Eppley Limited

Consolidated Financial Statements
31 December 2018

Eppley Limited
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31 December 2018

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Independent auditor's report

To the Members of Eppley Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Eppley Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2018, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Eppley Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2018;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the consolidated and stand-alone financial statements, which include significant accounting policies.

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 *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott, B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In addition to auditing the components in Jamaica, our audit was planned and executed having regard to the fact that the subsidiary established in 2017 in Barbados operated for the entire period in 2018. The subsidiary in Barbados has a non coterminous year end to the Group and was audited by a non-PwC firm. The group audit team determined the level of involvement it needed to have in the audit work at the component level to be able to conclude whether sufficient appropriate audit evidence had been obtained, to support our opinion on the financial statements as a whole. Full scope audits were performed for all components located in Jamaica. For the Barbados component, the Group team obtained and reviewed the audited financial statements issued prior to year end and performed additional audit procedures on specific account balances as at 31 December 2018 and for the year then ended.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters, as it pertains to the consolidated and stand-alone financial statements, in our report.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone financial statements

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated and stand-alone financial statements.

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 consolidated and stand-alone 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 and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or 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 auditor's report to the related disclosures in the consolidated and stand-alone 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 auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone 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 to 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 consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.

PricewaterhouseCoopers

Chartered Accountants
31 March 2019
Kingston, Jamaica

Eppley Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Net Investment Income			
Interest income		319,186	261,407
Interest expense		(170,154)	(158,394)
Net Interest Income		149,032	103,013
Other operating income	8	93,930	36,892
Administrative expenses	9	(137,939)	(87,895)
Net impairment losses of financial and contract assets	4 (a)	(922)	-
Share of net profit from joint venture accounted for using the equity method	19	17,158	16,131
Profit Before Taxation		121,259	68,141
Taxation	11	(776)	1,082
Net Profit		120,483	69,223
Other comprehensive income:			
Items that will not be reclassified			
Exchange differences on translation of foreign operations		(723)	-
Other comprehensive income for the period, net of taxes		(723)	-
Total comprehensive income for the period		119,760	69,223
Earnings per Share	12	$0.63	$0.36

Eppley Limited

Consolidated Statement of Financial Position

31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Assets			
Cash and deposits	13	263,315	315,300
Taxation recoverable		10,089	8,967
Other receivables	14	127,949	72,193
Insurance premium financing receivables	15	323,282	324,076
Loans receivable	16	1,470,267	1,142,384
Lease receivables	17	580,508	382,318
Investment securities	18	-	80,344
Financial assets at fair value through profit or loss	18	363,763	-
Investment in joint ventures	19	126,884	109,725
Deferred tax assets	22	4,203	-
Property, plant and equipment	20	15,746	10,485
Total assets		3,286,006	2,445,792
Liabilities			
Due to related parties	23	1,653	1,653
Taxation payable		5,766	-
Deferred tax liabilities	22	146	146
Borrowings	24	2,343,523	1,692,727
Other liabilities	25	160,034	42,932
Total liabilities		2,511,122	1,737,458
Share capital	26	492,343	492,343
Other reserves	27	(723)	-
Retained earnings		283,264	215,991
Total shareholders' equity		774,884	708,334
Total Liabilities and Equity		3,286,006	2,445,792

Approved for issue by the Board of Directors on 29 March 2019 and signed on its behalf by:

Paul B. Scott Chairman	Nicholas Scott Managing Director

Eppley Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2017		492,343	-	218,289	710,632
Net profit, being Total comprehensive income for the year		-	-	69,223	69,223
Transactions with owners -					
Dividends	28	-	-	(71,521)	(71,521)
Balance at 31 December 2017 as originally presented		492,343	-	215,991	708,334
Effect of adopting new standards		-	-	(127)	(127)
Restated balance at 1 January 2018		492,343	-	215,864	708,207
Net profit		-	-	120,483	120,483
Other comprehensive income for the year		-	(723)	-	(723)
Total comprehensive income for 2018		-	(723)	120,483	119,760
Transactions with owners -					
Dividends	28	-	-	(53,083)	(53,083)
Balance at 31 December 2018		492,343	(723)	283,264	774,884

Eppley Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Net profit		120,483	69,223
Adjustments for:			
Depreciation	20	8,848	6,149
Interest income		(319,616)	(261,373)
Interest expense		170,154	158,394
Unrealised gains on investment securities		(12,858)	(1,497)
Expected credit loss		922	-
Gain on disposal of property, plant and equipment		(3,918)	-
Exchange gains on foreign currency denominated balances		(64)	(6,225)
Share of profits from joint venture	19	(17,158)	(16,131)
Taxation	11	(776)	(1,082)
		(53,983)	(52,542)
Changes in non-cash working capital components:			
Other receivables		(55,756)	(6,532)
Insurance premium financing receivables		(269)	(19,125)
Loans receivable		(327,865)	(235,406)
Lease receivables		(198,194)	9,712
Interest received		319,616	261,144
Other liabilities		117,102	6,644
		(199,349)	(36,105)
Taxation withheld at source		(1,122)	(2,934)
Interest paid		(148,018)	(158,226)
Net cash used in operating activities		(348,489)	(197,265)
Cash Flows from Investing Activities			
Term deposits with maturity periods in excess of 90 days		-	(5,325)
Acquisition of investment securities		(270,033)	(94,709)
Investment in joint venture	19	-	(12)
Proceeds from sale of investment securities		77,894	143,705
Proceeds from sale of property, plant and equipment		5,662	-
Additions to property, plant and equipment	20	(14,644)	(228)
Net cash (used in)/provided by investing activities		(201,121)	43,431
Cash Flows from Financing Activities			
Dividends paid	28	(53,083)	(71,521)
Loans received		2,012,047	405,827
Loans repaid		(1,385,031)	(36,377)
Net cash provided by financing activities		573,933	297,929
Increase in net cash balances		24,323	144,095
Effects of foreign exchange rates changes on cash and cash equivalents		1,586	(1,595)
Cash and cash equivalents at beginning of year		209,063	66,563
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	234,972	209,063

Eppley Limited

Company Statement of Comprehensive Income

Year ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Net Investment Income			
Interest income		334,451	261,377
Interest expense		(170,154)	(158,394)
Net Interest Income		164,297	102,983
Other operating income	8	65,043	37,071
Net impairment losses of financial assets	4 (a)	(922)	-
Administrative expenses	9	(114,977)	(86,999)
Share of net (loss)/profit from joint venture accounted for using the equity method	19	(1,281)	16,131
Profit Before Taxation		112,160	69,186
Taxation	11	-	1,082
Net Profit, Being Total Comprehensive Income For The Year		112,160	70,268

Eppley Limited

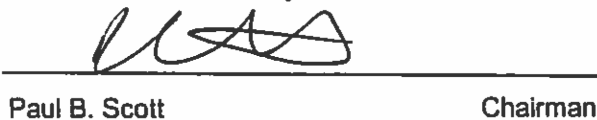
Company Statement of Financial Position

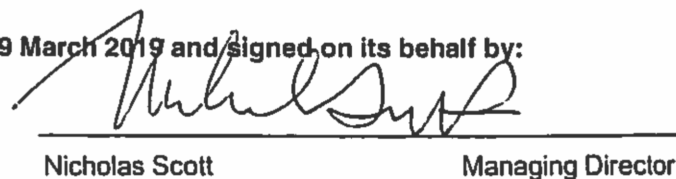
31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Assets			
Cash and deposits	13	245,642	315,300
Taxation recoverable		10,089	8,967
Other receivables	14	121,759	71,949
Insurance premium financing receivables	15	323,282	314,102
Loans receivable	16	1,089,090	847,343
Lease receivables	17	541,553	314,184
Due from related party	22	690,401	380,521
Investment securities	18	-	80,344
Financial assets at fair value through profit or loss	18	167,176	-
Investment in joint venture	19	13	109,725
Investment in subsidiaries	21	63,146	-
Property, plant and equipment	20	14,550	10,485
Total assets		3,266,701	2,452,920
Liabilities			
Due to related parties	23	88,992	8,632
Deferred taxation	22	146	146
Borrowings	24	2,343,523	1,692,727
Other liabilities	25	65,711	42,036
Total liabilities		2,498,372	1,743,541
Shareholders' Equity			
Share capital	26	492,343	492,343
Retained earnings		275,986	217,036
Total shareholders' equity		768,329	709,379
Total Liabilities and Equity		3,266,701	2,452,920

Approved for issue by the Board of Directors on 29 March 2019 and signed on its behalf by:





Paul B. Scott Chairman

Nicholas Scott Managing Director

Eppley Limited

Company Statement of Changes in Equity

Year ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2017		492,343	218,289	710,632
Net profit, being Total comprehensive income for the year		-	70,268	70,268
Transactions with owners -				
Dividends	28	-	(71,521)	(71,521)
Balance at 31 December 2017 as originally presented		492,343	217,036	709,379
Effect of adopting new standards		-	(127)	(127)
Restated balance at 1 January 2018		492,343	216,909	709,252
Net profit, being Total comprehensive income for the year		-	112,160	112,160
Transactions with owners -				
Dividends	28	-	(53,083)	(53,083)
Balance at 31 December 2018		492,343	275,986	768,329

Eppley Limited

Company Statement of Cash Flows

Year ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Net profit		112,160	70,268
Adjustments for:			
Depreciation	20	8,283	6,149
Interest income		(334,451)	(261,411)
Interest expense		170,154	158,394
Unrealised gains on investment securities		(12,858)	(1,497)
Gain on disposal of property, plant and equipment		(3,918)	-
Net impairment losses of financial assets		922	-
Exchange gains on foreign currency denominated balances		(468)	(6,224)
Share of profits from joint venture	19	1,281	(16,131)
Taxation	11	-	(1,082)
		(58,895)	(51,534)
Changes in non-cash working capital components:			
Other receivables		(49,810)	(6,288)
Due from related party		(309,881)	(380,521)
Insurance premium financing receivables		(10,228)	(9,151)
Loans receivable		(241,748)	59,636
Lease receivables		(227,371)	77,846
Interest received		334,451	261,181
Due to related party		80,360	6,979
Other liabilities		23,675	5,747
		(459,447)	(36,105)
Taxation withheld at source		(1,122)	(2,934)
Interest paid		(148,018)	(158,226)
Net cash used in operating activities		(608,587)	(197,265)
Cash Flows from Investing Activities			
Term deposits with maturity periods in excess of 90 days		77,894	(5,325)
Acquisition of investment securities		(73,446)	(94,709)
Acquisition of investment in joint venture	19	-	(12)
Acquisition of investment in subsidiaries		(63,145)	-
Proceeds from sale of investment securities	19	108,431	143,705
Proceeds from sale of property, plant and equipment		4,453	-
Additions to property, plant and equipment	20	(12,883)	(228)
Net cash provided by investing activities		41,304	43,431
Cash Flows from Financing Activities			
Dividends paid	28	(53,083)	(71,521)
Loans received		2,012,047	405,827
Loans repaid		(1,385,031)	(36,377)
Net cash provided by financing activities		573,933	297,929
Increase in net cash balances		6,650	144,095
Effects of foreign exchange rates changes on cash and cash equivalents		1,586	(1,595)
Cash and cash equivalents at beginning of year		209,063	66,563
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	217,299	209,063

1. Identification and Activities

Eppley Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. During the year, the company graduated from the Junior Market of the Jamaica Stock Exchange and listed on the Main Market on the Jamaica Stock Exchange. The registered office of the company is located at 58 Half Way Tree Road, Kingston 10.

The principal activity of the company is investing in credit products including insurance premium, loan and lease financing.

The company has two (2) wholly owned subsidiaries Paynter (Jamaica) Limited and Eppley Fund Managers Limited which offer credit products and management services. The company's subsidiaries together with the company are referred to as "the Group".

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to published standards effective in the current year

Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which is relevant to its operations.

Eppley Limited
Notes to the Financial Statements
31 December 2018
(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

- **IFRS 9, 'Financial instruments'**, (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification is made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

  The Group has performed a review of its business model based on the different portfolios of financial assets and the characteristics of these financial assets in the various entities within the group. Consequently, debt instruments whose cash flows are solely payments of principal and interest "SPPI" will be designated either at amortised cost or at fair value through profit or loss depending on the business model objectives. This did not have a significant impact on the Group's equity. The Group does not currently have any financial assets at fair value through other comprehensive income.

  There is no impact on the Group's accounting for financial liabilities, as the new requirements only impact financial liabilities that are designated at fair value through profit or loss, and the Group does not currently have any such liabilities.

  The impact of the new impairment model has also been reviewed. This analysis requires the identification of the credit risk associated with the counterparties. The counterparties are mainly corporations and individuals within the Caribbean for loans and leases and insurance premium financing receivables from customers. The Group utilised the use of a provisions matrix for the insurance premium financing reflecting past experience of losses incurred due to default as well as forward looking information in arriving at the impairment charge. As it relates to the investments, we looked at the macro economic factors of each counterparty and each individual as well as specific credit rating information for securities (where available) to aid with the impairment assessment.

  Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively as at 1 January 2018, with no restatement of comparative information for prior years. Consequently, the Group has recognised adjustments to the carrying amounts of financial assets between IAS 39 and IFRS 9 in the opening retained earnings. The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets, the details of which are outlined in Note 2(x).

Eppley Limited

Notes to the Financial Statements
31 December 2018
(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

- **IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2018) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

  The Group has reviewed the main types of commercial arrangements used with customers under the model and has concluded that the application of IFRS 15 did not have a material impact on the consolidated or standalone results or financial position based on the nature of services offered by the Group. The Group has adopted IFRS 15 'Revenue from Contracts with Customers' with a date of initial application of 1 January 2018. As a result, the Group has changed its accounting policy for revenue recognition as detailed below in note 2(d).

- **Amendments to IFRS 15, 'Revenue from contracts with customers'** (effective 1 January 2018) comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. As a result, the Group has changed its accounting policy for revenue recognition as detailed below in note 2(d).

- **IFRIC 22, 'Foreign currency transactions and advance consideration'** (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

  There was no significant impact on its financial statements arising from the adoption of the interpretation as the Group normally recognises the non-monetary asset or liability arising from the advance consideration on the date of the transaction.

- **Annual improvements 2014–2016** (effective for annual periods beginning on or after 1 January 2018) These amendments include changes from the 2014-16 cycle of the annual improvements project, that affect the following standards: IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017; and IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

The adoption of the above amendments effective 1 January 2018 did not have any significant impact on the Group's financial statements.

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not yet effective, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be relevant to its operations and management is currently assessing the impact they may have on the Group:

- **IFRS 16 'Leases'** (effective for annual periods beginning on or after 1 January 2019). This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. It replaces the guidance in IAS 17, which made a distinction in classification between leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset (finance leases) and those that do not (operating leases). For a lessee, finance leases were recognised as an asset that was depreciated over the lease term and the amount due to the lessor recognised as borrowings. While operating leases were recognised as a periodic rental payment that was treated as a current expense in the income statement.

  IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases and leases of low-value assets. For lessors, the accounting stays almost the same.

  The Group has been in the process of reviewing all of its leasing arrangements over the last year. A committee with representation from a number of functional areas and led by the Group's Finance Unit was created to oversee the implementation project. The project involves three main phases:

  - Phase 1: Impact assessment to determine the key potential areas of impact and to develop a plan to address these points throughout the project;
  - Phase 2: Conversion assessment to focus on key areas of impact identified in the first phase and quantification of the required changes to the financial statements; and scenario modelling, which includes modelling the impact of IFRS 16 on the financial statements of the Group including assessing the impact on ratios.
  - Phase 3: Embedding - This includes integration of the new accounting standard into the existing reporting structure, including modifications to processes and systems as required, staff training, converting and validating data, and drafting disclosures for the financial statements.

  The Group has substantially completed Phase 1 and Phase 2 of the project. Based on these phases of the implementation project, the main areas of impact would be immaterial to the overall value of assets and liabilities recognised in the statement of financial position as the size of the operating lease contract previously classified as operating leases under IAS 17 would not result in any significant increase in debt on the statement of financial position.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

- **IFRS 16 'Leases' (continued)**

  In addition, an interest expense on the lease liability and depreciation on the right-of-use asset will be presented in the income statement. In comparison with operating leases under IAS 17, this will change not only affect the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight line depreciation of the right-of use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term.

  The Group intends to apply the simplified transition approach that allows the measurement of the right-of-use assets at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses), rather than full retrospective application. In addition, as a practical expedient, the Group is not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are 'grandfathered'). As further provided under this approach, comparatives for 2018 will not be restated.

- **Annual improvements to IFRS 2015 - 2017 Cycle – Amendments to IAS 12 and IAS 23** (effective for annual periods beginning on or after 1 January 2019). The amendments to IAS 12 clarify that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises. The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any significant impact from future adoption of these amendments.

- **Amendments to IAS 28, 'Investments in associates and joint ventures'** (effective for annual periods beginning on or after 1 January 2019). These amendments clarify that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The Group currently applies the equity method to its associated companies.

There are no other standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a significant impact on the operations of the Group and have not been early adopted.

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2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The consolidated financial statements include the financial statements of the company and its subsidiaries as follows:

	Principal Activities	% Ownership by Group at 31 December 2018	% Ownership by Company at 31 December 2018	% Ownership by Group at 31 December 2017	% Ownership by Company at 31 December 2017
Resident in Jamaica:					
Subsidiary					
Paynter (Jamaica) Limited	Investing in credit products including insurance premium, loan and lease financing	100	100	100	100
Joint Venture					
Caribbean Mezzanine Fund I Limited	Asset and investment management	50	50	50	50
Retirement Road Holdings Limited	Property rental	50	-	50	50
Resident outside of Jamaica:					
Subsidiary					
Eppley Fund Managers Limited	Asset and investment management	100	100	100	100

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(ii) Changes in year
There was no change in the structure and composition of the Group during the period.

(c) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(d) Revenue recognition

Accounting policy applied from 1 January 2018
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service, being when the goods or service are delivered to a customer. Delivery occurs when the products or service have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products or service in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or service to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Dividend income from financial assets at FVPL and financial assets at amortised costs is included in other operating income. These are calculated using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Eppley Limited

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2. Summary of Significant Accounting Policies (Continued)

(d) Revenue (continued)

Accounting policy applied prior to 1 January 2018
Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue represents interest income earned on insurance premium, loan and lease financing and investments.

Interest income
Interest income is recognised in the statement of comprehensive income on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate and continues unwinding the discount as interest income.

Dividend
Dividend income is recognised when the right to receive payment is established.

Other income
Other income is recognised on an accrual basis.

(e) Foreign currency translation

(i) *Functional and presentation currency*
Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Jamaican dollars which is also the Group's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using 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 statement of comprehensive income.

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2. Summary of Significant Accounting Policies (Continued)

(f) Financial instruments

Financial instruments carried on the statement of financial position include insurance premium financing receivables, loans receivable, investment securities, other receivables, due from related party, cash and deposits, borrowings, due to related parties and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The fair value of the Group's financial instruments is discussed in Note 6.

(g) Insurance premium financing receivables

Insurance premium financing (IPF) receivables are non-derivative financial assets with fixed or determinable payments. They are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 25(x) for further information about the Group's accounting for trade receivables and for a description of the Group's impairment policies.

(h) Loans and leases receivable

Loans are recognised when the cash is advanced to borrowers. They are initially recorded at fair value, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

A provision for bad debts is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due will not be collected according to the original contractual terms. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for bad debt to its estimated recoverable amount, which is the present value of the expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan. See note 25(x) for further information about the Group's accounting for trade receivables and for a description of the Group's impairment policies.

(i) Cash and deposits

Cash and deposits are stated at cost. For the purposes of the cash flow statement, cash and deposits comprise balances with maturity dates of less than 90 days from the dates of acquisition including cash and bank balances and deposits held on call with banks.

(j) Investment securities

Accounting policies applied from 1 January 2018

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2. Summary of Significant Accounting Policies (Continued)

(j) Investment securities (continued)

Accounting policies applied from 1 January 2018

(i) Classification (continued)

For assets measured at fair value, gains and losses is recorded in the statement of comprehensive income. For investments in debt instruments, an evaluation was carried out to define the Group's business model and concluded these instruments will be classified as amortised costs or fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets and derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Debt instruments at amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss on derecognition is recognised directly in the statement of comprehensive income and presented in other operating income together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

- Debt instruments at fair value through profit or loss (FVPL) - Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the statement of comprehensive income and presented net in the statement of comprehensive income within other operating income in the period in which it arises.

- The Group does not hold any investments at fair value through other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

(j) Investment securities (continued)

Accounting policies applied from 1 January 2018 (continued)

(iii) Measurement (continued)

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains or losses on equity investments in the statement of comprehensive, there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in the statement of comprehensive income as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating other income in the statement of comprehensive income as applicable.

(iv) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised costs. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Application of the General Model
The Group has applied the 'general model' as required under IFRS 9 for debt instruments other than trade receivables. Under this model, the Group is required to assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost. The ECL will be recognised in the statement of comprehensive income before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

2. Summary of Significant Accounting Policies (Continued)

(j) Investment securities (continued)

Accounting policies applied from 1 January 2018 (continued)

(iv) Impairment (continued)

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

The Group uses judgement when considering the following factors that affect the determination of impairment:

Assessment of Significant Increase in Credit Risk
The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios
The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses three scenarios that are probability weighted to determine ECL.

Expected Life
When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Eppley Limited

2. Summary of Significant Accounting Policies (Continued)

(j) Investment securities (continued)

Accounting policies applied from 1 January 2018 (continued)

(iv) Impairment (continued)

Application of the Simplified Approach
For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

(v) Financial liabilities

The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. At the statement of financial position date, the following items were classified as financial liabilities: payables, due to related parties and long term liabilities.

Accounting policies applied prior to 1 January 2018
The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Groups previous accounting policy.

At 31 December 2017, investment securities are classified as fair value through profit or loss. Management determines the appropriate classification of investments at the time of purchase. Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading or designated at fair value through profit or loss at inception. Investments classified as fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed through statement of comprehensive income. Investments at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value of investments at fair value through profit or loss are presented in other operating income in arriving at statement of comprehensive income.

Impairment of financial assets
A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The Group assesses at each year end whether there is objective evidence that a financial asset is or group of financial assets are impaired. The amount of the impairment loss for assets carried at amortised costs is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

2. Summary of Significant Accounting Policies (Continued)

(k) Investment in joint venture

Investment in joint ventures are accounted for using the equity method after initially being recognised at cost in the statement of financial position. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture entity are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is computed on the straight-line method at rates estimated to write off the assets over their expected useful lives as follows:

Furniture, fixtures and equipment	10% - 25%
Motor vehicles	25%
Software	25%
Leasehold improvement	33 1/3%

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before taxation. Repairs and renewals are charged to the statement of comprehensive income when the expenditure is incurred.

(m) Impairment of long-lived assets

Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(n) Other receivables

Other receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest.

Eppley Limited

2. Summary of Significant Accounting Policies (Continued)

(o) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective yield method.

(p) Other liabilities

Other liabilities are recognised at fair value and subsequently measured at amortised cost.

(q) Put option premium

The Group performs a liability adequacy test in accordance with IFRS 4 paragraph 15 to determine how to account for put option contracts. Based on the results of the liability adequacy test, a liability is either recognised or not and the related income is recognised when received.

(r) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income, except where they relate to items recorded in shareholders' equity, in which case they are charged or credited to equity.

(i) *Current taxation*

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at year end, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) *Deferred income taxes*

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(s) Employee benefits

(i) Pension obligations

The Group participates in the defined contribution pension plan of a related company, T. Geddes Grant (Distributors) Limited. A defined contribution pension plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions paid by the company are recorded as an expense in the statement of comprehensive income.

(ii) Accrued vacation

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year end.

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2. Summary of Significant Accounting Policies (Continued)

(s) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Profit-sharing and bonus plan

The company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(t) Interest in subsidiaries

Interests in subsidiaries are stated at cost.

(u) Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are recognised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to profit or loss over the lease period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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

(v) Dividends paid

Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the company's stockholders.

The dividends on preference shares are recognised in statement of comprehensive income as interest expense.

Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note 31.

2. Summary of Significant Accounting Policies (Continued)

(w) Investment properties

Investment properties, principally comprising 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 carried 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.

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 income during the financial period in which they are incurred. Fair value gains or losses are recorded in income.

(x) Changes in accounting policies

IFRS 9, 'Financial Instruments'

As explained in Note 2(a), the Group early adopted IFRS 9, 'Financial Instruments' from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2(j) above. In accordance with the transitional provisions of IFRS 9, comparative figures have not been restated.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7, 'Financial Instruments: Disclosures'.

(i) Classification and measurement

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 January 2018 is as follows:

	Group $'000	Company $'000
Opening retained earnings - IAS 39	215,991	217,036
Adjustment to retained earnings from adoption of IFRS 9	(127)	(127)
Opening retained earnings – IFRS 9	215,864	216,609

On 1 January 2018, the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. This analysis did not have a material impact on the financial statements.

2. Summary of Significant Accounting Policies (Continued)

(x) Changes in accounting policies

(ii) Impairment of financial assets

The Group has one (1) type of financial asset subject to IFRS 9's new expected credit loss model, which is loans, leases and insurance premium financing receivables from the provision of contract agreements.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group disclosed in the table in Note 2(j) above.

While cash at bank is subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Insurance Premium Financing, Loans and Lease receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all insurance premium financing, loans and lease receivables. This resulted in an increase of the loss allowance on 1 January 2018 by $127,000 for the Group and the Company. Note 4(a) provides for details about the calculation of the allowance.

The expected loss allowance increased by $922,000 to $9,921,000 during the current reporting period for the Group and Company.

Other debt instruments at amortised costs

The Group does not hold any debt instruments at amortised costs at 31 December 2018.

IFRS 15, 'Revenue from Contracts with Customers'

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2(d) above.

The aim of the new standard is to improve the quality and uniformity of revenue recognition and the comparability of Financial Statements prepared in accordance with IFRS accounting principles. Under the new standard, revenue recognition may no longer be based on the earnings method but on the asset-liability method, which focuses on the time when the control over the asset is transferred.

The Group finalized the assessment of the revenues recognition model, as required by the new standard. Based on the analysis performed, no difference in the revenue cut-off recognition was identified and consequently there was no impact on the net result. As a result of the adoption of IFRS 15, there was no effect on the opening shareholders' equity at 1 January 2018.

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3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, management has made no significant judgements on the amounts recognised in the financial statements.

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

(i) Measurement of the expected credit loss allowance on insurance premium financing, loans and leases

The measurement of the expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios; and
- Establishing groups of similar financial assets for the purpose of measuring ECL

Further details about judgements and estimates made by the Group in the above areas is set out in Note 4 (a).

(ii) Income taxes
There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Classification of joint arrangements
The joint venture agreement in relation to Retirement Road Holdings Limited (RRHL) and the Caribbean Mezzanine Fund I Limited (Mezzanine Fund) require unanimous consent from all parties for all relevant activities. With respect to RRHL, the partners have rights to the net assets of the arrangement while for the Mezzanine Fund, the partners have rights to the net assets of the arrangements for all relevant activities in accordance with shareholder agreements. These entities are therefore classified as joint venture arrangements. The Group recognises its share of the results for the year for RRHL.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Critical accounting estimates and assumptions (continued)

(iv) Depreciable assets

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

4. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management programme seeks to minimise potential adverse effects on its financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate limits and controls, and to monitor adherence 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 of Directors has established committees and departments for managing and monitoring risks, as follows:

(i) Investment Committee

The Investment Committee is responsible for recommending investment strategies and credit policies to the Board of Directors. It is also responsible for approving certain individual loans, leases and other credit investments in compliance with the Group's policies.

(ii) Finance Department

The Finance Department is responsible for managing the Group's accounting, financial reporting and compliance functions, including the management of the Group's accounting and investment management information systems. It is also primarily responsible for managing the funding and liquidity risks of the Group.

(iii) Audit Committee

The Audit Committee develops and recommends accounting and risk management policies to the Board of Directors. It also oversees management's compliance with the Group's risk management policies and procedures. In addition, the Audit Committee regularly reviews the Group's financial reporting and makes recommendations to the Board of Directors.

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4. Financial Risk Management (Continued)

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the insurance premium financing receivables, lease receivable, loans receivable, other receivables, due from related party, investment securities and cash and deposits. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Receivable are shown net of allowances for impairment, which reflects the Group's estimate of expected losses on collection of receivables. Credit ratings are not publicly available for any assets with credit risk.

Cash and cash equivalents are held with reputable and regulated financial institutions, which present minimal risk of default. The Group also maintains credit facilities with its bankers (See Note 13).

The carrying amount of financial assets represents the maximum credit exposure.

Maximum exposure to credit risk before collateral held or other credit enhancements

The Group's maximum exposure to credit risk at year end was as follows:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Cash and deposits	263,315	315,300	245,642	315,300
Other receivables	1,530	599	1,530	599
Investment securities	-	80,344	-	80,344
Investment securities at FVPL	356,962	-	160,375	-
Due from related party	-	-	690,401	380,521
Insurance premium financing receivables	323,282	324,076	323,282	314,102
Loans receivable	1,470,267	1,142,384	1,089,090	847,343
Lease receivables	580,508	382,318	541,554	314,184
	2,995,864	2,245,021	3,051,874	2,252,393

The above table represents a worst case scenario of credit risk exposure to the Group at 31 December 2018 and 2017.

Impairment of financial assets

The Group has insurance premium financing, loan and lease receivable financial assets that are subject to the expected credit loss model.

The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables from customers.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for receivables are a reasonable approximation of the loss rates for the contract assets.

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

The expected loss rates are based on the payment profiles of customers over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP as the most relevant factor that affects the collection of receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for insurance premium financing on the Group and the Company respectively:

	Current	31-90 Days	More than 90 Days	Total
	$'000	$'000	$'000	$'000
31 December 2018				
Expected credit loss rate	0%	0%	15%	
Gross carrying amount – insurance premium financing	275,628	22,421	29,800	327,849
Loss allowance	**25**	**2**	**4,579**	**4,606**

	Current	31-90 Days	More than 90 Days	Total
1 January 2018	**$'000**	**$'000**	**$'000**	**$'000**
Expected credit loss rate	0%	2%	21%	
Gross carrying amount – insurance premium financing	288,539	22,994	16,772	328,305
Loss allowance	**313**	**416**	**3,529**	**4,258**

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4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for insurance premium financing, loans and lease receivables:

	Current	31-90 Days	More than 90 Days	Total
	$'000	$'000	$'000	$'000
31 December 2018				
Expected credit loss rate	0%	0%	98%	
Gross carrying amount – loans and lease receivables	2,049,805	418	5,867	2,056,090
Loss allowance	**140**	**-**	**5,175**	**5,315**

	Current	31-90 Days	More than 90 Days	Total
1 January 2018	$'000	$'000	$'000	$'000
Expected credit loss rate	0%	39%	65%	
Gross carrying amount – loans and lease receivables	1,522,035	1,208	6,102	1,529,345
Loss allowance	**327**	**468**	**3,879**	**4,741**

The movement on the loss allowance for insurance premium financing, loans and lease receivables was as follows:

	2018	2017
	$'000	$'000
31 December – calculated under IAS 39	8,872	10,009
Effect of adopting new standards	127	-
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	8,999	10,009
Increase in loss allowance recognised in the income statement during the year	922	(1,137)
At 31 December	9,921	8,872

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Credit review process

(i) Cash and deposits

The Group limits its exposure to credit risk by placing cash and deposits with counterparties that are regulated and publicly disclose their financial information. Management assesses each counterparty's credit quality and levels of liquidity. Accordingly, management seeks to mitigate the risk that any single counterparty will fail to meet its obligations. Furthermore, management takes steps to diversify its cash and deposits among a group of counterparties in order to further mitigate the risk of loss.

(ii) Insurance premium financing

The Group's exposure to credit risk is influenced mainly by its ability to receive adequate unearned premium refunds from its general insurance counterparties in the event of a default. Management assesses and monitors the credit worthiness of each counterparty. In most instances, the ultimate counterparties are general insurance companies regulated by the Financial Services Commission. The Group, through its information systems and financial reporting, also closely monitors the size of the unearned premium under each underlying insurance policy to ensure that it exceeds its insurance premium finance receivable.

(iii) Due from related party, leases and loans receivable

The Group's exposure to credit risk is driven by the ability of the borrower or lessee to repay its obligations when due. In the case of loans, the Group's credit risk can be mitigated by the assignment of salary and other cash flows, and security interest in various forms of collateral or guarantees. In the case of leases, the Group owns the lease equipment and can monetize it in the event of a default. The Investment Committee is responsible for approving and monitoring individual loans, leases and other credit investments in compliance with investment strategies and credit policies approved by the Board of Directors. Senior management personnel meet on a weekly basis to discuss and analyse the ability of counterparties to meet repayment obligations.

(iv) Investment securities

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

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4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Collateral and other credit enhancements

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

Loans and leases - mortgages over residential and commercial properties, charges over business assets such as premises, equipment, inventory and accounts receivable and charges and hypothecations over deposit balances and financial instruments such as debt securities and equities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral held during its annual reviews of individual credit facilities as well as during its review of the adequacy of the provision for credit losses.

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 3 months or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, infringement of the original terms of the contract, or impairment of collateral.

The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.
Individually assessed allowances are provided for financial assets that are above materiality thresholds based on a review conducted at least annually, or more regularly, when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at statement of financial position date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

Collectively assessed allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by taking into consideration historical losses on the portfolio, current economic conditions and expected receipts and recoveries once impaired.

The internal rating systems described above focus more on credit-quality mapping from the inception of lending activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements is usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Collateral and other credit enhancements (continued)

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a policyholder to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on receivables are presented as net impairment losses on financial assets. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of insurance receivables

Insurance premium financing receivables
IPF receivables that are less than 90 days past due and for which the related insurance policies are still in force, are not considered impaired. There are no IPF receivables that are past due but not considered impaired.

As of 31 December 2017, IPF receivables of $4,229,000 were impaired and have been fully provided for. These receivables were in arrears for over 90 days and the related insurance policies had expired.

The movement on the provision for impairment of IPF receivables for the Group and the Company was as follows:

	2017 $'000
At 1 January	3,917
Additional provision	330
Amounts recovered	(18)
At 31 December	4,229

Loans receivable
Loans receivable that are less than 90 days past due and those for which adequate collateral is in place are not considered impaired. As at 31 December 2017, there are no loans receivable that are less than 90 days past due and considered impaired.

As of 31 December 2017, loans receivable of $4,643,000 were considered to be impaired and are fully provided for. These receivables were all aged over 90 days.

4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Previous accounting policy for impairment of insurance receivables (continued)

The movement on the provision for impairment of loans receivable for the Group and the Company was as follows:

	2017 $'000
At 1 January	6,091
Additional provision	1,449
Amounts recovered	(2,897)
At 31 December	4,643

The creation and release of provision for impaired receivables have been included in administrative expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. There are no financial assets other than those listed above that were individually impaired. The provisions for impairment of accounts receivable and the bad debt expense do not include any amounts for related parties.

4. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfil loan payments and other liabilities incurred.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and accessing credit from related parties or financial institutions if required;
(ii) Optimising cash returns on short term investments; and
(iii) Monitoring financial position liquidity ratios against internal requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, 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 matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

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4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below present the undiscounted cash flows of the Group's financial assets and liabilities based on contractual repayment obligations at contractual maturity dates:

	The Group				
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Total $'000
As at 31 December 2018:					
Financial Assets					
Cash and deposits	234,972	-	29,181	-	264,153
Investment securities	-	-	-	356,962	356,962
Insurance premium financing	52,664	133,645	155,949	-	342,258
Lease receivables	28,637	56,876	242,129	434,313	761,955
Loans receivable	525,280	42,632	492,576	628,469	1,688,957
Total financial assets	841,553	233,153	919,835	1,419,744	3,414,285
Financial Liabilities					
Due to related parties	1,653	-	-	-	1,653
Borrowings	20,684	25,911	433,351	2,605,799	3,085,745
Other liabilities	7,599	10,553	14,798	127,084	160,034
Total financial liabilities	29,936	36,464	448,149	2,732,883	3,247,432
Net Liquidity Gap	811,617	196,689	471,686	(1,313,139)	166,853
Cumulative gap	811,617	1,008,306	1,479,992	166,853	

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4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company				
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Total $'000**
As at 31 December 2018:					
Financial Assets					
Cash and deposits	217,299	-	29,181	-	246,480
Investment securities	-	-	-	160,375	160,375
Due from related party	-	10,322	-	680,079	690,401
Insurance premium financing	52,664	133,645	155,949	-	342,258
Lease receivables	25,152	49,908	212,818	434,313	722,191
Loans receivable	398,413	34,661	456,709	315,721	1,205,504
Total financial assets	693,528	228,536	854,657	1,590,488	3,367,209
Financial Liabilities					
Due to related parties	88,992	-	-	-	88,992
Borrowings	20,684	25,911	433,351	2,605,799	3,085,745
Other liabilities	7,595	10,549	10,955	36,612	65,711
Total financial liabilities	117,271	36,460	444,306	2,642,411	3,240,448
Net Liquidity Gap	576,257	192,076	410,351	(1,051,923)	126,761
Cumulative gap	576,257	768,333	1,178,684	126,761	

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4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Group				
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
As at 31 December 2017:					
Financial Assets					
Cash and deposits	209,257	-	111,487	-	320,744
Other receivables	599	-	-	-	599
Investment securities	-	-	-	80,344	80,344
Insurance premium financing	27,841	16,285	221,285	80,641	346,052
Lease receivables	18,331	36,167	154,772	272,332	481,602
Loans receivable	574,558	57,318	248,881	370,877	1,251,634
Total financial assets	830,586	109,770	736,405	804,014	2,480,975
Financial Liabilities					
Due to related parties	1,653	-	-	-	1,653
Borrowings	11,341	24,845	843,147	1,103,632	1,982,965
Other liabilities	11,533	10,551	4,759	16,089	42,932
Total financial liabilities	24,527	35,396	847,906	1,119,721	2,027,550
Net Liquidity Gap	806,059	74,374	(111,4811)	(315,527)	453,425
Cumulative gap	806,059	880,433	768,952	453,425	

Assets available to meet all of the liabilities and to cover financial liabilities include cash and term deposits.

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4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company				
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
As at 31 December 2017:					
Financial Assets					
Cash and deposits	209,257	-	111,487	-	320,744
Other receivables	599	-	-	-	599
Investment securities	-	-	-	80,344	80,344
Due from related party	9,280	5,802	27,045	515,594	557,721
Insurance premium financing	27,841	16,285	221,285	70,055	335,466
Lease receivables	14,919	29,341	124,058	240,031	408,349
Loans receivable	485,569	45,764	122,250	660,619	1,314,202
Total financial assets	747,465	97,192	606,125	1,566,643	3,017,425
Financial Liabilities					
Due to related parties	8,632	-	-	-	8,632
Borrowings	11,341	24,845	843,147	1,103,632	1,982,965
Other liabilities	10,637	10,551	4,759	16,089	42,036
Total financial liabilities	30,610	35,396	847,906	1,119,721	2,033,633
Net Liquidity Gap	716,855	61,796	(241,781)	446,922	983,792
Cumulative gap	716,855	778,651	536,870	983,792	

Assets available to meet all of the liabilities and to cover financial liabilities include cash and term deposits.

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4. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the manner in which the Group manages and measures this risk.

(i) Currency risk

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

The Group is exposed to foreign exchange risk arising from the United States dollar. Foreign currency risk arises primarily from transactions in due from related party, insurance premium, loan and lease financing net of borrowings.

At 31 December 2018, the Group's statement of financial position includes aggregate net foreign assets of US$4,349,000 (2017 - US$4,112,000).

At 31 December 2018, the Company's statement of financial position includes aggregate net foreign assets of US$4,297,000 (2017 - US$4,056,000).

The Group manages the foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

Foreign currency sensitivity

The following tables indicate the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates, with all other variables held constant. The sensitivity analysis on pre-tax profit is based on foreign currency denominated monetary items at the year end.

The Group

	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
	2018	2018	2017	2017
USD - Revaluation	2%	(5,653)	2%	(10,064)
USD - Devaluation	4%	11,307	4%	20,129

The Company

	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
	2018	2018	2017	2017
USD - Revaluation	2%	(6,461)	2%	(9,929)
USD - Devaluation	4%	12,922	4%	19,857

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4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 following tables summarise the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2018:						
Financial Assets						
Cash and deposits	160,959	-	28,343	-	74,014	263,316
Investment securities	-	-	-	-	356,962	356,962
Insurance premium financing	50,446	128,013	144,823	-	-	323,282
Lease receivables	22,272	44,246	188,282	325,708	-	580,508
Loans receivable	515,270	35,263	423,565	496,187	-	1,470,285
Total financial assets	748,947	207,522	785,013	821,895	430,976	2,994,353
Financial Liabilities						
Due to related parties	-	-	-	-	1,653	1,653
Borrowings	-	-	319,291	2,023,732	500	2,343,523
Other liabilities	-	-	-	-	160,034	160,034
Total financial liabilities	-	-	319,291	2,023,732	162,187	2,505,210
Total interest repricing gap	748,947	207,522	465,722	(1,201,837)	268,789	489,143
Cumulative gap	748,947	956,469	1,422,191	220,354	489,143	

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4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2018:						
Financial Assets						
Cash and deposits	160,959	-	28,343	-	56,340	245,642
Investment securities	-	-	-	-	160,375	160,375
Due from related party	-	-	-	680,079	10,322	690,401
Insurance premium financing	50,446	128,013	144,823	-	-	323,282
Lease receivables	18,859	37,420	159,567	325,707	-	541,553
Loans receivable	389,521	30,130	398,167	271,254	-	1,089,072
Total financial assets	619,785	195,563	730,900	1,277,040	227,037	3,050,325
Financial Liabilities						
Due to related parties	-	-	-	-	88,992	88,992
Borrowings	-	-	319,291	2,023,732	500	2,343,523
Other liabilities	-	-	-	-	65,711	65,711
Total financial liabilities	-	-	319,291	2,023,732	155,203	2,498,226
Total interest repricing gap	619,785	195,563	411,609	(746,692)	71,834	552,099
Cumulative gap	619,785	815,348	1,226,957	480,265	552,099	

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4. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group and The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2017:						
Assets						
Cash and deposits	17,646	-	230,716	-	48,917	297,279
Insurance premium financing receivables	9,131	12,643	283,177	-	-	304,951
Lease receivables	15,496	376,534	-	-		392,030
Loans receivable	593,373	31,308	174,917	107,381	-	906,979
Total financial assets	635,646	420,485	688,810	107,381	48,917	1,901,239
Liabilities						
Due to related parties	-	-	-	-	1,653	1,653
Borrowings	-	-	-	1,332,619	500	1,333,119
Other liabilities	-	-	-	-	36,289	36,289
Total financial liabilities	-	-	-	1,332,619	38,442	1,371,061
Total interest repricing gap	635,646	420,485	688,810	(1,225,238)	10,475	530,178
Cumulative gap	635,646	1,056,131	1,744,941	519,703	530,178	

Interest rate sensitivity

The Group does not have any sensitivity to interest rate risk as all financial assets and liabilities are at fixed rates, except for lease receivables for which the Group has the option to re-price in specific circumstances including, increases in the interest rates of benchmark Government of Jamaica securities and changes to the creditworthiness of the lessees.

(iii) Equity price risk

At December 31, the Group and the Company held $6,801,000 of its investments in quoted equities.

Sensitivity analysis

All the Group and Company's quoted investments are listed on the Jamaica Stock Exchange. A 10% increase in the unit prices of the Group and Company's equity holding would have increased equity (before considering the effect of taxation) by $680,000 for quoted equities. A 10% decline would have had an equal but opposite effect on the statement of comprehensive income.

5. Capital Management

Capital management is assessed by the senior management of the Group. The objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

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

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

There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

6. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. A market is regarded as active 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. Where no market price is available, the fair values presented have been estimated using present values or other estimation and valuation techniques based on market conditions existing at the statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities classified as financial assets at FVPL (2017 – investment securities) are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognized valuation techniques;
(ii) The fair value of liquid assets and other assets maturing within a year (e.g. Cash and deposits, reverse repurchase agreements) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts; and
(iv) Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy.

Level 1 – Quoted prices in active markets for identical assets or liabilities. These mainly comprise of equity shares traded on the Jamaica Stock Exchange and are classified as financial assets at fair value through profit or loss. There was no such investment securities during prior year.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value for these instruments is determined by using valuation techniques and maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes non-participating preference shares in 2017 with significant unobservable components. The fair value of these instruments were determined by the net assets of the underlying investments. There was no level 3 investments at 31 December 2018.

6. Fair Value of Financial Instruments (Continued)

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

	The Group			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
31 December 2018				
Financial assets at fair value through profit or loss -				
Quoted equity investment	6,801	-	-	6,801
Unquoted management shares	-	-	196,587	196,587
Unquoted equity investment	-	160,375	-	160,375
	6,801	160,375	196,587	363,763

	The Company			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
31 December 2018				
Financial assets at fair value through profit or loss -				
Quoted equity investment	6,801	-	-	6,801
Unquoted equity investment	-	160,375	-	160,375
	6,801	160,375	-	167,176

	The Group and the Company			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
31 December 2017				
Financial assets at fair value through profit or loss -				
Unquoted equity investment	-	-	80,344	80,344

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6. Fair Value of Financial Instruments (Continued)

i) Fair value measurement using significant observable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2018 and 31 December 2017.

	The Group	
	2018	**2017**
	$'000	**$'000**
Opening balance 1 January 2018	80,344	-
Acquisitions	263,760	80,344
Transfer to level 2	(160,375)	-
Fair gain recognised in other comprehensive income	12,858	-
Closing balance 31 December 2018	196,587	80,344

	The Company	
	2018	**2017**
	$'000	**$'000**
Opening balance 1 January 2018	80,344	-
Acquisitions	67,173	80,344
Transfer to level 2	(160,375)	-
Fair gain recognised in other comprehensive income	12,858	-
Closing balance 31 December 2018	-	80,344

ii) Transfers between level 2 and 3

The non-participating and participating stapled preference shares were transferred from level 3 to level 2 at 31 December 2018.

The following methods and assumptions have been used in determining fair values for instruments not re-measured at their fair value after initial recognition.

(i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash, short-term deposits, insurance premium receivables, loans receivables and loans from related parties.

(ii) The carrying value of long term loans payable from external lenders approximate their fair values, as these loans are listed on an exchange and as at year end, the closing bid price represents the their carrying values, being the amortised cost.

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7. Segment Information

The operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic investment decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

These segments represent the different types of credit offering that are written by the entity. Management identifies its reportable operating segments by product line consistent with the reports used by the Board of Directors. Operating segments are subject to change according to the Group's investment strategies. These segments and their respective operations are as follows:

- Insurance Premium Finance (IPF) - These represent short term loans issued to customers for the financing of insurance premiums. These contracts normally have a duration of 3 to 9 months.
- Loans – These represent credit extended to customers with average tenure of 2 - 5 years. These loans are mostly secured by collateral, guarantees and payroll deductions.
- Leases: - These represent credit extended for the purchase of equipment and motor vehicles and have a duration of 2 - 5 years.

2018	**Insurance Premium Finance**	**Loans**	**Leases**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Interest income as per segment	61,789	169,841	84,229	315,859
Unallocated income				97,257
Share of net profit from joint venture				17,158
Unallocated expense				(309,015)
Profit before Taxation				121,259
Taxation				(776)
Net Profit				120,483

2017	**Insurance Premium Finance**	**Loans**	**Leases**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Interest income as per segment	51,109	138,147	58,548	247,804
Unallocated income				50,495
Share of net profit from joint venture				16,131
Unallocated expense				(246,289)
Profit before Taxation				68,141
Taxation				1,082
Net Profit				69,223

Other statement of comprehensive income disclosures:

	2018	**2017**
	$'000	**$'000**
Depreciation	8,283	6,149

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7. Segment Information (Continued)

Allocation of assets:	Total Assets 2018 $'000	Total Assets 2017 $'000
Insurance premium finance	323,282	324,076
Loans	1,470,267	1,142,384
Leases	580,508	382,318
Total segment assets	2,374,057	1,848,778
Unallocated :-		
Cash and deposits	263,315	315,300
Taxation recoverable	10,089	8,967
Other receivables	127,949	72,193
Investment securities	363,763	80,344
Investment in joint venture	126,884	109,725
Property, plant and equipment	15,746	10,485
Deferred tax	4,203	-
Total Assets per Statement of Financial Position	3,286,006	2,445,792

Total capital expenditure was as follows:

	2018 $'000	2017 $'000
Property, plant and equipment	14,644	228

8. Other Operating Income

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Asset management income	49,883	24,354	33,257	24,354
Dividend income	9,762	-	9,762	-
Fair value gains on equity securities at FVPL	12,858	-	12,858	-
Fee income	10,439	9,424	13,495	9,424
Foreign exchange losses	(21,746)	(15,761)	(22,777)	(15,761)
Gain on disposal of Property, plant and equipment	3,918	-	3,918	-
Investment income	-	5,101	-	5,101
Management fees	850	850	10,250	850
Other	27,966	12,924	4,280	13,103
	93,930	36,892	65,043	37,071

9. Expenses by Nature

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Auditors' remuneration -	4,999	1,995	2,500	1,995
Depreciation and amortisation	8,590	6,148	8,016	6,149
Marketing and advertising	495	38	495	38
Bad debts recovered	(2,038)	(1,135)	(2,0238)	(1,135)
Expected credit loss on financial assets	922	-	922	-
Professional fees	25,864	8,248	10,567	7,351
Rent and maintenance	4,645	1,487	4,336	1,487
Repairs and maintenance	1,273	1,421	2,109	1,421
Staff costs (Note 10)	74,364	55,211	73,608	55,211
Stationery	3,277	2,394	3,186	2,394
Utilities	2,336	2,389	2,336	2,389
Other	14,134	9,699	9,803	9,699
Total	138,861	87,895	115,840	86,999

10. Staff Costs

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Wages and salaries	61,244	45,267	60,488	45,267
Payroll taxes – employer's contribution	5,997	4,620	5,997	4,620
Pension costs	1,390	1,385	1,390	1,385
Other	5,733	3,939	5,733	3,939
	74,364	55,211	73,608	55,211

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11. Taxation

a. The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective July 2015. Consequently, the company is entitled to a remission of tax for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years:

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

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

Effective 6th February 2017, approval was granted for the company to operate as an Approved Venture Capital Company, as per Section 36 of the Income Tax Act, for a period not exceeding ten (10) years.

b. Taxation is based on the profit for the year adjusted for taxation purposes and represents:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current income tax charge	4,979	-	-	-
Reversal of prior year accrual	-	(1,082)	-	(1,082)
Deferred tax (Note 22)	(4,203)	-	-	-
	776	(1,082)	-	(1,082)

c. The tax charge on the company's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Profit before taxation	121,259	68,141	112,160	69,186
Tax calculated at 25% (2017 - 25%)	30,315	17,035	28,040	17,297
Adjusted for the effects of:				
Income not subject to tax	(4,194)	-	(4,194)	-
Expenses not deductible for tax	7,027	3,892	3,347	3,892
Joint venture's results reported net of tax	(4,887)	(4,033)	-	(4,033)
Net effect of other charges and allowances	(292)	-	-	-
Effect of different tax rates	(27,193)	(16,894)	(27,193)	(17,156)
Reversal of prior year over accrual	-	(1,082)	-	(1,082)
	776	(1,082)	-	(1,082)

12. Earnings per share

Basic earnings per share is calculated by dividing the Group's net profit attributable to owners by the weighted average number of ordinary shares outstanding during the year.

	2018	**2017**
Net profit attributable to shareholders ($'000)	120,483	69,223
Weighted average number of shares outstanding ('000)	192,468	192,468
Earnings per share ($)	0.63	0.36

Included in borrowings are 2021, 2034 and 2024 cumulative redeemable preference shares. These cumulative redeemable preference shares are not ordinary or potential ordinary shares and have not been included in the determination of basic and diluted earnings per share. These shares are classified as liabilities (see note 24 (c)).

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13. Cash and Cash Equivalents

	The Group	
	2018	**2017**
	$'000	**$'000**
Cash and bank balances	234,972	92,882
Term deposits	28,343	222,418
	263,315	315,300
Less: Term deposits with maturity period in excess of 90 days	(28,126)	(105,325)
Less: Interest receivable	(217)	(912)
	234,972	209,063

	The Company	
	2018	**2017**
	$'000	**$'000**
Cash and bank balances	217,299	92,882
Term deposits	28,343	222,418
	245,642	315,300
Less: Term deposits with maturity period in excess of 90 days	(28,126)	(105,325)
Less: Interest receivable	(217)	(912)
	217,299	209,063

Included in cash and bank balances are foreign currency current accounts which earn interest at 0.01% (2017 - 0.01%) per annum and Jamaican dollar current accounts which earn interest at 0.35% (2017 - 0.35%) per annum.

Term deposits with maturity period in excess of 90 days have an average maturity period of 365 days (2017 – 348 days). At the end of 2018, deposits with maturity periods less than 90 days had an average maturity period of 365 days.

The weighted average effective interest rates on term deposits were as follows:

	The Group and The Company	
	2018	**2017**
	%	**%**
J$ - short term deposits	-	4.10
J$ - long term deposits	3.75	5.85
US$ - short term deposits	-	4.15

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14. Other Receivables

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Prepaid expenses	107	112	107	112
GCT recoverable	119,143	67,175	119,143	67,175
Other	8,699	4,906	2,509	4,662
	127,949	72,193	121,759	71,949

15. Insurance Premium Financing Receivables

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
IPF loans receivable from affiliates	125,983	155,546	125,983	155,546
IPF loans receivable from external customers	216,288	190,325	216,288	179,919
Unearned interest	(14,383)	(17,566)	(14,383)	(17,134)
	327,888	328,305	327,888	318,331
Expected credit losses	(4,606)	(4,229)	(4,606)	(4,229)
	323,282	324,076	323,282	314,102

Insurance premium financing receivables include amounts with related parties (Note 23(b)).

16. Loans Receivable

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Loans receivable from affiliates	146,864	160,301	146,864	160,301
Loans receivable from external customers	1,328,718	986,726	947,541	691,685
	1,475,582	1,147,027	1,094,405	851,986
Expected credit losses	(5,315)	(4,643)	(5,315)	(4,643)
	1,470,267	1,142,384	1,089,090	847,343

Loans receivable include amounts with related parties (Note 23(b)).

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17. Lease Receivables

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Gross investment in finance leases –				
Not later than one year	330,929	209,270	291,164	168,318
Later than one year and not later than five years	431,026	272,331	431,026	240,031
	761,955	481,601	722,190	408,349
Less: Unearned income	(181,447)	(99,283)	(180,637)	(94,165)
	580,508	382,318	541,553	314,184
Net investment in finance leases may be classified as follows:				
Not later than one year	257,293	167,595	218,338	129,504
Later than one year and not later than five years	323,215	214,723	323,215	184,680
	580,508	382,318	541,553	314,184

18. Investment Securities

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Fair value through profit or loss				
Non-participating preference shares	160,375	80,344	160,375	80,344
Unquoted management shares	196,587	-	-	-
Quoted equities	6,801	-	6,801	-
	363,763	80,344	167,176	80,344

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19. Investment in Joint Venture

The company entered into a joint venture agreement with effect from 1 September 2017; where it owns a fifty percent (50%) share in Retirement Road Holdings Limited (RRHL), a company incorporated in St. Lucia. RRHL is the holding company for a Jamaican property owner. During the year, Eppley Limited (the Company) sold its interest in joint venture to its wholly owned subsidiary, Paynter (Jamaica) Limited at the carrying value. The Group's investment in RRHL is accounted for using the equity method. The principal activities of the RRHL is to engage primarily in the administration of investment properties being utilised for rental yields and capital appreciation.

In 2017, the Group entered into a joint venture agreement with effect from 2 December 2017; where it owns a fifty percent (50%) share in Caribbean Mezzanine Fund I Limited, a company incorporated in Jamaica. Caribbean Mezzanine Fund I Limited is an approved venture capital company that manages funds on behalf of the unitholders. The company's investment is accounted for using the equity method.

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Opening net assets at 1 January	109,725	93,582	109,725	93,582
Capital invested	-	12	-	12
Disposal	-	-	(108,431)	-
(Loss)/profit for the period	17,159	16,131	(1,281)	16,131
Carrying amount	126,884	109,725	13	109,725

Commitments and contingent liabilities in respect of joint ventures

There is a commitment to provide support to a subsidiary of Retirement Road Holdings Limited, One Retirement Road Limited, in the form of a corporate guarantee on the default of loans if called in the amount of:

	The Group and The Company	
	2018 $'000	2017 $'000
Corporate guarantee	142,500	142,500

19. Investment in Joint Venture (Continued)

Summarised Statement of Financial Position

The tables below provide summarised financial information for the joint venture which, in the opinion of the directors, is material to the Group and the Company.

	2018 $'000	2017 $'000
Current assets		
Cash and cash equivalents	7,348	3,712
Other current assets	1,273	786
Total current assets	8,621	4,498
Non-current assets	525,313	499,647
Total assets	533,934	504,145
Current liabilities		
Financial liabilities (excluding trade payables)	11,285	10,266
Other current liabilities	12,943	11,185
Total current liabilities	24,228	21,451
Non-current financial liabilities	255,964	263,268
Total liabilities	280,192	284,719
Net assets	253,742	219,426

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19. Investment in Joint Venture (Continued)

Summarised Statement of Comprehensive Income

	2018 $'000	2017 $'000
Revenue	57,646	50,179
Interest expense	(25,545)	(28,696)
Other income	26,904	28,635
Operating expenses	(19,681)	(17,855)
Profit before tax	39,324	32,263
Taxation	(2,446)	-
Total comprehensive income	36,878	32,263

Reconciliation to carrying amounts

	2018 $'000	2017 $'000
Opening net assets at 1 January	219,426	187,163
Adjustment	(2,562)	-
Profit for the period	36,878	32,263
Closing net assets	253,742	219,426
Company's share (%)	50	50
Carrying amount	126,871	109,713

There are no contingent liabilities relating to the Group's interest in RRHL. There were no balances related to depreciation, other comprehensive income, and dividend paid for the period ended 31 December 2018 and 2017.

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20. Property, Plant and Equipment

	The Group			
	Motor Vehicles $'000	Furniture, Fixtures & Equipment $'000	Computer software $'000	Total $'000
Cost -				
At 1 January 2017	18,718	4,516	6,573	29,807
Additions	-	228	-	228
At 31 December 2017	18,718	4,744	6,573	30,035
Additions	7,200	7,364	80	14,644
Disposals	(6,540)	-	-	(6,540)
At 31 December 2018	19,378	12,108	6,653	38,139
Depreciation -				
At 1 January 2017	8,790	2,932	1,679	13,401
Charge for the year	3,847	658	1,644	6,149
At 31 December 2017	12,637	3,590	3,323	19,550
Charge for the year	5,112	2073	1,663	8,848
Eliminated on disposal	(6,005)	-	-	(6,005)
At 31 December 2018	11,744	5,663	4,986	22,393
Net Book Value -				
31 December 2018	7,634	6,445	1,667	15,746
31 December 2017	6,081	1,154	3,250	10,485

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20. Property, Plant and Equipment

	The Company			
	Motor Vehicles $'000	Furniture, Fixtures & Equipment $'000	Computer software $'000	Total $'000
Cost -				
At 1 January 2017	18,718	4,516	6,573	29,807
Additions	-	228	-	228
At 31 December 2017	18,718	4,744	6,573	30,035
Additions	7,200	5,683	-	12,883
Disposals	(6,540)	-	-	(6,540)
At 31 December 2018	19,378	10,427	6,573	36,378
Depreciation -				
At 1 January 2017	8,790	2,932	1,679	13,401
Charge for the year	3,847	658	1,644	6,149
At 31 December 2017	12,637	3,590	3,323	19,550
Charge for the year	5,112	1,528	1,643	8,283
Eliminated on disposal	(6,005)	-	-	(6,005)
At 31 December 2018	11,744	5,118	4,966	21,828
Net Book Value -				
31 December 2018	7,634	5,309	1,607	14,550
31 December 2017	6,081	1,154	3,250	10,485

21. Investment in Subsidiaries

	2018 $'000
Eppley Fund Managers Limited	63,145
Paynter (Jamaica) Limited	1
	63,146

22. Deferred Income Taxes

Deferred income taxes are calculated on temporary differences under the liability methods using an effective tax rate of 25% for the Group and nil for the Company (2017 – 12.5%).

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Deferred tax assets	(4,203)	-	-	-
Deferred tax liabilities	-	146	146	146

22. Deferred Income Taxes (Continued)

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance as at 1 January	146	146	146	146
Statement of comprehensive income (Note 11)	(4,203)	-	-	-
Balance as at 31 December	(4,057)	146	146	146

Deferred income tax liabilities are attributable to the following item:

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Property, plant and equipment	141	146	146	146
Foreign exchange	230	-	-	-
Interest receivable	714	-	-	-
	1,085	146	146	146

Deferred income tax assets are attributable to the following item:

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Lease receivable	5,142	-	-	-
	5,142	146	146	146

The movement in the statement of comprehensive income is attributable to the following:

	The Group and Company	
	2018	2017
	$'000	$'000
Property, plant and equipment	5	-
Lease receivable	5,142	-
Foreign exchange	(230)	-
Interest receivable	(714)	-
	4,203	-

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Deferred tax assets to be settled after more than one year	(5,142)	-	-	-
Deferred tax liabilities to be settled after more than one year	141	146	146	146

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23. Related Party Transactions and Balances

(a) The statement of comprehensive income includes the following transactions with related parties –

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Interest income -				
Key management	2,778	5,456	579	5,456
Subsidiary	-	903	57,795	903
Affiliate	36,734	101,472	36,734	101,472
	39,512	107,831	95,108	107,831
Interest expense -				
Affiliate	78	-	78	-
Key management compensation -				
Directors' fees	220	260	220	260
Salaries and other short term benefits	36,363	33,224	36,363	33,224
Post- employment benefits	2,203	1,779	2,203	1,779
Management fees -				
Joint venture	(850)	(850)	(10,250)	(850)
Affiliate	2,000	2,000	2,000	2,000
Rental and maintenance expense -				
Affiliate	4,336	1,487	4,336	1,487

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23. Related Party Transactions and Balances (Continued)

(b) The statement of financial position includes the following balances with group companies –

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Due to related parties -				
Subsidiaries	-	-	87,339	6,979
Affiliate	1,653	1,653	1,653	1,653
	1,653	1,653	88,992	8,632
Loan due to related parties (Note 24) -				
Balance at the beginning of year	500	500	500	500
Loans received	95,156	-	95,156	-
Interest charged	78	-	78	-
Repayments	(96,914)	-	(96,914)	-
Foreign exchange translation	1,680	-	1,680	-
Balance at end of year	500	500	500	500
Insurance premium financing receivables -				
Affiliates (Note 15)	125,983	114,242	125,983	114,242

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Loan receivables:-				
(i) Subsidiaries	-	-	680,079	380,521
(ii) Affiliates				
Balance at the beginning of year	160,301	100,444	160,301	100,444
Loans issued	108,000	61,749	108,000	60,856
Interest earned	20,682	15,076	20,682	15,974
Repayments	(129,132)	(13,524)	(129,132)	(13,524)
Foreign exchange translation	(842)	(3,444)	(842)	(3,449)
Balance at end of year	159,009	160,301	839,088	540,822
(iii) Key management	28,264	25,886	28,264	25,886

Loans receivable from key management attract interest at an average rate of 9.5% and 12% (2017 – 9.5% and 12%) and are repayable within 12 months.

See note 19 - Investment in joint venture, for details of guarantees given.

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24. Borrowings

	The Group and The Company	
	2018 $'000	2017 $'000
Composition of borrowings		
(a) Loans from affiliates (Note 23 (b))	500	500
(b) Short term loan from external lender	125,800	381,040
(c) Long term loans from external lenders	2,217,223	1,311,187
	2,343,523	1,692,727
Less: Current portion		
Loans from affiliates	(500)	(500)
Loan from external lender	(127,716)	(381,040)
Long term loans from external lenders	(193,298)	(358,808)
Unwinding of unamortised fees within 12 months	10,923	8,712
Non-current borrowings	2,032,932	961,091

(a) This balance represents a loan of $500,000 from a related party which does not attract interest, is unsecured and has no set repayment.

(b) The short-term loan from external lender represents a note received during 2018 that matures in May 2019 at interest rate of 4% per annum. Interest is due monthly and principal is due at the end of the loan period.

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24. Borrowings

(c) Long term loans from external lenders

	The Group and The Company	
	2018	2017
	$'000	$'000
Redeemable preference shares (i)	1,719,340	1,323,160
Long term notes (ii)	533,659	-
Less: Unamortised fees	(35,776)	(12,255)
	2,217,223	1,310,905
DB&K Limited (iii)	-	282
	2,217,223	1,311,187

(i) These represents the following redeemable preference shares that are listed on the Main Market of the Jamaica Stock Exchange, unless otherwise stated:

(1) 60,264,000 preference shares issued in December 2017 that matures in December 2021 and attracts interest at a rate of 8.25% per annum;

(2) 41,666,667 preference shares issued in January 2018 that matures in December 2023 and attracts interest at a rate of 8.75% per annum;

(3) 83,334,000 preference shares issued in December 2018 that matures in December 2024 and attracts interest at a rate of 7.50% per annum; and

(4) 4,758,600 USD preference shares issued in January 2018 that matures in December 2021 and attracts interest at a rate of 5.00% per annum;

(ii) This represents a USD $1,500,000 (approximately J$192 million) note and a $335,000,000 note issued in July 2018 and repayable in August 2019 and July 2022. These notes were issued at 4.5% and 8% respectively.

(iii)This represents an unsecured loan of approximately US$72,000 (approximately J$8 million) received in 2016. The loan attract interest at 8% and is repayable in 36 months and was repaid in 2018.

25. Other Liabilities

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Accruals	17,804	9,688	11,683	8,792
Due to clients	3,850	5,921	3,850	5,921
Other	138,380	27,323	50,178	27,323
	160,034	42,932	65,711	42,036

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26. Share Capital

	2018 $'000	2017 $'000
Authorised -		
195,000,000 (2017 – 195,000,000) ordinary shares of no par		
Issued and fully paid -		
192,468,300 (2017 – 192,468,300) stock units	492,343	492,343

27. Other Reserves

Other reserves primarily represent the currency translation differences resulting from the unrealised gains and losses on the translation of the net assets of subsidiaries that have a different functional currency from that of the Group.

	2018 $'000
Movement during year	723
Balance as at 31 December 2018	723

28. Dividends

During the year, the Company declared dividends to registered holders on record as follows:

	The Group and The Company	
	2018 $'000	2017 $'000
First interim dividend, gross - $0.1642 (2017 – $0.26) per ordinary stock units	31,603	50,041
Second interim dividend, gross - $0.0372 (2017 – $0.0372) per ordinary stock units	7,160	7,160
Third interim dividend, gross - $0.0372 (2017 – $0.0372) per ordinary stock units	7,160	7,160
Fourth interim dividend, gross - $0.0372 (2017 – $0.0372) per ordinary stock units	7,160	7,160
	53,083	71,521

29. Pension Scheme

Employees participate in a defined contribution pension scheme operated by a related company, T. Geddes Grant (Distributors) Limited. The scheme is open to all permanent employees, as well as the employees of certain related companies. The scheme is funded by employees' compulsory contribution of 5% of earnings and voluntary contributions up to a further 5%, as well as employer's contribution of 5% of employees' earnings. The scheme is valued triennially by independent actuaries. The results of the most recent actuarial valuation, as at 31 December 2016, indicated that the scheme was solvent and that the available assets exceeded the total liabilities resulting in a surplus at that date.

Pension contributions for the period totalled $1,390,000 (2017 – $1,385,000) and are included in staff costs (Note 10).

30. Reconciliation of Liabilities arising from Financial Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Financing activities represent borrowings:

	The Group and The Company	
	2018	**2017**
	$'000	**$'000**
At January 1	1,692,727	1,333,119
Loans received	2,107,203	387,417
Repayment- principal	(1,481,867)	(36,377)
Repayment- interest	(148,096)	(139,553)
Amortisation of finance charge	16,698	18,410
Foreign exchange adjustments	3,404	(9,977)
Interest expense	153,454	139,688
At 31 December	2,343,523	1,692,727

31. Subsequent Events

The Group declared an ordinary dividend of 36 cents per stock unit to stockholders on record as at 26 February 2019, which was paid on 13 March 2019.