	Group					
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Eliminations $'000	Group $'000
	2018					
Gross revenue	27,118	8,074	14,225	3,123	-	52,540
Inter-segment revenue	(5,383)	(1,895)	(952)	(13)	-	(8,243)
Revenue from external customers	21,735	6,179	13,273	3,110	-	44,297
Segment results	10,428	3,977	6,259	(61)	(8,014)	12,589
Preference share dividend	-	-	-	-	-	(976)
Gain on acquisition of subsidiary	-	-	-	-	-	48
Profit before income tax						11,661
Taxation						(2,154)
Profit for the year						9,507
Total segment assets	329,194	262,963	28,079	20,205	(63,526)	576,915
Total segment liabilities	222,307	243,440	9,697	20,053	(25,934)	469,563
Interest income	13,351	4,572	11,536	77	(1,046)	28,490
Interest expense	(7,741)	(179)	(830)	(395)	1,046	(8,099)
Depreciation and amortisation	538	634	487	-	-	1,659
Capital commitments	-	-	-	-	-	-

33. Segmental financial information (continued)

	Group					
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Eliminations $'000	Group $'000
	2017					
Gross revenue	24,118	476	11,904	684	-	37,182
Inter-segment revenue	(1,298)	-	(1,098)	(318)	-	(2,714)
Revenue from external customers	22,820	476	10,806	366	-	34,468
Segment results	2,492	336	5,901	(251)	(1,905)	6,573
Preference share dividend	-	-	-	-	-	(2,184)
Gain on acquisition on subsidiary	-	-	-	-	-	8,030
Profit before income tax						12,419
Taxation						(697)
Profit for the year						11,722
Total segment assets	355,487	292,052	25,159	8,859	(48,227)	633,330
Total segment liabilities	263,111	272,566	10,848	8,613	(11,665)	543,473
Interest income	14,539	181	9,960	-	(531)	24,149
Interest expense	(9,211)	(8)	(879)	(79)	531	(9,646)
Depreciation and amortisation	792	22	529	-	-	1,343
Capital commitments	-	-	-	-	-	-

34. Financial instruments - risk management

(a) Introduction and overview:

By their nature, the Group's activities are principally related to the use of financial instruments. The Group's activities therefore expose it to a variety of financial risks: credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and price risk. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees for managing and monitoring risks, as follows:

(i) Investment Management Committee
(ii) Audit Committee

The Investment Management Committee oversees management's compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group accepts investments from customers at both fixed and floating rates and for various periods and seeks to earn above-average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and investing for longer periods at higher rates while maintaining sufficient liquidity to meet claims as they fall due.

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in bond prices and in foreign exchange and interest rates. To manage the associated risks, trading limits are placed on the level of exposure that can be taken.

(b) Credit risk:

Credit risk is the risk of default by an obligor. This risk is managed primarily by reviews of the financial status of each obligor. The primary concentration of the Group's credit risks relates to investments in government securities. With the exception of investments in government securities and government-backed securities, there are no significant concentrations of credit risk.

(i) Maximum exposure to credit risk:

The maximum credit exposure, the total amount of loss the Group would suffer if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets exposed to credit risk.

34. Financial instruments - risk management (continued)

(b) Credit risk (continued):

(i) Maximum exposure to credit risk (continued):

The Group manages its credit risk exposure as follows:

- Cash and cash equivalents

  These are held with reputable, regulated financial institutions. Collateral is not required for such accounts, as management regards the institutions as strong.

- Resale agreements

  Collateral is held for resale agreements in amounts that secure the collection of both principal and interest.

- Investment securities

  The Group manages the level of risk it undertakes by investing substantially in sovereign debts and companies with acceptable credit ratings.

- Accounts receivable

  Exposure to credit risk is managed by regular analysis of the ability of the customers and other counterparties to meet repayment obligations.

- Loans receivable

  The Group's policy requires that proposed significant loans are approved by the Investment Committee prior to disbursement, with the Committee thereafter monitoring the performance of the credit.

(ii) Concentration of credit risk:

The Group holds significant amounts of debt securities issued by Government of Jamaica and Bank of Jamaica. There is no other significant concentration of credit risk.

(iii) Impairment:

Impairment allowance for financial assets considered impaired at the reporting date are disclosed in notes 6 and 7.

During the year, there was no change in the nature of the Group's exposure to credit risk or to the manner in which it measures and manages the risk.

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34. Financial instruments - risk management (continued)

(c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management procedures which the Group applies include maintaining sufficient cash and marketable securities, and monitoring future cash flows and liquidity on a daily basis.

(i) Liquidity risk management:

The Group's liquidity management process, as carried out within the Group and monitored by the Investment Management Committee, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;

(iii) Optimising cash returns on investment;

(iv) Monitoring liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

(v) Managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The table below presents the undiscounted cash flows payable (both interest and principal cash flows) based on contractual repayment obligations. The tables also reflect the expected maturities of the Group's liabilities at the reporting date.

	Group						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
				2018			
Liabilities							
Repurchase agreements	48,101	47,294	754	2,759	-	98,908	93,709
Notes payable	155	1,842	27,808	73,245	19,620	122,670	110,961
Other liabilities	2,330	2,229	18	3,169	979	8,725	4,220
Due to related parties	-	-	-	-	98	98	98
Due to banks	2,187	-	-	-	-	2,187	2,187
Due to customers	227,042	695	7,405	5,424	-	240,566	240,829
Preference shares	-	-	-	17,063	-	17,063	16,416
Total financial liabilities	279,815	52,060	35,985	101,660	20,697	490,217	468,420

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34. Financial instruments - risk management (continued)

(c) Liquidity risk:

(i) Liquidity risk management (continued):

Group

	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
				2017			
Liabilities							
Repurchase agreements	70,484	65,853	4,482	2,318	-	143,137	142,999
Notes payable	4,166	2,198	59,973	34,918	-	101,255	96,687
Other liabilities	7,393	-	555	-	4,895	12,843	12,843
Due to related parties					949	949	949
Due to banks	118	-	-	-	2,092	2,210	2,210
Due to customers	13,214	506	7,732	-	248,674	270,126	270,055
Preference shares	117	233	1,048	22,613	260	24,271	15,977
Total financial liabilities	95,492	68,790	73,790	59,849	256,870	554,791	541,720

Company

	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
				2018			
Liabilities							
Repurchase agreements	1,867	2,748	-	-	-	4,615	4,384
Due to subsidiaries	-	-	-	-	1,269	1,269	1,269
Due to related parties	-	-	-	-	98	98	98
Notes payable	-	1,806	26,800	73,245	-	101,851	101,144
Preference shares	-	-	-	16,797	-	16,797	16,416
Other liabilities	-	-	-	-	979	979	979
Total financial liabilities	1,867	4,554	26,800	90,042	2,346	125,609	124,290
				2017			
Liabilities							
Repurchase agreements	13,563	1,305	-	-	-	14,868	14,845
Due to subsidiaries	-	-	-	-	1,094	1,094	1,094
Notes payable	3,953		54,945	31,000	-	89,898	87,315
Preference shares	117	233	1,048	22,613	-	24,011	15,977
Other liabilities	-	-	-	-	2,100	2,100	2,100
Total financial liabilities	17,633	1,538	55,993	53,613	3,194	131,971	121,331

34. Financial instruments - risk management (continued)

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. These arise mainly from changes in interest rate, foreign currency rates and equity prices and will affect the Group's income or the value of its holdings of financial instruments. Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no major change to the nature of the Group's exposure to market risks or the manner in which it measures and manages the risk.

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaica dollar (JMD), Great Britain Pound (GBP), Canadian Dollar (CAD), Euro (EUR) and the Australian Dollar (AUD). The Group manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

At the reporting date, exposure to foreign currency risk was as follows:

	Group					
	2018					
	JMD	GBP	CAD	EUR	AUD	Other
	$'000	£'000	$'000	€'000	$'000	$'000
Assets						
Cash and cash equivalents	432,826	8,180	3,503	4,332	2,419	2,467
Resale agreements	2,180,925	-	-	-	-	-
Investment securities	4,892,588	6,563	-	20,170	1,455	155
Loans receivable	3,053,443	-	3,852	-	-	-
Other	625,487	82	-	-	-	260
	11,185,269	14,825	7,355	24,502	3,874	2,882
Liabilities						
Repurchase agreements	3,945,402	26	-	-	-	-
Notes payable	2,998,813	-	-	-	-	-
Preference shares	2,130,800	-	-	-	-	-
Deposits from other banks	-	2	-	-	-	-
Due to customers	-	14,685	7,135	24,389	3,859	4,105
Other	445,526	-	-	-	-	165
Net position	9,520,541	14,713	7,135	24,389	3,859	4,270
	1,664,728	112	220	113	15	(1,388)

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34. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

	Group					
	2017					
	JMD	GBP	CAD	EUR	AUD	Other
	$'000	£'000	$'000	€'000	$'000	$'000
Assets						
Cash and cash equivalents	261,793	13,490	9,151	11,712	20,562	20,137
Resale agreements	4,042,420	-	-	-	-	
Investment securities	10,586,704	5,738		11,650	152	1,305
Loans receivable	353,604	-	-	-	-	-
Other	2,094,834	71	-	-	75	-
	17,339,355	19,299	9,151	23,362	20,789	21,442
Liabilities						
Repurchase agreements	5,925,233	-	-	-	-	-
Notes payable	1,168,705	-	-	-	-	-
Preference shares	2,131,428	-	-	-	-	-
Deposits from other banks	-	2	-	-	-	-
Due to customers	-	18,951	8,990	22,927	21,163	21,410
Other	1,007,422	117	1	4	86	-
	10,232,788	19,070	8,991	22,931	21,249	21,410
Net position	7,106,567	229	160	431	(460)	32

	Company	
	2018	2017
	JMD	JMD
	$'000	$'000
Assets		
Cash and cash equivalents	18,720	43,741
Resale agreements	-	-
Loans receivable	32,159	1,424,193
Investment securities	2,721,111	2,131
Due from related party	-	12,862
Other	12,118	-
	2,784,108	1,482,927
Liabilities		
Owed to related parties	-	43,235
Notes payable	2,034,071	1,168,737
Preference shares	2,097,967	2,098,095
Repurchase agreement	342,140	-
Other	32,250	-
	4,506,428	3,310,067
Net position	(1,722,320)	(1,827,140)

34. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements:

The following indicates the sensitivity to changes in foreign currency exchange rates of the Group's profit and shareholders' equity. It is computed by applying a reasonably possible change in exchange rates to foreign currency denominated monetary assets and liabilities as assessed by management at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

		2018			
		Group		Company	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	Effect on profit $'000	Effect on comprehensive income $'000
Currency:					
JMD	2% Revaluation	271	-	(280)	-
GBP	2% Revaluation	2	-	-	-
CAD	2% Revaluation	6	-	-	-
AUD	2% Revaluation	-	-	-	-
EUR	2% Revaluation	2	-	-	-

		2017			
		Group		Company	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	Effect on profit $'000	Effect on comprehensive income $'000
Currency:					
JMD	1% Revaluation	560	-	(144)	-
GBP	1% Revaluation	2	-	-	-
CAD	1% Revaluation	2	-	-	-
AUD	1% Revaluation	-	-	-	-
EUR	1% Revaluation	4	-	-	-

		2018			
		Group		Company	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	Effect on profit $'000	Effect on comprehensive income $'000
Currency:					
JMD	4% Devaluation	(511)	-	529	-
GBP	4% Devaluation	(3)	-	-	-
CAD	4% Devaluation	(11)	-	-	-
AUD	4% Devaluation	(1)	-	-	-
EUR	4% Devaluation	(4)	-	-	-

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34. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

		2017			
		Group		Company	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	Effect on profit $'000	Effect on comprehensive income $'000
JMD	6% Devaluation	(3,137)	-	806	-
GBP	6% Devaluation	(15)	-	-	-
CAD	6% Devaluation	(12)	-	-	-
AUD	6% Devaluation	-	-	-	-
EUR	6% Devaluation	(23)	-	-	-

(ii) 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. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

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

The Group's interest rate risk management policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-earning financial assets and interest-bearing financial liabilities. The Investment Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by management and reported monthly to the Committee.

The table below summarises exposure to interest rate risk. Included in the tables are the carrying amounts of financial assets and financial liabilities, categorised by the earlier of contractual repricing and maturity dates.

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34. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk:

	Group						
	2018						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	55,902	14,200	-	-	-	19,261	89,363
Resale agreements	3,168	21,205	-	-	-	-	24,373
Investment securities	27,211	6,037	42,528	137,082	131,492	24,735	369,085
Loans receivable	24,605	4,088	29	11,504	3,677	-	43,903
Other assets	1,259	1,130	21	1,136	-	6,804	10,350
Total assets	112,145	46,660	42,578	149,722	135,169	50,800	537,074
Liabilities							
Repurchase agreements	43,651	45,680	1,606	2,772	-	-	93,709
Owed to related parties	-	-	-	-	-	98	98
Notes payable	72	1,806	68,367	38,669	-	2,047	110,961
Other liabilities	1,546	111	-	-	-	2,563	4,220
Deposits from other banks	118	-	-	-	-	2,069	2,187
Due to customers	14,024	695	7,387	5,070	-	213,653	240,829
Preference shares	-	-	-	-	-	16,416	16,416
Total liabilities	59,411	48,292	77,360	46,511	-	236,846	468,420
Interest rate sensitivity gap	52,734	(1,632)	(34,782)	103,211	135,169	(186,046)	68,654
Cumulative interest rate sensitivity gap	52,734	51,102	16,320	119,531	254,700	68,654	-

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34. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	Group						
	2017						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets:							
Cash and cash equivalents	-	-	-	-	-	151,314	151,314
Resale agreements	6,400	32,098	-	-	-	-	38,498
Investment securities	626	3,004	55,693	111,686	149,508	41,742	362,259
Loans receivable	5,165	998	15,413	17,408	289	148	39,421
Other assets	-	-	5	376	65	11,125	11,571
Total assets	12,191	36,100	71,111	129,470	149,862	204,329	603,063
Liabilities							
Repurchase agreements	68,683	65,329	4,513	4,474	-	-	142,999
Notes payable	5,811	-	57,773	31,279	-	1,824	96,687
Other liabilities	-	-	-	-	-	12,843	12,843
Due to banks	118	-	-	-	-	2,092	2,210
Customer deposits	13,209	506	7,665	-	-	248,675	270,055
Owed to related parties	-	-	-	-	-	949	949
Preference shares	-	-	-	15,977	-	-	15,977
Total liabilities	87,821	65,835	69,951	51,730	-	266,383	541,720
Interest rate sensitivity gap	(75,630)	(29,735)	1,160	77,740	149,862	(62,054)	61,343
Cumulative interest rate sensitivity gap	(75,630)	(105,365)	(104,205)	(26,465)	123,397	61,343	

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	Company						
	2018						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets:							
Cash and bank	-	-	-	-	-	261	261
Resale agreements	-	5,500	-	-	-	-	5,500
Investment securities	21,651	449	10,426	28,133	42,580	14,248	117,487
Loans receivable	270	1,150	8,426	11,505	3,679	-	25,030
Other assets	-	-	-	-	-	2,326	2,326
Due from subsidiaries	-	-	-	-	-	47	47
Total assets	21,921	7,099	18,852	39,638	46,259	16,882	150,651
Liabilities:							
Repurchase agreements	1,654	2,730	-	-	-	-	4,384
Notes payable	-	1,806	26,801	30,971	-	41,566	101,144
Other liabilities	-	-	-	-	-	979	979
Due to related subsidiaries	-	-	-	-	-	1,269	1,269
Due to related parties	-	-	-	-	-	98	98
Preference shares	-	-	-	-	-	16,416	16,416
Total liabilities	1,654	4,536	26,801	30,971	-	60,328	124,290
Total interest rate sensitivity gap	20,267	2,563	(7,949)	8,667	46,259	(43,446)	26,361
Cumulative interest rate sensitivity gap	20,267	22,830	14,881	23,548	69,807	26,361	

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Notes to the Financial Statements (Continued)
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34. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	Company						
	2017						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets							
Cash and bank	-	-	-	-	-	320	320
Investment securities	-	-	12,045	9,238	69,172	21,607	112,062
Loans receivable		-	10,291	8,308	289	-	18,888
Other assets	-	-	-	-	-	2,262	2,262
Owed by related parties	-	-	-	-	-	231	231
Total assets	-	-	22,336	17,546	69,461	24,420	133,763
Liabilities							
Repurchase agreements	13,545	1,300	-	-	-	-	14,845
Notes payable	3,952	-	53,980	29,383		-	87,315
Other liabilities	-	-	-	-	-	2,100	2,100
Owed to related subsidiaries	-	-	-	-	-	737	737
Owed to related parties	-	-	-	-	-	1,094	1,094
Preference shares	-	-	-	15,977	-	-	15,977
Total liabilities	17,497	1,300	53,980	45,360	-	3,931	122,068
Total interest rate sensitivity gap	(17,497)	(1,300)	(31,644)	(27,814)	69,461	20,489	11,695
Cumulative interest rate sensitivity gap	(17,497)	(18,797)	(50,441)	(78,255)	(8,794)	11,695	

The table below summarises the effective interest rate by major currencies for financial instruments at the reporting date.

	Group 2018		Group 2017	
	JMD %	USD %	JMD %	USD %
Assets				
Resale agreements	3.29	2.01	3.06	1.8
Investment securities	3.75	6.65	7.51	5.18
Loans receivable	6.60	2.96	6.62	4.83
Liabilities				
Repurchase agreements	2.82	1.07	3.16	1.00
Notes payable	3.00	6.00	5.84	2.88
Preference shares	8.25	-	8.50	-

	Company 2018		Company 2017	
	JMD %	USD %	JMD %	USD %
Assets				
Resale agreements	-	2.45	-	-
Investment securities	3.20	5.53	-	5.87
Loans receivable	3.34	2.96	7.63	4.83
Liabilities				
Repurchase agreements	3.50	1.50	-	3.75
Preference shares	8.25	-	8.50	-

34. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

Sensitivity to interest rate movements

The following table indicates the sensitivity to interest rate movements at the reporting date, on the Group's profit or loss and shareholders' equity. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group	
	2018	2017
J$ interest rates	Increase by 100 bps Decrease by 100 bps	Increase by 250 bps Decrease by 100 bps
US$ interest rates	Increase by 50 bps Decrease by 50 bps	Increase by 100 bps Decrease by 50 bps

	2018		2017	
	Effect on profit $'000	Effect on equity $'000	Effect on profit $'000	Effect on equity $'000
Direction of change in basis points:				
Increase in interest rates	835	3,430	(1,344)	2,432
Decrease in interest rates	(419)	3,416	716	(1,347)

	Company	
	2018	2017
J$ interest rates	Increase by 100 bps Decrease by 100 bps	Increase by 250 bps Decrease by 100 bps
US$ interest rates	Increase by 50 bps Decrease by 50 bps	Increase by 100 bps Decrease by 50 bps

	Effect on profit $'000	Effect on equity $'000	Effect on profit $'000	Effect on equity $'000
Direction of change in basis points:				
Increase in interest rates	101	653	(278)	885
Decrease in interest rates	(101)	(653)	2	(443)

34. Financial instruments - risk management (continued)

(d) Market risk (continued):

(iii) Price risk:

Sensitivity to equity price movements

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of $3,040,000 (2017: $3,877,000) for the Group and $708,000 (2017: $1,406,000) for the Company.

A 15% (2017: 10%) increase in stock prices at March 31, 2018 would have increased other comprehensive income by $456,000 (2017: $387,700) for the Group and $106,200 (2017: $140,600) for the Company; an equal change in the opposite direction would have decreased profit by an equal amount.

(e) Capital management:

The Group's objectives when managing capital, as it applies to the regulated subsidiaries, are as follows:

(i) To comply with the capital requirements set by the Financial Services Commission ("the Commission") in Jamaica and Financial Services Regulatory Authority ('the Authority) in St. Lucia.

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on the guidelines developed by the Commission and the Authority. The required information is filed with the Commission on a monthly basis and with the Authority on a quarterly basis.

The Commission requires each securities dealer to:

(i) Hold the level of the regulatory capital at no less than 50% of Tier 1 Capital; and

(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets at or above 10%.

34. Financial instruments - risk management (continued)

(e) Capital management (continued):

The Jamaican subsidiary's regulatory capital is managed by its compliance officer and is divided into two tiers:

(i) Tier 1 capital: issued and fully paid-up capital in the form of ordinary shares, retained earnings and reserves; and

(ii) Tier 2 capital: redeemable cumulative preference shares.

The risk-weighted assets are measured by means of stipulated weights applied to the risk-based assets and other risk exposures as determined by the Commission.

St. Lucia regulator requires each bank or the banking group to:

(i) hold the minimum level of the regulatory capital of $1,000,000, and

(ii) maintain a ratio of total regulatory capital to the risk-weighted asset (the "Basel capital ratio') at or above the prescribed regulatory minimum and maintain a ratio of total regulatory Tier 1 capital to the risk-weighted asset (the' Basel capital adequacy ratio') at or above the prescribe regulatory minimum.

Regulatory capital for the St. Lucia subsidiary, as managed by its Treasury, is divided into two tiers:

- Tier 1 capital: share capital (net of any book value of treasury shares), minority interests arising on consolidation from interest on permanent equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and

- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

Investments in associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of - and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

34. Financial instruments - risk management (continued)

(e) Capital management (continued):

The table below summarises the composition of regulatory capital and the ratios of the Company's subsidiaries that are regulated by the Commission and Authority. These ratios were in compliance with the requirements of the Commission and Authority throughout the year under review:

	Proven Wealth Limited		Proven Fund Managers Limited		BOSLIL	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Tier 1 capital:						
Ordinary shares	532	779	7,444	8,396	5,521	5,000
Retained earnings and reserves	19,604	20,623	(3,930)	(4,651)	15,919	13,472
Total qualifying tier 1 capital	20,136	21,402	3,514	3,745	21,440	18,472
Tier 2 capital:						
Unrealised loss	-	-		-	(1,918)	1,014
Redeemable preference shares, Being Total qualifying tier 2 capital	266	390	-	-	-	-
Total regulatory capital	20,402	21,792	3,514	3,745	19,522	19,486
Total risk-weighted assets	97,103	127,840	1,868	2,031	159,793	148,715

The Commission and the Authority requires the subsidiaries to maintain certain specific ratios, as follows:

	Proven Wealth Limited		Proven Fund Managers Limited		BOSLIL	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
(i) Tier 1 capital to total regulatory capital:						
Minimum required	50.00%	50.00%	50.00%	50.00%		
Actual	99.00%	99.00%	100.00%	100.00%		
(ii) Regulatory capital to total assets:						
Minimum required	6.00%	6.00%	6.00%	6.00%		
Actual	17.00%	12%	92.25%	86.63%		
(iii) Regulatory capital to risk-weighted assets:						
Minimum required	10.00%	10.00%	10.00%	10.00		
Actual	21.01%	16.12%	186.27%	140.83%		
(iv) Basel capital ratio:						
Minimum required					4%	4%
Actual					12.22%	12.14%
(v) Basel capital adequacy ratio:						
Minimum required					8%	8%
Actual					13.42%	13.10%

35. Financial instruments – fair values

(a) Definition and measurement of fair values

The Group's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities. 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.

When measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of available input data; the Group uses observable data as far as possible.

Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data.

35. Financial instruments – fair values (continued)

(b) Valuation techniques for investment securities classified as Level 2

Type	Valuation techniques
Foreign currency forward contracts	• Obtain last traded price of the forward on the date of valuation, provided by the recognised broker/dealer through which the forward contract is obtained. • Apply price to estimate fair value.
Government of Jamaica securities:	
US$ denominated Securities	• Obtain bid price provided by a recognised independent source, namely, Bloomberg. • Apply price to estimate fair value.
J$ Denominated Securities	• Obtain bid price provided by a recognised source (which uses Jamaica-market source indicative bids). • Apply price to estimate fair value.
Global bonds	• Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Mutual funds	• Obtain prices quoted by unit trust managers. • Apply price to estimate fair value.
Corporate bonds	• Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Credit-linked notes	• Obtain price based on the quoted price of the underlying credit default swap which is derived from Bloomberg on the valuation date, plus the valuation of the underlying note. • Apply price to estimate fair value.

35. Financial instruments – fair values (continued)

(c) Accounting classifications and fair values:

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities are not measured at fair value, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

	Group					
	2018					
	Carrying amount			Fair value		
	Available for sale	Fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value						
Quoted equities	5,547	64	5,611	5,611	-	5,611
Credit linked notes	-	1,998	1,998	-	1,998	1,998
Global bonds	210,510	-	210,510	-	210,510	210,510
Government of Jamaica securities	31,757	-	31,757	-	31,757	31,757
Corporate bonds	72,520	-	72,520	-	72,520	72,520
Mutual funds	10,977	-	10,977	-	10,977	10,977
Certificate deposits	21,381	-	21,381	-	21,381	21,381
Commercial papers	1,043	-	1,043	-	1,043	1,043
	353,735	2,062	355,797	5,611	350,186	355,797

	2017					
	Carrying amount			Fair value		
	Available for sale	Fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value						
Quoted equities	3,779	98	3,877	3,877	-	3,877
Global bonds	152,421	-	152,421	-	152,421	152,421
Government of Jamaica securities	63,725	-	63,725	-	63,725	63,725
Corporate bonds	53,072	-	53,072	-	53,072	53,072
Mutual funds	38,869	-	38,869	-	38,869	38,869
Credit linked notes	11,551	1,941	13,492	-	13,492	13,492
Certificate deposits	4,523	-	4,523	-	4,523	4,523
Commercial papers	150	-	150	-	150	150
Foreign currency forward	-	70	70	-	70	70
	328,090	2,109	330,199	3,877	326,322	330,199

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Notes to the Financial Statements (Continued)
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35. Financial instruments – fair values (continued)

(c) Accounting classifications and fair values (continued):

Company

2018

	Carrying amount			Fair value		
	Available for sale $'000	Fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value						
Quoted equities	3,279	-	3,279	3,279	-	3,279
Credit linked notes	-	1,998	1,998	-	1,998	1,998
Global bonds	20,948	-	20,948	-	20,948	20,948
Corporate bonds	58,904	-	58,904	-	58,904	58,904
Mutual funds	10,977	-	10,977	-	10,977	10,977
Certificate of deposits	21,381	-	21,381	-	21,381	21,381
	115,489	1,998	117,487	3,279	114,208	117,487

2017

	Carrying amount			Fair value		
	Available for sale $'000	Fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value						
Quoted equities	1,406	-	1,406	1,406	-	1,406
Credit linked notes	11,551	1,941	13,492	-	13,492	13,492
Global bonds	24,511	-	24,511	-	24,511	24,511
Corporate bonds	51,270	-	51,270	-	51,270	51,270
Mutual funds	21,313	-	21,313	-	21,313	21,313
Foreign currency forward	-	70	70	-	70	70
	110,051	2,011	112,062	1,406	110,656	112,062

36. Prior year adjustments

During 2018, the Group determined that the allowance for impairment of loans receivable was not considered in the deferred tax calculation for a subsidiary. As a consequence, deferred tax expense had been overstated and the deferred tax asset understated.

The errors have been corrected by restating the financial statements line for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements:

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
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36. Prior year adjustments (continued)

(i) **Effect on consolidated statement of financial position**

	2016		
	As previously reported $'000	Adjustments $'000	As restated $'000
Deferred tax asset	440	657	1,097
Other assets	347,946	-	347,946
Total assets	348,386	657	349,043
Total liabilities	276,075	-	276,075
Retained earnings	9,400	327	9,727
Non-controlling interest	12,662	330	12,992
Other equity	50,249	-	50,249
Total equity	72,311	657	72,968
Total liabilities and equity	348,386	657	349,043

	2017		
	As previously reported $'000	Adjustments $'000	As restated $'000
Deferred tax asset	796	917	1,713
Other assets	631,617	-	631,617
Total assets	632,413	917	633,330
Total liabilities	543,473	-	543,473
Retained earnings	13,693	456	14,149
Non-controlling interest	17,860	461	18,321
Other equity	57,387	-	57,387
Total equity	88,940	917	89,857
Total liabilities and equity	632,413	917	633,330

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
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36. Restatement note for the comparative financial statement (continued)

(ii) **Effect on consolidated statement of profit or loss and other comprehensive income**

	As previously reported 2017 $'000	Adjustments 2017 $'000	As restated 2017 $'000
Profit before tax	12,419	-	12,419
Income tax charge	(957)	260	(697)
Profit for the year	11,462	260	11,722
Total comprehensive income	18,600	260	18,860

(iii) There was no material impact on the Group's earnings per share and no impact on the total operating, investing or financing cash flows for the year ended March 31, 2017.

37. Subsequent events

(a) A dividend payment of US$0.0012 per share was declared at the Board Meeting of Proven Investments Limited, which was held on May 25, 2018. Ordinary shareholders who have requested payment in Jamaica dollars will receive the equivalent of J$0.15174 per share. This dividend payment will be made to all ordinary shareholders on record on June 8, 2018 and will be paid on June 26, 2018.

A dividend payment of J$0.103125 was also declared for preference shareholders with a record date of June 8, 2018 and a payment date of June 15, 2018.

Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.

(b) Under the terms of a sale and purchase agreement dated December 21, 2017, the Group agreed to acquire 100% of the common shares of a licensed securities dealer with offices in the Cayman Islands and thoroughout the Caribbean. The offer is subject to regulatory approval in the various jurisdictions.