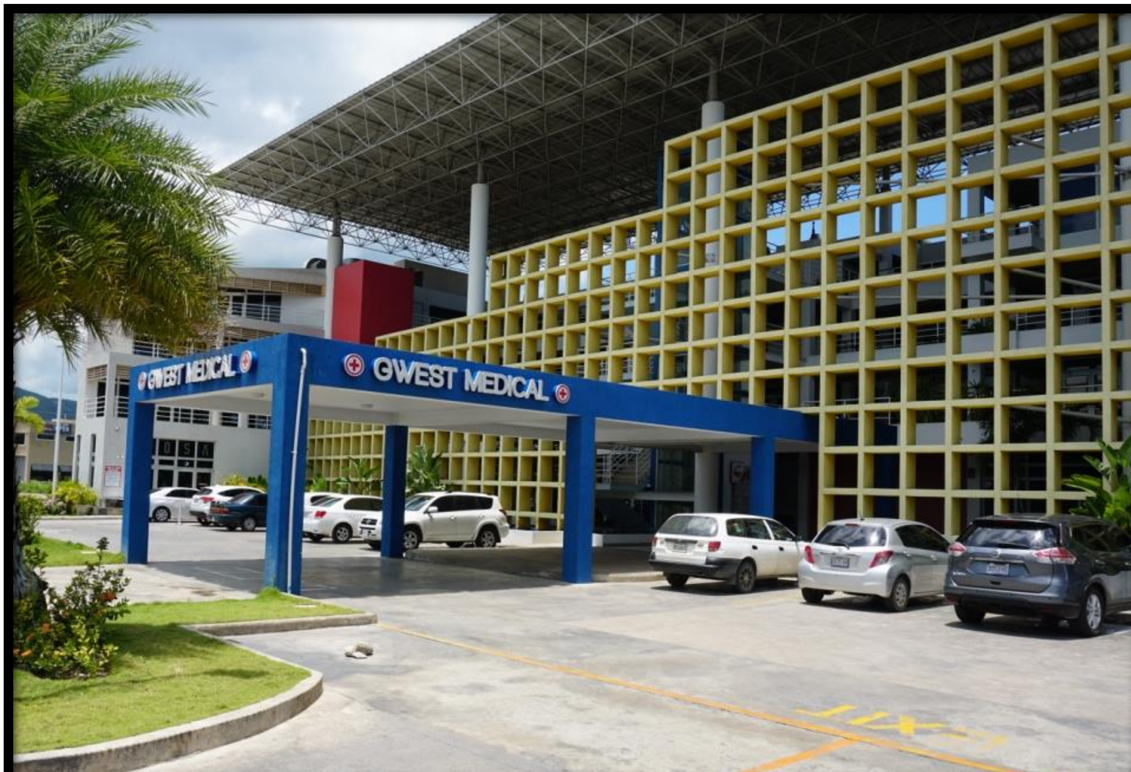
Corporation

Annual Report 2019



GWest Corporation Limited is a limited liability company, established in 2007 with registered office at Lot 6 Crane Boulevard, Fairview, Montego Bay, St. James. The Company's headquarters and operations are located at Lot 6 crane Boulevard, Bogue Estate, Montego Bay, Jamaica.

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GWEST VISION, MISSION, CORE VALUES

GWest Mission: *To provide outstanding, affordable patient care at an international standard through best clinical practices, collaboration and innovation.*

GWest*: Modern. Quality. Care*.

Vision: *Enhancing health, enhancing life.*

GWEST VALUES

- The patient's needs come first.
- Treat all patients and caregivers with compassion and respect.
- Honesty and integrity
- Teamwork
- Innovation

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the GWest Corporation Limited (the "Company") will be held on Monday, November 4, 2019 at 10 o'clock in the forenoon at the Grand-A View Event Place, 7 Queens Drive, Montego Bay for the following purposes:-

1. **To receive the Audited Accounts for the year ended 31 March 2019 and the Reports of the Directors and Auditors**

To consider and if thought fit, pass the following resolution:

Resolution No. 1

"That the Audited Accounts for the year ended 31 March 2019 and the Reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. **To elect Directors**

The Directors retiring by rotation pursuant to the Articles of Incorporation are Ladi Doonquah and Konrad Kirlew, who being eligible for re-election, offer themselves for re-election.

The Company is being asked to consider and, if thought fit, pass the following resolutions:

Resolution No. 2 (a)

"That the Directors, retiring by rotation, be re-elected by a Single Resolution."

Resolution No. 2 (b)

"That Ladi Doonquah and Konrad Kirlew be and are hereby re-elected as Directors of the Company."

3. **To Fix the Remuneration of the Directors**

The Company is asked to consider and, if thought fit, to pass the following resolution:

Resolution No. 3 (a) – Directors' Remuneration

"That the Board of Directors of the Company be and are hereby authorized to fix the remuneration of the individual directors."

Resolution No. 3 (b)

"That the amount shown in the Audited Accounts of the Company for the year ended 31 March 2019 as fees of the Directors for their services as Directors, be and are hereby approved."

4. **To Appoint Auditors and authorize the Directors to fix the remuneration of the Auditors**

To consider and if thought fit, pass the following Resolution:

Resolution No. 4

"That Calvert Gordon and Associates, Chartered Accountants, having agreed to continue in office as Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office until the next Annual General meeting at a remuneration to be fixed by the Board of Directors of the Company."

5. **To Transact any other business permissible by the Company's rules at an Annual General Meeting.**

Dated the 28th day of July, 2019

By Order of the Board

Merl Dundas

Company Secretary

Note:

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy

is enclosed. Forms of Proxy must be lodged with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, not less than 48 hours before the time of the meeting.

2. A corporate shareholder may (instead of appointing a proxy) appoint a representative in accordance with Regulation 75 of the Company's Articles of Incorporation. A copy of Regulation 75 is set out on the enclosed detachable proxy form.

GWEST CORPORATION LIMITED

FORM OF PROXY

I/WE

……….

being member(s) of the above-named Company, hereby appoint

……….

of

……….

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on …………………………., 2019 and at any adjournment thereof.

Signed this ……………………………. day of ………………………………………………., 2019

____

Signature

CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

The results for the financial year ending March 31, 2019.

Our revenues increased from $66.39M in FY 2018 to $129.96M in FY2019, however our losses increased from $78.13M in FY2018 to $151.12M in FY2019. Income from Property rental increased from $48.95M in FY2018 to $52.75M in FY2019. Revenues from medical services increased from $17.44M in FY2018 to $77.21M in FY2019.

It is well-established that the majority of health services are paid for using health insurance. Our results were adversely impacted by our inability to accept health insurance cards, due to the fact that we had not received the registration from the Ministry of Health for our urgent care and laboratory units.

However, as at May 2019, our Urgent Care unit was registered with the Ministry of Health and we have since obtained health insurance provider status for our Urgent Care and General Practice units, which allows us to now accept and process health insurance cards.

We had previously satisfied the Ministry of Health's certification requirements for labs, however the Ministry of Health has recently changed their requirements for the certification of labs, and we are working assiduously to complete the requirements by the end of September 2019., which is expected to significantly increase the income of the Laboratory.

Most of our revenue growth was in our Urgent Care unit, and we expect the Urgent Care unit to continue to experience increased revenue growth now that we have obtained health insurance provider status. Other areas of projected growth are endoscopy and colonoscopy.

Our administrative and operating costs, increased significantly over last year moving from $166.09M to $276.45M in 2019. This was mainly due to the costs of operating our 24-hour Urgent Care facility, and hiring of senior management.

Despite a reduction in our total assets from $1.65B to 1.53B (due to [ ]) for the financial year, the value of our prime real estate property remain strong. We have significant interest for lease and sale of vacant units and we expect that we will see an increase in our rental income and future sales.

Your Board of Directors have approved the following measures to increase revenues and reduce costs with a view of improving the financial performance of your company.

A) Cost saving.
   i. Rationalization of staff. (Estimated saving of 10M annually).
   ii. Reduction in other operating expenses (estimated savings of [$] annually.
B) Revenue growth.
   i. The sale of several investment units is in progress, which upon completion will provide cash flow to support our business operations as well as to take advantage of other revenue and profit generating opportunities. Thus far these actions have already resulted in successes and we are confident that the company will continue as a going concern.
   ii. We are in the process of negotiating with our bankers to restructure our bank debt, which if successful would provide cash flow relief while we implement our strategies.
   iii. Partnerships. We are exploring the possibility of doing a joint venture to build-outdoor Surgery Centre and possibly a Pediatric Centre.

iv. Starting in September 2019, Digicel will be rolling out a subscription based telemedicine platform for beta testing. GWest will sign up to be the first medical provider in Western Jamaica on the platform. This smartphone based platform will utilize our physicians and provide referrals to our services. It will also have applications for the hospitality industry.
v. Increase our marketing efforts to cover print and electronic media, social media, billboards, etc.

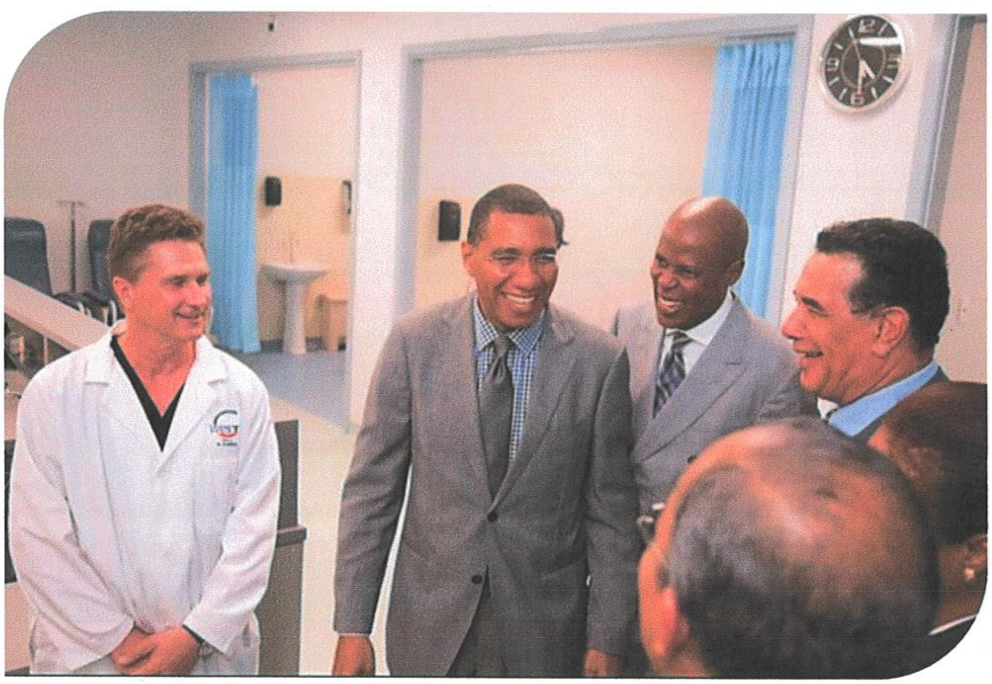
Our staff complement of 30 full-time and 20 part-time employees are our foundation while we continue to recruit capable physicians and other medical professional staff to provide exceptional health care.

We recognize the substantial challenges that face us in the upcoming year. At the request of the GWest Board, I have agreed to serve as the acting CEO in order to focus on our turnaround strategies. Director, Wayne Gentles has agreed to act as our Chief Financial Officer until our operations are stabilized. These appointments will not result in any increase in our operating costs. With the support of the other board members, our staff, shareholders and clients, we are confident that our efforts will be rewarded with improved financial performance and realization of our vision.

Konrad Kirlew

Dr. Konrad Kirlew

Chairman of the Board



DIRECTOR'S REPORT

The Directors are pleased to present their report for the financial year ended March 31, 2019.

Financial Results	**$,000**
Loss before Taxation	(144,430)
Taxation	(6,692)
Net Loss	(151,122)
Retained Earnings at the beginning of the year	122,298
Retained Earnings at the end of the year	(34,029)

Dividend

No Dividends were declared during the financial year ended March 31, 2019.

The Board

The Directors as at March 31, 2019 were as follows:

Dr. Konrad Kirlew	Mr. Dennis Samuels
Dr. Leyford Doonquah	Mr. Wayne Gentles
Mrs. Elva Williams-Richards	Mrs. Denise Crichton-Samuels
Mr. Peter Pearson	Mr. Karl Townsend
Mr. Wayne Wray (Mentor under the Junior Market Rules of the Jamaica Stock Exchange)	

In accordance with Regulation 99 of the Company's Articles of Incorporation, Directors Mr. Ladi Doonquah and Mr. Konrad Kirlew will retire by rotation and, being eligible, offer themselves for re-election.

Auditors

The company auditors, Calvert Gordon Associates, have indicated a willingness to continue in office pursuant with the provisions of Section 154(2) of the Companies Act.

The Directors wish to place on record their appreciation and recognition of the dedicated efforts and hard work given by the officers and staff of the company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Konrad Kirlew

Dr. Konrad Kirlew
Chairman

BOARD OF DIRECTORS

KONRAD KIRLEW, CHAIRMAN

Dr. Kirlew has practiced diagnostic radiology for over 20 years in Jamaica and the USA. He is a founder and the majority shareholder of Radiology West Limited and Northcoast Imaging Limited. He is also a director of Image Plus Consultants. He was born in Jamaica and attended high school in Montego Bay. He studied radiography before attending college at the University of Florida. He graduated from Stanford University School of Medicine and completed his diagnostic radiology residency and neuroradiology fellowship training at the University of California in Los Angeles. He is board-certified to practice radiology in Jamaica and the United States of America.

LEYFORD "LADI" DOONQUAH

Dr. Doonquah received his dental degree from Howard University in Washington DC. He obtained his medical degree from the University of Alabama Birmingham. He completed his internship in general surgery at the Mayo Clinic in Rochester, Minnesota and residency in Maxillofacial Surgery in Los Angeles, California. He is Board Certified by the American Board of Oral and Maxillofacial Surgery. He is currently a Consultant Maxillofacial surgeon at UHWI and an associate lecturer in the faculty of Medicine UWI. He is the founder of FOSA Surgical Associates Limited which operates facilities at GWest Centre and Hope Road, St. Andrew.

DENNIS SAMUELS

Dennis Samuels is an experienced business owner and Managing Director of Cornwall Medical and Dental Supplies Limited. He possesses over thirty (30) years of comprehensive management skills and is versatile business professional with a history of successful entrepreneurship. He is happily married to Denise Crichton-Samuels for the past twenty-four (24) years, shares biological son Dennis Samuels Jr, and foster four daughters. He is a board member of the Northern Caribbean University and member of the University's Endowment Fund. He is a major contributor to the Mount Carey Educational Evening Institute for the past twelve (12) years, a sponsor of the Jamaica Dental Auxiliary Convention for the past twenty (20) years, and a major contributor in the Mt. Carey Educational Outreach Center. Additionally, he conceptualized the Hart Street "Rise Up" Educational Programme which consists of youth and adult school drop-outs. He also serves as a local elder in his church and is a Justice of the Peace.

DENISE CRICHTON-SAMUELS

Denise Crichton-Samuels is Managing Director of Cornwall Medical and Dental Supplies Ltd and Corn-Med Pharmacy, and a Registered Nurse since 1993. Her experience in Entrepreneurship, Strategic Planning and Leadership span twenty-two (22) years, of effective cost management, establishing strategic mutually beneficial partnerships and relationships with users, vendors and service providers. She is adept at creating strategic alliances with organization leaders to effectively align with and support key business initiatives. Denise believes in development of our young women; the community and country at large and actively participate in mentorship of four (4) teenage girls. She serves the Local Seventh Day Adventist church in capacities of Health Ministry Assistant Director, Family Life Director, Children's choir Director and Youth Department Sponsor. She also sponsors and coordinates frequent medical & dental community-based clinics.

WAYNE GENTLES

Mr. Gentles has worked as a chartered accountant for the past 15 years and is currently the Chairman of Bull Investments Limited. Before starting Bull Investments Limited he worked at the Port Authority of Jamaica as Assistant Vice President of Finance for the subsidiaries. He also acquired several years of experience working as an auditor with the Jamaican firms of Deloitte and Touché and Price Waterhouse Coopers.

Mr. Gentles is a graduate of Cornwall College and the University of the West Indies from which he holds a BSc and MSc degrees in Accounting. He is also a director of Pines Imaging Centre Limited and Radiology West Limited.

ELVA WILLIAMS-RICHARDS

Mrs. Elva Williams-Richards is a professional who has a wealth of senior management experience, which spans both the public and private sectors. Her areas of expertise include among others, management and financial accounting, audit, operations management, strategic and risk management.

She is presently the Senior Vice President, Finance, Corporate Planning, Information Services & Materials Management, at The Port Authority of Jamaica (PAJ).

She is a team oriented individual, possessing excellent analytical, organizational and leadership skills. She has a Master of Business Administration from the University of Liverpool. She is a member of the American Institute of Certified Public Accountants (AICPA), the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants of Jamaica (ICAJ). Additionally, she holds the designation of Certified Public Accountant (CPA). She serves on several staff-related and social committees and is an active member of the PAJ's sports and social club.

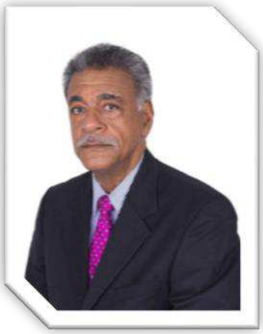
WAYNE WRAY, MENTOR

Mr. Wayne Wray is the company's Mentor for the purposes of the Junior Market Rules, with responsibility for advising it on corporate governance, timely disclosure of information to the market, the implementation of adequate procedures, systems and controls for financial reporting, and compliance generally. He will also act as a Non-Executive Director, Chairman of the Compensation Committee and as a member of the Audit Committee.

He is the founder and director of Wiltshire Consulting & Advisory Limited, which provides investment advisory services to Caribbean and international clients and is licensed by the Financial Services Commission as an investment advisor. Mr. Wray has over 20 years working experience in executive leadership and management positions within the Jamaican and Caribbean banking and financial services industry.

Mr. Wray holds an MBA, International Business, from George Washington University and a BA, in Economics, from George Washington University. He is the Managing Director of 365 Retail Limited, an authorized petroleum dealer and lubricant distributor for Total Jamaica Limited. He serves on the boards of several other private sector companies, two of which are listed on the Junior Market of the Jamaica Stock Exchange. A Justice of the Peace, he is committed to nation building and serves on the Board of several community development organizations.

Independent Directors



PETER PEARSON

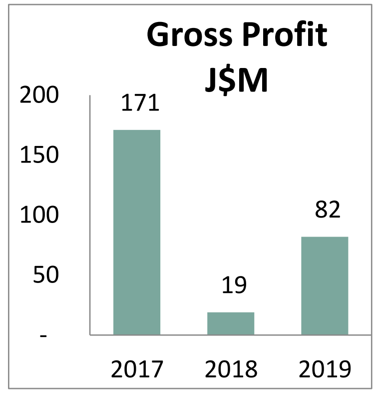
Mr. Peter Pearson a Chartered Accountant is a retired Partner of PricewaterhouseCoopers Jamaica having served the organization for 39 years with 26 of those as a partner. As an assurance partner his portfolio of clients included companies in hospitality, banking, real estate, government and others. He is presently a director and member of the audit committee of a number of other companies. Peter has been a Justice of Peace since 1988. Peter is a graduate of Cornwall College and the University of the West Indies from which he holds a BSc. (Management Studies). Peter is a Fellow of the Institute of Chartered Accountants and a Fellow of the Chartered Association of Certified Accountants.

KARL TOWNSEND

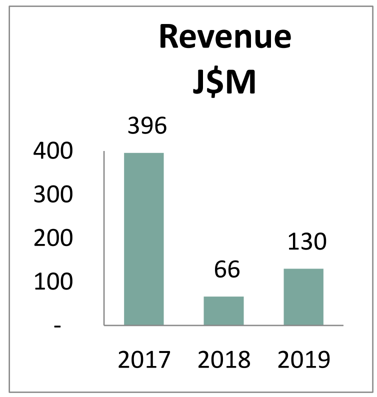
Karl Townsend is the Chief Country Officer, Group Capital Markets Unit, Jamaica at JMMB Group Limited. Karl has over twenty years of corporate finance, banking and capital markets experience, garnered with the foremost financial institutions in Jamaica and overseas. Karl holds a BSc in Economics and Management from UWI Mona and an MBA in Finance from Manchester Business School, University of Manchester. He has participated in several professional development courses as well as executive development courses at the Wharton Business School and New York University respectively. Karl is a proud alumni of St. Jago High School and the immediate past president of the St. Jago Past Students' Association.

MANAGEMENT DISCUSSION AND ANALYSIS

The 2019 financial year was a very important year for GWest Corporation Limited. This was the year the Company had a full year of operating units three of its health services namely: General Practice facility, Laboratory and Urgent Care Centre, in addition to our real estate management.

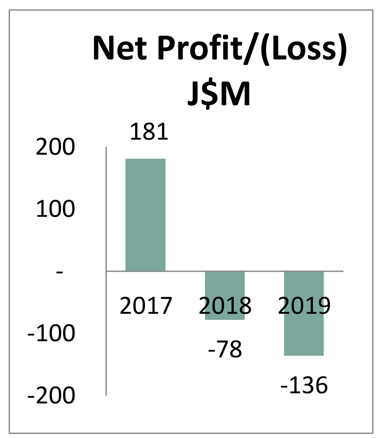


The Company had over 30 full-time employees and 10 part-time employees. With our core business shifting from the development and sale of commercial spaces which resulted in a spike in revenue for 2017, we now diversifying our revenue base through the provision of health services. Despite, the unexpected undue delay to obtain accreditation for all existing health facilities in 2019, we still managed to generate over $130M in revenues compared to $66M the previous year. Accreditation of our health facilities will allow us to accept all major health cards which is a necessity for those patients in paying for health services covered under health schemes.



We are pleased to announce that as of May 2019 two of our facilities were accredited which will us to accept all the major health cards. The accreditation of the Laboratory remains outstanding. This significantly hinders the ability the growth potential for this service. We continue to work with the Ministry of Health to achieve this milestone and are optimistic that this will be accomplished in the upcoming financial year. The attendant startup cost and the inability to accept health cards has resulted in our losses increasing from $88M to $136M for financial year ending March 31, 2019.

We note that the auditors have placed an emphasis of matter with respect to our going concern, as highlighted in note 28 of our Financial Statements, regarding the existence of an uncertainty which may cast doubt on the Company's ability to continue as a going concern.



The management and board of Directors have taken this seriously and have taken steps to rectify this situation with immediate effect in order to preserve shareholder value.

Taking each individual accomplishment achieve so far and the growth we have had in revenues there are indications that with focused management of our operating cost and leveraging our assets, the Company is poised for continued growth and profitability in the not too distant future.

Operations

The results of the Financial Year ending March 31, 2019 shows a 96% increase in revenues moving from $66M to $130M in 2019.

Administrative and other operating expenses increased from $69M to $191M this financial year. The main areas contributing to the increase expenditures are as follows:

- Salary and wages increased from $18M to $45M
- Staff Training and welfare increase from $0.1M to $5M
- Property maintenance increase from $13M to $19M
- Laboratory and Medical supplies moved from $9M to $23M
- Medical Consultancy Fees from $15M to $45M
- Provision for Bad Debt of 16M none was charged last financial year. This is mainly due to new accounting standards.

J$ milion unless otherwise indicated

	2017	2018	2019
Revenue			
Net gain on sale of units	950.1	0.0	0.0
Lease income	58.7	49.0	52.7
Patient fees	0.0	17.4	77.2
Total revenue	1,008.8	66.4	130.0
Direct costs	(838.1)	(47.3)	(48.2)
Other net income, gains or losses	247.4	21.1	2.0
Administrative and other operating expenses	(51.4)	(69.4)	(190.6)
EBITDA	366.8	(29.1)	(106.8)
Depreciation	(1.0)	(7.4)	(6.4)
Net finance cost	(134.3)	(40.9)	(31.2)
Taxes	4.3	(0.7)	8.6
Total comprehensive income for the year	235.8	(78.1)	(135.9)

A significant proportion of the increase in expenses is as a result of one-off startup cost and is not projected to reoccur the next financial year.

Finance Cost reduced from $42M last year to $31M this year. Taxation increased from $0.07M to $7M due to the provision for deferred taxes.

Balance Sheet

Our Investment Property and Property and Equipment remain the same as last year.

Our Current assets reduce from $347M to $2224M this year

There was a reduction in our total assets from $1.7B to $1.5B this year.

Shareholders' equity increased from $607M to $700M this financial year.

Non - Current liabilities reduce from $938M to $646M this year

Current liabilities increase from $ $112M to $183M this year.

J$ milion unless otherwise indicated

	2017	2018	2019
Non-current assets	1,259.8	1,308.9	1,318.2
Current assets	241.7	350.0	224.3
Total assets	1,501.5	1,658.8	1,542.5
Shareholders' equity	315.6	606.6	715.6
Non-current liabilities	867.4	938.3	644.2
Current liabilities	318.5	111.9	182.7
Total liabilities	1,185.8	1,050.2	826.9
Total equity and liabilities	1,501.5	1,656.8	1,542.5

Cash flow

The Company incurred a significant reduction in our cash resources, cash and cash equivalents from $177M to $11M.

J$ milion unless otherwise indicated

	2017	2018	2019
Cash flows generated by/(used in)			
Operating activities	518.7	(149.7)	(386.6)
Investing activites	(78.4)	(42.0)	(7.1)
Financing activities	(451.3)	284.2	225.7
Net cash generated/(used) for the year	(11.0)	92.5	(168.0)
Cash and cash equivalents	84.4	177.1	10.6

Risk Management

Risk management is a critical and pivotal role in the daily operations of our business. At every level of our operations, the full evaluation of our risk has been done to create and set standards to ensure that quality service is achieved and maintained.

We are guided by principles that inspire confidence in our customers and stakeholders which include a risk-based approach to management which takes into account the risks associated with providing the necessary services to our customers' needs and expectation.

Risk may include areas not limited those associated with the following:

- The Company's objectives
- Legal regulatory and liability issues
- Operations
- Health and safety of our employees and stakeholders
- Perception of interested parties

The Company is supported by the necessary insurance coverage for all areas of our businesses.

To realize growth, we strive to strengthen the internal controls of our Company based on the reviews of ongoing audits and financial management reports at our frequent board committee meetings.

We are committed to constantly instituting and improving our internal measures to safeguard the security of our assets, client relationships and the data integrity that will enable us to have a sustainable business model.

The Company manages its risks to protect its employees, assets and the interest of all stakeholders.

Outlook & Prospects for 2018

In the upcoming financial year, we expect increased revenue contributions from the medical units already in operation and an increase to our share of the local health care market. The ongoing issues with health care in the public sector represent an opportunity for growth.

We have engaged local surgeons and investors to joint venture in completing our surgery centre. This facility is a cornerstone of our medical services, which integrated with our existing medical units, will enable GWest to provide a comprehensive health care product that will positively impact our income stream.

The implementation of a telemedicine platform by Digicel will bring further visibility and access to our health care offerings.

Corporate Governance and Accountability

The Board of Directors of the Company gives policy directives and strategic guidance and management oversight which ensure the Company's sustained growth and profitability. Also, that the highest standards of governance are maintained in the discharge of its responsibilities, whilst creating value for its stakeholders.

BOARD COMMITTEES

The Board assigns responsibilities to Board Committees to provide direction on specific strategic initiatives and to effectively execute and strengthen its governance function. Each Committee is guided by a Terms of Reference which outlines its roles and duties. The foremost is to review and monitor policies requiring guidance and ratification of the Board of Directors. The Board acts on the recommendations of the Committees following their review and advice on proposals submitted by Management.

The Committees enhance the decision-making process of the Board and facilitate the efficient flow of information and implementation of policies between the Board and Management.

The Board has established an Audit and Compliance Committee, a Finance and Compensation Committee. The members of each Committee include at least 2 independent non-executive Directors, and are as follows:

BOARD COMMITTEES	TERMS OF REFERENCE
Audit Committee Peter Pearson – Chairman/Elva Williams Richards/ Karl Townsend/Wayne Gentles/Wayne Wray	Advises the Board on: Reliability and integrity of the accounting principles and practices, financial statements and other financial reporting systems and internal control procedures of GWest Corporation Limited and its subsidiary ("hereinafter called the Company"); Performance of the internal audit functions of the Company; Risk management functions and processes of the Company; Qualifications, independence and performance of the external auditors of the Company; System of internal controls and procedures established by Management and reviewing their effectiveness; and Company's compliance with legal and regulatory requirements Reviews the Audited financial statements and recommends to the Board for approval.

Compensation Committee
Peter Pearson, Ladi Doonquah, Dennis Samuels

DUTIES AND RESPONSIBILITIES

The Committee is responsible for advising the Board on all matters relating to the compensation of the executive management and Board membership and, where applicable, on such other matters as industrial relations/labour union issues.

The Committee will:

Ensure the establishment of a broad plan of executive compensation that is competitive and motivating in order to attract, retain and inspire executive management and other key employees.

Make recommendation to the Board concerning incentive schemes, profit-sharing and other company benefits

Conduct an annual review of the remuneration policy for directors

Make recommendation to the Board in respect of remuneration of Non-Executive Directors

Make recommendation to the Board relating to compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure it is consistent with contractual terms and is otherwise fair and not excessive

Make recommendation to the Board for approval of compensation relating to dismissal of Director for misconduct to ensure it is reasonable and appropriate

Ensure compensation package disclosed in Annual Report is in accordance with disclosure requirements

EXECUTIVE COMPENSATION

The compensation arrangements are expected to reflect market rates having regard to the relevant individuals experience and skills. The arrangements will be subject to the review and approvals of the Finance & Compensation Committee.

DIRECTORS FEES

Each Director shall receive fees in amounts that are to be approved by the Finance & Compensation Committee referred to above, inclusive of reimbursement of reasonable fees and expenses for attendance at each meeting of the Board of the Company, or any Committee thereof.

Board Meeting Attendance:

The Compensation committee has approved fees of $50,000 for attendance at Board Meetings, as well as reimbursement of reasonable fees and expenses.

Committee Meeting Attendance:

The Compensation Committee has approved fees of $35,000 for committee chairs and $30,000 for committee members.

RECORD OF DIRECTORS' ATTENDANCE

MEETINGS OF BOARD AND COMMITTEES

APRIL 2018 TO MARCH 2019

ATTENDANCE AT MEETINGS FOR THE YEAR APRIL 2018 TO MARCH 2019

	BOARD	AUDIT COMMITTEE	COMPENSATION COMMITTEE
NUMBER OF MEETINGS HELD	**7**	**4**	**1**
Konrad Kirlew	7	N/A	N/A
Denise Crichton-Samuels	1	N/A	N/A
Leyford Doonquah	5	N/A	1
Wayne Gentles	7	4	1
Mark Hart	2	N/A	N/A
Peter Pearson	7	4	N/A
Elva Williams-Richards	5	3	N/A
Dennis Samuels	6	N/A	N/A
Karl Townsend	5	3	1
Wayne Wray	7	4	1

Wayne Wray – JSE Mentor to the Board and Independent Member of Audit and Compensation Committees.

Mark Hart resigned January 30, 2019

DISCLOSURE OF SHAREHOLDERS

GWEST CORPORATION LIMITED

Top 10 shareholdings as at March 31, 2019

	Primary Account Holder	Joint Holder(s)	Volume	Percentage
1.	Cornwall Medical and Dental Supplies			
		Dennis Samuels		
		Denise Crichton-Samuels		
		Client total ownership	71,232,461	14.6900%
2.	Dr. Konrad Kirlew			
		Client total ownership	62,210,449	12.8300%
3.	Ladi Doonquah			
		Client total ownership	61,520,637	12.6900%
4.	Bull Investments Limited			
		Client total ownership	34,374,366	7.0900%
5	JMMB T1 EQUITY FUND (JMD)			
		Client total ownership	32,173,018	6.6400%
6.	Mrs. Elva Williams Richards			
		Mr. Jhameque Jamara Richards	115,665	0.0239%
			30,760,319	6.3161%
		Client total ownership	**30,760,319**	**6.3400%**
7.	North Coast Imaging Ltd	Konrad Kirlew		
		Canute Johnson		
		Geoffrey Williams		
		Client total ownership	**30,760,319**	**6.3400%**
8.	MF&G Trust & Finance Ltd - A/C 57			
		Client total ownership	**29,290,000**	**6.0400%**
9.	JMMBSL AVAILABLE FOR SALE			
		Client total ownership	**16,393,009**	**3.3800%**
10.	PATRICK THELWELL			
		Client total ownership	**9,421,494**	**1.9400%**
	Total issued capital		**484,848,485**	
	Total units owned by top 10 shareholders		**378,136,072**	

DIRECTORS' STOCKHOLDINGS AS AT MARCH 31, 2019

GWEST CORPORATION LIMITED
DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS AS AT MARCH 31, 2019

NAME	POSITION	CONNECTED PARTY	UNITS	%
Konrad Kirlew	Director	Self	62,210,449	12.83%
		Northcoast Imaging Ltd.	30,760,319	6.34%
Dennis Samuels	Director	Cornwall Medical and		
Denise Samuels	Director	Dental Supplies	71,232,461	14.69%
Leyford Doonquah	Director	Self	61,520,637	12.69%
Wayne Gentles	Director	Self	1,538,016	0.32%
		Bull Investments Limited	34,374,366	7.09%
Elva Williams-Richards	Director	Self	30,760,319	6.32%
		Jhameque Richards	115,665	0.02%
Wayne Wray	Mentor	Self		
		Christine Randle	400,000	0.08%
Karl Townsend	Director	None	189,170	0.04%
Peter Pearson	Director	None	142,159	0.02%

SENIOR MANAGERS

Marceline Hayles (July 5, 2019)	Chief Executive Officer	None	0	0.00%
Karen Christie-Harris	Chief Accountant	None	0	0.00%

GWEST CORPORATION LIMITED

YEAR ENDED MARCH 31, 2019

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Chartered Accountants
Suite 110 City Centre Building
P.O. Box 60, Montego Bay
Jamaica, W.I.
Tel: 876 952 4713- 4
Fax 876 979 0246

7 West Avenue
P.O. Box 13, Kingston 4
Jamaica, W.I.
Tel: 876 922 6825
Fax 876 922 7673

INDEPENDENT AUDITORS' REPORT

To the members of

GWEST CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GWest Corporation Limited (the Company), set out on pages 2 to 39 which comprise the statement of financial position as at March 31, 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To the members of GWest Corporation Limited (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses	
As described in Note 4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty under section 4.2.3 - Allowance for expected credit losses (ECL), the Company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Based on IFRS 9 – "Financial Instruments", the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Under the general approach, ECLs are measured in two ways. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The process of developing an expectation of credit losses requires management to use judgement which could inherently be subjective.	In auditing the allowance for expected credit losses, we performed the following: - We obtained an understanding of Company's implementation process for determining the impact of adoption of the new standard. - We evaluated the techniques and methodologies used by the Company to estimate the ECLs, and assessed their compliance with the requirements of IFRS 9. - We assessed the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates used on determining the ECLs for trade receivables. - We also assessed the adequacy of disclosures in the financial statements.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 28 of the financial statements which indicates that, the Company incurred a net loss of $135.876 million for the year ended March 31, 2019 and net loss of $88.109 million in the previous year.

These conditions along with other matters as set forth in Note 28, indicate the existence of an uncertainty which may cast doubt about the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent on obtaining adequate financing and ultimately on future sustained profitable operations. Management's plan in relation to this matter is outline at Note 28.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To the members of GWest Corporation Limited (Cont'd)

Other Information Included in the Annual Report

Other information consists of the information included in the Company's March 31, 2019 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The company's March 2018 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To the members of GWest Corporation Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

We communicate with the Board of Directors 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 the Board of Directors 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 the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 or such communication.

Report on additional matters of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Fagan Calvert.

CalvertGordon Associates

Chartered Accountants
Montego Bay, Jamaica
June 27, 2019

GWEST CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Non-current assets			
Property and equipment	5	389,977	389,234
Investment property	6	915,596	915,596
Deferred tax asset	7	12,606	4,052
Total non-current assets		1,318,179	1,308,882
Current assets			
Trade and other receivables	8	112,697	105,203
Owed by related parties	9.1	62,951	62,997
Tax recoverable		813	793
Short term deposits	10, 11	44,757	177,607
Cash and bank balances	11	3,053	1,350
Total current assets		224,271	347,950
Total assets		1,542,450	1,656,832
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	419,152	419,152
10% cumulative non-redeemable preference shares	12	250,000	-
Property revaluation reserve	13	65,186	65,186
Retained earnings (deficit)		(18,783)	122,298
Total shareholders' equity		715,555	606,636
Non-current liabilities			
Borrowings - shareholder's loans	9	425,443	675,810
Borrowings – others	14	218,750	262,500
Total non-current liabilities		644,193	938,310
Current liabilities			
Borrowings	14	48,734	49,665
Owed to related parties	9.1	24,204	4,078
Provisions	15	1,002	-
Trade and other payables	16	71,556	56,343
Bank overdrafts	11	37,206	1,800
Total current liabilities		182,702	111,886
Total equity and liabilities		1,542,450	1,656,832

The Notes on Pages 6 to 39 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 39 were approved and authorised for issue by the Board of Directors on June 27, 2019 and are signed on its behalf by:

Konrad Kirlew
Director

Denise Crichton-Samuels
Director

GWEST CORPORATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED MARCH 31, 2019

	Notes	2019 $'000	2018 $'000
Revenue	17	129,962	66,389
Direct costs		(48,180)	(47,252)
		81,782	19,137
Other income	18	83	(330)
Other gains or losses	19	1,976	12,622
Administrative expenses		(68,605)	(26,697)
Other operating expenses		(128,394)	(50,093)
Finance costs	20	(31,272)	(42,054)
Loss before taxation	22	(144,430)	(87,415)
Taxation	24	8,554	(694)
NET LOSS		(135,876)	(88,109)
Other comprehensive income			
Gain on revaluation of property	13	-	9,982
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(135,876)	(78,127)
Earnings per stock unit	25	(0.28)	(0.55)

The Notes on Pages 6 to 39 form an integral part of the Financial Statements.

GWEST CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED MARCH 31, 2019

	Notes	Share Capital $'000	Property Revaluation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at April 1, 2017		50,000	55,204	210,407	315,611
Property revaluation gain	13	-	9,982	-	9,982
Net loss for the year		-	-	(88,109)	(88,109)
Total comprehensive income for the year		-	9,982	(88,109)	(78,127)
Issue of ordinary shares through public offering	12	400,000	-	-	400,000
Share issue costs	12	(30,848)	-	-	(30,848)
Balance at March 31, 2018		419,152	65,186	122,298	606,636
Impact of adopting IFRS 9	8	-	-	(5,205)	(5,205)
Balance at March 31, 2018 – as restated		419,152	65,186	117,093	601,431
Net loss for the year and Total comprehensive income for the year		-	-	(135,876)	(135,876)
Issue of 10% cumulative non-redeemable preference shares on conversion of shareholders' loans	12	250,000	-	-	250,000
Balance at March 31, 2019		669,152	65,186	(18,783)	715,555

The Notes on Pages 6 to 39 form an integral part of the Financial Statements.

GWEST CORPORATION LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2019

	Notes	2019 $'000	2018 $'000
OPERATING ACTIVITIES			
Net loss		(135,876)	(88,109)
Adjustments for:			
Depreciation of property and equipment	5	6,422	7,404
Fair value adjustment on revaluation of investment property		-	(8,090)
Loss on disposal of investment property	18	-	1,574
Land and development cost adjustment			3,395
Impairment loss recognised in receivables	8	15,890	-
Shareholders' loans converted to preference shares		(250,000)	-
Disposal of property and equipment		-	39
Foreign exchange rate movement		(1,976)	(4,191)
Provisions	15	1,002	-
Interest income		(83)	(1,161)
Interest expense		31,272	42,054
Taxation		(8,554)	694
		(341,903)	(47,373)
Increase in receivables / prepayments		(28,333)	(10,774)
Increase (Decrease) in payables		15,628	(29,395)
Cash generated by operations		(354,608)	(87,542)
Interest paid		(32,013)	(56,876)
Income tax paid		(20)	(5,280)
Cash used in operating activities		(386,641)	(149,698)
INVESTING ACTIVITIES			
Proceeds from disposal of investment property (net)		-	18,877
Interest received		83	1,132
Acquisition of property and equipment		(7,165)	(62,014)
Cash used in investing activities		(7,082)	(42,005)
FINANCING ACTIVITIES			
Proceeds of issue of ordinary shares		-	400,000
Payment of share issue costs		-	(30,848)
Shareholder loans converted to preference shares	12	250,000	-
Bank borrowings repaid		(43,750)	(43,750)
Loans from third parties repaid		-	(24,186)
Loans from shareholders		(570)	77,172
Advances (from)to related parties		20,034	(520)
ZDA performance bond repaid		-	(93,643)
Cash flows from financing activities		225,714	284,225
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(168,009)	92,522
Effects of foreign exchange rates		1,489	234
OPENING CASH AND CASH EQUIVALENTS		177,124	84,368
CLOSING CASH AND CASH EQUIVALENTS	11	10,604	177,124

The Notes on Pages 6 to 39 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

1. IDENTIFICATION

GWest Corporation Limited (the company) is incorporated and domiciled in Jamaica. Its main activities are the development of commercial properties and the provision of healthcare services.

The company has a wholly owned subsidiary, GWest Surgery Limited (the subsidiary). The subsidiary which is incorporated and domiciled in St. Lucia, has not yet began trading.

On December 21, 2017 the company became a listed entity on the Jamaica Stock Exchange Junior Market.

The registered office of the company is Lot 6 Crane Boulevard, Fairview, Montego Bay, St. James.

These financial statements are expressed in Jamaican dollars.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

*2.1 **Standards and Disclosures affecting amounts reported and/or presentation and disclosures in the current period (and/or prior periods)***

The following Standards affected presentation and disclosures in the current period:

IFRS 9 – Financial Instruments

In the current year, the company has applied IFRS 9 issued by the International Accounting Standards Board (IASB), effective for annual periods beginning on or after January 1, 2018 for the first time.

IFRS 9 ‘Financial Instruments’ replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’. The company has adopted the modified retrospective approach and has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable with the information presented for 2018. Changes arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of April 1, 2018 and are disclosed below.

Changes to classification and measurement

To determine their classification and measurement category, IFRS9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity’s business model for managing the assets and the instruments’ contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

(i) Debt instruments at amortised cost
(ii) Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
(iii) Equity instrument at FVOCI, with no recycling of gains or losses or profit or loss on derecognition
(iv) Financial assets at FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gain or losses arising from an entity’s own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statements.

The company’s classification of its financial assets and liabilities is explained in Note 3.

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the company’s accounting for accounts receivable loss impairments by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the company to record an allowance for ECL for all debt financial assets not held at FVPL.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.1 Standards and Disclosures affecting amounts reported and/or presentation and disclosures in the current period (and/or prior periods) (Cont'd)

The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case the impairments is assessed over its lifetime. If the financial asset meets the definition of purchase or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The quantitative impact of applying IFRS 9 as at April 1, 2018 was as follows:

IFRS 9 – Financial Instruments (Cont'd)

	Increase/(Decrease) $'000
Assets	
Trade and other receivables	(5,205)
Total	(5,205)
Equity	
Retained earnings	(5,205)
Total	(5,205)

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

		Effective for annual periods beginning on or after
Amendments to Standards		
IAS 40	Investment Property - Amendments relating to the transferring of investment property to, or from, investment property only when there is a change in use	January 1, 2018
IFRS 1 and IAS 28	Amendments arising from Annual Improvements to IFRS 2014 – 2016 Cycle	January 1, 2018
IFRS 2	Share-based Payment - Amendments to clarify classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4	Insurance Contracts - Amendments to provide two options for entities that issue Insurance contracts within the scope of IFRS 4	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
New and Revised Interpretations		
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.3 Standards and interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New and Revised Standards		
IAS 12 and 23 and IFRS 3 and 11	Amendments arising from Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 1, 2019
IAS 19	Employee Benefits - Amendments to clarify measurement of plan amendment, curtailment or settlement	January 1, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments to clarify the application of IFRS 9 to long-term interests in an associate or joint venture that form a part of the net investment	January 1, 2019
IFRS 3	Definition of a Business	January 1, 2020
IFRS 3, 11 and IAS 12 and 23	Amendments arising from 2015- 2017 Annual Improvements to IFRS	January 1, 2019
IFRS 9	Amendments to IFRS 9 Prepayment Features with Negative Compensation	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021
New and Revised Interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

The Board of Directors and management have assessed the impact of all the new and revised Standards and Interpretations in issue not yet effective and have concluded that the following are relevant to the operations of the company:

New and Revised Standards and Interpretations in issue not yet effective that are relevant

- IFRS 16 *Leases*

  IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS17. The directors and management anticipate the adoption of IFRS 16 in the company's financial statements from April 1, 2019 and are currently assessing the impact of the application of the Standard.

- IFRIC 23 *Uncertainty over Income Tax Treatments*

  The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS *12 Income Taxes*. It specifically considers:
  - Whether tax treatments should be considered collectively
  - Assumptions for taxation authorities' examinations
  - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - The effect of changes in facts and circumstances

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.3 Standards and interpretations in issue not yet effective (Cont'd)

New and Revised Standards and Interpretations in issue not yet effective that are relevant (Cont'd)

- IFRIC 23 *Uncertainty over Income Tax Treatments (Cont'd)*

  The directors and management anticipate that IFRIC 23 will be adopted in the company's financial statements for the annual period beginning April 1, 2019 and that the application of IFRIC 23 may impact the amounts reported in respect of the company's income tax. However, the directors have not yet completed their analysis of the impact of the application of the Standard and hence not yet quantified the extent of the likely impact.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Companies Act, 2004 of Jamaica.

3.2 Basis of preparation

The financial statements have been prepared under the historical cost basis except for land and building in property and equipment and investment property which are measured at the revalued amount as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.3 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non -current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable input.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.5 Property and equipment

Property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at historical or deemed cost or at their revalued amount being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations on land and building are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost including professional fees, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.5 **Property and equipment (Cont'd)**

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 **Investment property**

Investment properties representing completed strata units are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Transactions costs include development and other costs that enhance the value of the properties to enable sale or rental at maximum value. Subsequent to initial recognition investment properties are measured at fair value being their revalued amount representing open market values determined by external valuators or the directors. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on the de-recognition of the investment property (determined as the difference between the net disposal proceeds and the carrying amount of the asset) and is recognised in profit or loss in the period in which the property is de-recognised.

3.7 **Impairment of tangible and intangible assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 **Financial instruments (Policy applicable from April 1, 2018)**

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.8 **Financial instruments (Policy applicable from April 1, 2018)**

Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

The fair values of financial instruments are discussed at Note 26. Listed below are the company's financial assets and liabilities and specific accounting policies relating to each:

3.8.1 **Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial instruments (Policy applicable from April 1, 2018) (Cont'd)

3.8.1 Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Financial assets at amortised cost (debt instruments) (Cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the company applies a simplified approach in calculating ECLs.

Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.8**Financial instruments (Policy applicable from April 1, 2018) (Cont'd)**

3.8.1 **Financial assets (Cont'd)**

Impairment (Cont'd)

The company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.8.2 **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, borrowings and due to related parties.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit or loss.

3.8.3 **Related party**

A party is related to the company if:

(i) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the company;
 - has an interest in the entity that gives it significant influence over the company; or
 - has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v);or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.8**Financial instruments (Policy applicable from April 1, 2018) (Cont'd)**

3.8.3 **Related party (Cont'd)**

Related party transactions are recorded at their fair values at transaction dates in accordance with the company's normal policy. Except for loans from the shareholders, interest is not charged on these balances as they are settled in a short period.

3.8.4 **Financial instruments (Policy applicable before April 1, 2018)**

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

Financial assets and financial liabilities and equity instruments are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.8.4.1 ***Financial assets***

The company's financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans receivables are measured at amortised cost using the effective interest method, less any impairment.

The company's portfolio of loans and receivables comprises amounts due to related parties (see Related Party below), short term deposits, trade and other receivables and cash and bank balances.

Interest income is recognised by applying the effective interest rate.

Effective interest method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow has been impacted.

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.8.4 Financial **instruments (Policy applicable before April 1, 2018)**

3.8.4.1 ***Financial assets (Cont'd)***

Impairment of financial assets (Cont'd)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate.

For financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

De-recognition of financial assets

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires; or it transfers the financial asset and substantially all the risks and rewards to the ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and the associated liability for the amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises the collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it is recognised in profit or loss.

3.8.4.2 ***Financial liabilities and equity instruments***

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities are classified as other liabilities and are measured at fair value, net of transaction cost and subsequently re-measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.8.4 **Financial instruments (Policy applicable before April 1, 2018)**

3.8.4.2 ***Financial liabilities and equity instruments (Cont'd)***

Financial liabilities (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The financial liabilities of the company include borrowings and current liabilities except accruals.

De-recognition of financial liabilities

The company de-recognises financial liabilities when, and only when the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deduction of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

3.9 **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.10 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represent amounts receivable for sale and lease of commercial units provided in the normal course of business, net of discounts and sales related taxes.

3.10.1 <u>Sale of commercial development units</u>
Revenue for the sale of completed units is recognised when the title is transferred to the purchaser and the amount of revenue can be measured reliably.

3.10.2 <u>Patient fees</u>
Revenue for healthcare services is recognised when the services are provided.

3.10.3 <u>Interest income</u>
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.10 **Revenue recognition (Cont'd)**

3.10.3 Lease rentals
The company policy for recognition of revenue from operating leases are disclosed in Note 3.12 below.

3.11 **Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from the "profit before tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

3.12 **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are recognised directly in profit or loss. The company however does not incur any significant initial direct costs in negotiating and arranging leases in the normal course of business.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Leasing (Cont'd)

The company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.14 Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on foreign currency relating to qualifying assets are included in the cost of the assets in the period in which they arise.

3.15 Segment reporting

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 3, directors and management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Critical judgements in applying accounting policies

The directors and management believe that apart from the key sources of estimation uncertainty noted below, there were no judgements that had a significant effect on the amounts recognised in the financial statements or could cause material adjustments to the carrying amounts of assets and liabilities

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)**

4.2 **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4.2.1 *Expected useful life and residual value of property, plant and equipment*

The expected useful life and residual value of an asset are reviewed at least at each financial year end.

Useful life of an asset is defined in terms of the asset's expected utility to the company.

4.2.2 *Investment property*

Investment property is carried in the statement of financial position at market value. The company uses independent qualified property appraisers to value its investment properties annually, generally using the income approach. This approach takes into consideration various assumptions and factors including: the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, the appropriate discount rate, and the current condition of the properties together with an estimate of future maintenance and capital expenditures. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of investment property.

4.2.3 *Allowance for expected credit losses*

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various ageing buckets and the related loss patterns. The provision matrix is initially based on the company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation and foreign exchange rates) are expected to deteriorate over the next year which can lead to an increased number of defaults in the medical services and real estate sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables is disclosed in Note 8.

At year end accounts receivable totaled $22.822 million (2018: $5.875 million) for which an allowance for expected credit losses of $21.095 million (2018: $5.205 million) (Note 8) was recognised.

4.2.4 *Income and deferred taxes*

Estimates are required in determining the provisions for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. A change of +/- 10% on the final outcome would have the effect of approximately $0.855 million (2018: $0.069 million) increase / decrease in current and deferred tax provisions.

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YEAR ENDED MARCH 31, 2019

5. PROPERTY AND EQUIPMENT

	Land	Building	Furniture and Fixtures	Computers	Equipment	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation							
Balance, April 1, 2017	18,471	267,263	1,599	1,913	35,435	-	324,681
Additions	-	-	29,938	426	18,411	13,239	62,014
Disposals	-	-	(39)	-	-	-	(39)
Gain on revaluation of property	617	9,365	-	-	-	-	9,982
Balance, March 31, 2018	19,088	276,628	31,498	2,339	53,846	13,239	396,638
Additions	-	2,308	2,564	609	98	1,586	7,165
Balance, March 31, 2019	19,088	278,936	34,062	2,948	53,944	14,825	403,803
Accumulated depreciation							
Charge for the year and Balance, March 31, 2018	-	-	832	750	5,822	-	7,404
Charge for the year	-	-	569	468	5,385	-	6,422
Balance, March 31, 2019	-	-	1,401	1,218	11,207	-	13,826
Carrying amounts							
March 31, 2019	19,088	278,936	32,661	1,730	42,737	14,825	389,977
March 31, 2018	19,088	276,628	30,666	1,589	48,024	13,239	389,234

5.1 The following useful lives are used in the calculation of depreciation:

Freehold building	-	40 years
Furniture, fixture and equipment	-	10 years
Computers	-	5 years

5.2 The company's freehold land and buildings are stated at their revalued amounts being the fair value at the date of revaluation. The fair value measurements were performed by Allison Pitter & Co., on a similar basis as the valuation for investment property in May 2018. See Note 6.1. The gain on revaluation was recognised in property revaluation reserve. The directors have determined that based on market trends, the value has not changed at March 31, 2019.

6. INVESTMENT PROPERTY

	2019 $'000	2018 $'000
Completed investment properties	915,596	915,596
Balance, April 1,	915,596	927,957
Fair value gain on property revaluation	-	8,090
Disposals	-	(20,451)
Balance, March 31,	915,596	915,596

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

6. **INVESTMENT PROPERTY (Cont'd)**

6.1 **Fair value measurement of the investment properties**

The fair value of the company's investment property was arrived at on the basis of a valuation carried out in May 2018 by Allison Pitter & Co., independent valuators, not related to the company. The valuator, a principal of Allison Pitter & Co., is a Chartered Surveyors, an Associate member of the Appraisal Institute (USA) and has the appropriate qualifications and recent experience in the valuation of properties in the relevant location. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties. The directors have determined, that based on market trends, the value would not have been significantly different at March 31, 2019.

7. **DEFERRED TAXATION**

7.1 Certain deferred tax assets and liabilities have been offset in accordance with the company's accounting policy. The following is the analysis of the deferred tax balances:

	2019 $'000	2018 $'000
Deferred tax liabilities	(15,019)	(18,765)
Deferred tax assets	27,625	22,817
	12,606	4,052

The movement during the year and prior year reporting periods in the company's deferred tax position was as follows:

	2019 $'000	2018 $'000
Balance opening	4,052	4,746
Credited (Charged) to income for the year (Note 24)	8,554	(694)
Balance, closing	12,606	4,052

7.2 The following are the major deferred tax liabilities and assets recognised by the company during the current and prior periods.

	Deferred tax assets			
	Tax Losses $'000	Interest Payable $'000	Accrued Vacation $'000	Total $'000
At April 1, 2017	-	15,158	-	15,158
Credited (Charged) to income for the year	8,730	(1,071)	-	7,659
At March 31, 2018	8,730	14,087	-	22,817
Credited (Charged) to income for the year	11,284	(6,601)	125	4,808
At March 31, 2019	20,014	7,486	125	27,625

GWEST CORPORATION LIMITED

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YEAR ENDED MARCH 31, 2019

7. DEFERRED TAXATION (Cont'd)

7.2 Major deferred tax liabilities and assets: (Cont'd)

	Deferred tax liabilities		
	Claim for Capital Allowances in Excess of Depreciation	Unrealised Exchange Gain	Total
	$'000	$'000	$'000
At April 1, 2017	(10,412)	-	(10,412)
Charged to income for the year	(8,353)	-	(8,353)
At March 31, 2018	(18,765)	-	(18,765)
Credited (Charged) to income for the year	4,300	(554)	3,746
At March 31, 2019	(14,465)	(554)	(15,019)

Deferred tax has been recognised at a rate of 12½% as management believes that such amounts will be utilized in the 5-10 year period when the company will be entitled to a remission of 50% of income tax.

8. TRADE AND OTHER RECEIVABLES

	2019	2018
	$'000	$'000
Trade receivables	22,822	5,875
Less: allowance for expected credit loss	(21,095)	-
	1,727	5,875
Security deposits refundable	52,804	52,871
Strata Plan 2678	37,271	23,370
Prepayments	18,759	19,075
Other receivables	2,136	4,012
	112,697	105,203

The average credit period on the provision of services is 30 days. No interest is charged on outstanding trade receivables.

Before accepting any new customer, the company uses an internal process to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly.

Included in the company's trade receivable balance are debtors with a carrying amount of $1.73 million (2017: $4.62 million) which is past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality of the debtors and the amounts are still considered recoverable. The company holds security deposits of one month's lease rental as collateral over these balances. It does not have a legal right of offset against any other amount owed by the company to the counterparty.

8. TRADE AND OTHER RECEIVABLES (Cont'd)

Aging of past due but not impaired

	2019	2018
	$'000	$'000
31 – 90 days	1,261	1,575
91 – 180 days	335	1,466
181 – 270 days	131	1,581
	1,727	4,622

Upon adoption of IFRS 9, the company changed its policy regarding its assessment of loss allowance. The company now measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The company has recognised a loss allowance of 92% of receivables because historical experience has indicated that these receivables are generally not recoverable.

The change in the company's estimation technique in measuring its loss allowance during the year was also applied to the prior year ended March 31, 2018. The directors have assessed that a provision of $5.205 million is required and the amount has been recognised against retained earnings in the statement of changes in equity.

The following table shows the movement in lifetime expected credit loss that has been recognised for the trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	$'000
Balance as at March 31, 2018 under IAS 39	-
Adjustment upon application of IFRS 9	5,205
Balance at April 1, 2018 – as restated	5,205
Expected credit loss recognised in year	15,890
Balance at March 31, 2019	21,095

In determining the recoverability of receivable, the company considers any changes in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The directors believe that, at the end of the reporting period, the 100% allowance for doubtful debts is adequate.

Ageing of impaired trade receivables

	2019	2018
	$'000	$'000
$\geq$ 12 months	15,890	5,205

GWEST CORPORATION LIMITED

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YEAR ENDED MARCH 31, 2019

9. **BALANCES / TRANSACTIONS WITH RELATED PARTIES**

Details of transactions with related parties are disclosed below:

9.1 *Amounts owed by (to) related parties*

	Lease Rental Income		Amounts owed by (to) Related Parties	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
GWest Surgery Limited – St. Lucia	-	-	49,035	49,020
GWest Medical	-	-	238	-
Bull Investments	1,570	1,570	(1,375)	
Advanced Imaging Limited	-	-	(882)	(882)
Northcoast Imaging Limited	5,895	5,689	(438)	79
Cornwall Medical & Dental Limited	17,007	16,474	13,678	13,898
Radiology West Limited	12,892	12,428	(1,604)	(154)
Owed to directors	-	-	(4,667)	(1,400)
Other related parties	-	-	(15,238)	(1,642)
	37,364	36,161	38,747	58,919
Reflected in statement of financial position:				
Owed by related parties			62,951	62,997
Owed to related parties			(24,204)	(4,078)
			38,747	58,919

The amount owed to directors represents directors' fees unpaid at the end of the reporting period.

The above amount included $37.364 million (2018: $36.161 million) owing to the company for lease rental unpaid at the end of the reporting period.

The balances are unsecured and payable on demand. No interest is charged on the amounts. No expense has been recognised during the year for irrecoverable debts in respect of the amounts owed by related parties.

9.2 *Borrowings – Shareholders' loans*

	Amounts owed to related parties	
	2019	2018
	$'000	$'000
Shareholders' loans	338,743	589,028
Accrued interest on shareholders' loans	86,700	86,782
	425,443	675,810

The principal balances represent loans from shareholders including US$741,248 (2018: US$741,248) of which US$716,560 was used for the purchasing of the land used for development. There are no set terms of repayment, however management does not anticipate repayment within the next twelve months as the loans are subordinated to the bank loans. No interest was charged on loans during the year as the shareholders agreed to waive such charges. Up to 2017 interest was charged at a rate of 4% and 15% per annum on the US dollar and Jamaican dollar loans, respectively.

9.3 During the year $250 million in J$ loans were converted to 10% cumulative non-redeemable preference shares and allocated to the shareholders in accordance to their shareholdings prior to the IPO.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

9. BALANCES / TRANSACTIONS WITH RELATED PARTIES (Cont'd)

9.4 *Compensation of key management personnel*

The remuneration of directors and other member of key management during the period was as follows:

	2019 $'000	2018 $'000
Salaries and statutory contributions	7,909	2,029
Directors emoluments:		
- Fees	3,667	1,400
- Management remuneration	Nil	Nil

10. SHORT TERM DEPOSITS

	2019 $'000	2018 $'000
Foreign currency bank deposits (i)	41,704	167,817
Jamaican dollar bank deposits (ii)	3,020	9,757
	44,724	177,574
Interest receivable	33	33
	44,757	177,607

(i) These foreign currency deposits include a restricted balance of $41.494 million (2018: $41.494 million) (Debt Service Reserve account) being held to service interest payments on borrowings as required by the lender. (See Note 14.3(iv)). The amounts represent the Jamaican dollar equivalent of US$330,937 (2018: US$1,329,357). The deposits earns interest at an average rate of 1.57% (2018: 1.25%) per annum.

(ii) These bear interest at an average rate of 1.62% per annum.

11. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank which is held to meet cash requirements rather than for investment purposes.

Cash and cash equivalents at the end of the reporting period as shown on the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	2019 $'000	2018 $'000
Short term deposits (Note 10)	44,757	177,574
Trust accounts (i)	217	216
Operating accounts (ii)	2,836	1,134
Cash and bank balances	3,053	1,350
Bank overdraft (iii)	(37,206)	(1,800)
Total cash and cash equivalents	10,604	177,124

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

11. CASH AND CASH EQUIVALENTS (Cont'd)

(i) The Trust accounts are bank savings accounts used to maintain the reservation deposits paid on sale of the units while under construction. These include foreign currency balance of $0.105 million [(US$844) (2018: $0.105 million (US$844)]. Interest rates at the end of the reporting period on the US$ and Jamaican currency balances were at 0.05% and 0.10% (2018: 0.05% and 0.15%) per annum, respectively.

(ii) The operating accounts include foreign currency interest bearing balances totaling $0.547 million (2018: $0.547 million). The average interest rate at the end of the reporting period was 0.10% per annum (2018: 0.10% per annum).

(iii) Bank overdraft attracts interest charges at a rate of 19.75% per annum

12 SHARE CAPITAL

12.1 Authorised and issued shares

	Ordinary shares #	10% non-redeemable preference shares #
(i) Authorised		
Balance, April 1, 2017	10,000	-
Increase in year	999,990,000	1,000,000
Balance, March 31, 2018 and March 31, 2019	1,000,000,000	1,000,000
(ii) Issued and fully paid		
Balance, April 1, 2017	10,000	-
Issued in year	484,838,485	-
Balance, March 31, 2018	484,848,485	-
Issued in year	-	1,000,000
Balance, March 31, 2019	484,848,485	1,000,000

12.2 Stated capital

	Ordinary shares '$000	10% cumulative Non-redeemable preference share capital '$000	Total $'000
Balance, April 1, 2017	50,000	-	50,000
Issue of shares by public offering	400,000	-	400,000
Cost of public offering	(30,848)	-	(30,848)
Balance, March 31, 2018	419,152	-	419,152
Issue of preference shares converted from loans payable	-	250,000	250,000
Balance, March 31, 2019	419,152	250,000	669,152

12.1 During year ended March 31, 2018 the authorised ordinary share capital was increased to 1,000,000 ordinary shares by an ordinary resolution. By an ordinary resolution of the same date each of the 1,000,000 ordinary shares were split into 1,000 ordinary shares such that the authorised ordinary share capital was increased to 1,000,000,000 ordinary shares. By an ordinary resolution the 10,000 shareholdings of shareholders on register at November 27, 2017 were split such that their holdings of ordinary shares became 10,000,000 ordinary shares. Additionally, the shareholders who were allocated the 9,800 available shares at March 31, 2017, were further allocated 314,848,485 ordinary shares for the consideration of $50 million of interest converted to capital on March 31, 2017.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

12 **SHARE CAPITAL (Cont'd)**

12.2 On December 7, 2017 the company made an offer for subscription to the public (IPO), of 160,000,000 of its ordinary shares at a price of $2.50 per share through the Junior Market of the Jamaica Stock Exchange (JSE). The company was officially registered on the Junior Stock Market on December 21, 2017. Total cost of the IPO of $30.848 million has been off-set against the issued share capital.

12.3 The company has one class of ordinary shares which carry no right to fixed income.

12.4 By way of special resolution dated November 27, 2017 the company created 1,000,000 authorised 10% cumulative non-redeemable preference shares which were to be allocated to the shareholders prior to the IPO upon conversion of loan balances owing by the company to these shareholders. During the year $250 million in loans payable were converted to the preference shares and allocated to the said shareholders in accordance with their shareholdings prior to the IPO.

The 10% cumulative non-redeemable preference shares do not carry the right to vote except in circumstances were a resolution has been passed to wind up the company.

The preference shareholders have decided to waive the interest charges for the year.

13. **PROPERTY REVALUATION RESERVE**

	2019	2018
	$'000	$'000
Balance at beginning of year	65,186	55,204
Increase arising on revaluation of property	-	9,982
Balance at end of year	65,186	65,186

14. **BORROWINGS**

	2019	2018
	$'000	$'000
14.1 *Secured – at amortised cost*		
National Commercial Bank Jamaica Limited (NCB)	262,500	306,250
Accrued interest	4,984	5,725
	267,484	311,975
14.2 *Unsecured*		
Third party loans (v)	-	190
	267,484	312,165
Current	48,734	49,665
Non-current	218,750	262,500
	267,484	312,165

14.3 *Summary of borrowing arrangements - Secured*

(i) Loans facility totaling $1,210 million was agreed with the NCB as follows:

- Tranche A – Construction loan - $860 million
- Tranche B – Term loan - $350 million

Tranche B loan was used to repay Tranche A in full in 2017.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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14. BORROWINGS (Cont'd)

14.3 *Summary of borrowing arrangements – Secured (Cont'd)*

(ii) Interest rate on Tranche B is currently at 9.75% per annum. Interest is payable in arrears each calendar quarter.

(iii) Tranche B is repayable over eight (8) years in 32 equal consecutive quarterly payment of $10,937,500.

(iv) The loans are secured as follows:
- First legal mortgage over the property owned by the company at Lot 6 Bogue Estates stamped to cover $860 million;
- Assignment of All Risk and Fire and Allied insurance issued to secure the facility;
- Assignment of proceeds of lease income sufficient to cover debt servicing;
- Maintenance of a Debt Service Reserve Account (DSRA) with a minimum balance of two quarters' payment of principal plus interest until debt serving coverage is at a minimum of 1.25:1;
- Joint and several composite guarantees of the directors / shareholders totaling $860 million;
- Deed of subordination in favour of the bank in respect of repayment of directors' and shareholders' loans.

(v) All unsecured loans have been repaid.

15. PROVISIONS

	Employee benefits	
	2019 $'000	2018 $'000
Recognised in expense, and		
Balance, March 31	1,002	-

The provision for employees' benefits represents annual leave entitlements accrued.

16. TRADE AND OTHER PAYABLES

	2019 $,000	2018 $,000
Trade payables	14,355	12,307
Reservation deposits (i)	26,826	26,828
Security deposits	11,557	11,537
Accrued expenses	11,051	191
Other payables	7,767	5,480
	71,556	56,343

(i) The company maintains Bank Trust accounts with amounts totaling $0.216 million (2018: $0.216 million) in support of these deposits. (See Note 11(i)).

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

17. REVENUE

The following is an analysis of the revenue for the year

	2019	2018
	$'000	$'000
Revenue for rendering of services:		
Lease rentals	52,748	48,951
Patient fees	77,214	17,438
	129,962	66,389

18. OTHER INCOME

	2019	2018
	$'000	$'000
Interest income	83	1,161
Loss on disposal of investment property	-	(1,574)
Others	-	83
	83	(330)

19. OTHER GAINS AND LOSSES

	2019	2018
	$'000	$'000
Foreign exchange gains	1,976	4,532
Fair value gain on investment property	-	8,090
	1,976	12,622

20. FINANCE COSTS

	2019	2018
	$'000	$'000
Interest on bank loans	31,272	37,591
Other interest costs	-	4,463
	31,272	42,054

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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21. EXPENSES BY NATURE

Total direct, administrative, other operating expenses and finance costs comprise:

	2019	2018
	$'000	$'000
Medical consultancy fees	45,235	-
Staff costs (Note 23)	56,833	20,437
Marketing, advertising and public relations	4,247	4,791
Legal and other professional fees	4,151	18,308
Repairs, maintenance and waste disposal	70,334	59,968
Utilities	6,394	1,716
Directors' expenses	3,573	1,514
Bank charges and interest expense	33,265	43,144
Laboratory and medical supplies	22,645	8,744
Office expenses	5,505	849
Depreciation	6,422	6,422
Other	1,957	203
Bad debts	15,890	-
	276,451	166,096

22. LOSS BEFORE TAXATION

The loss before taxation is stated after taking account of the following:

	2019	2018
	$'000	$'000
Expenses		
Directors' fees	3,667	1,400
Audit fees	1,350	1,100
Depreciation of property and equipment	6,422	6,422

23. STAFF COSTS

Staff costs incurred during the year were:

	2019	2018
	$'000	$'000
Salaries, wages and statutory contributions	51,756	20,038
Other staff benefits	5,077	399
	56,833	20,437

24 TAXATION

24.1 Tax (credit) charge for the year comprises:

	2019	2018
	$'000	$'000
Current tax	-	-
Deferred tax adjustment (Note 7)	(8,554)	694
	(8,554)	694

24 TAXATION (Cont'd)

24.2 The tax charge for the year can be reconciled to the loss per the statement of profit or loss and other comprehensive income as follows:

	2019 $'000	2018 $'000
Loss before taxation	(143,284)	(87,415)
Tax at domestic rate	(18,054)	(21,854)
Tax effective of items not deductible for tax purposes	1,348	545
Tax effect on non-taxable income	-	(2,671)
Tax effect of tax losses not recognised	22,567	26,192
Other adjustments	2,693	(2,906)
	8,554	(694)

24.3 **Remission of income tax**

On December 21, 2017, the company shares were listed on the Jamaican Stock Exchange (JSE) Junior Market. Consequently the company is entitled to a 100% remission of income taxes for the first five (5) years. Thereafter, providing that the company complies with the requirements of the JSE Junior Market, it will be entitled to a remission of 50% of income tax for the next five (5) years.

24.4 Tax losses aggregating $320.2 million (subject to agreement with the Jamaican Commissioner of Taxpayer Audit and Assessments) are available for set-off against future taxable profits. A deferred tax asset of $20.013 million has been recognised in respect of these tax losses (see Note 7.2)

25. EARNINGS PER STOCK UNIT

The calculation of earning per stock unit is based on the net loss after tax of $135.876 million (2018: loss after tax of $88.109 million) and the weighted average number of stock units in issue during the reporting period of 484,848,485 (2018: 160,797,841) units.

26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

26.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2019 $'000	2018 $'000
Financial assets		
Loan and receivables		
Owed by related parties	62,951	62,997
Receivables (excluding prepayments)	93,938	86,128
Short term deposits	44,757	177,607
Cash and bank balances	3,053	1,350
	204,699	328,082
Financial liabilities		
Borrowings – bank	267,484	312,165
Borrowings – shareholders loans	425,443	675,810
Owed to related parties	24,204	4,078
Payables (excluding accrued expenses)	60,505	56,152
Bank overdraft	37,206	1,800
	814,842	1,050,005

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26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

26.2 Financial risk management policies and objectives

By its nature, the company's activities involve the use of financial instruments.

The company has exposure to the following risks from its use of its financial instruments: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management objectives

The company's activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance.

The financial risk management policies employed by the company are approved by the Board of Directors. The methods which are governed by these policies and used to minimise these risks and the related risk exposure, are noted below.

There has been no change during the year to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

The company does not hold or issue derivative financial instruments.

26.2.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Except as disclosed under 26.2.2 and 26.2.3 below, the company has no exposure to market risk as there are no traded securities.

26.2.2 Foreign currency risk

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

The company is exposed to foreign currency risks on transactions that are denominated in currencies other than the Jamaican dollar. Management seeks to minimise the company's exposure to unfavourable variances by consistently monitoring the company's exposure in this regard.

The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at reporting date are as follows:

	Liabilities		Assets		Net (Liabilities) Assets	
	2019	2018	2019	2018	2019	2018
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
US$	158,038	158,387	44,498	168,899	(113,540)	10,512

Foreign currency sensitivity

The following table details the company's sensitivity to a 2% revaluation and 4% devaluation (2018: 2% revaluation and 4% devaluation) in the Jamaican dollar against the US dollar currency. This represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the above change in foreign currency rates.

GWEST CORPORATION LIMITED

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26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

26.2 Financial risk management policies and objectives (Cont'd)

26.2.2 Foreign currency risk (Cont'd)

Foreign currency sensitivity (Cont'd)

If the Jamaican dollar strengthens by 2% or weakens by 4% (2018: strengthens by 2% or weakens by 4%) against the US dollar, profit and development costs will decrease or increase by:

	US Dollar		Effect on Profit or Loss	
	2019	2018	2019	2018
	%	%	J$	J$
Revaluation	+4	+4	(4,542)	420
Devaluation	+2	+2	2,271	(210)

This is mainly attributable to the exposure outstanding on its bank balances, payables balances and borrowings in foreign currency at the end of the reporting period.

The company's sensitivity to foreign currency has increased during the current period mainly due to an increase in its payable balances at year end.

26.2.3 Interest rate risk management

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates as a result of cash flow or fair value interest rate risk. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section at Note 26.2.5 below.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to variable interest rates for derivative and non-derivative financial instruments at the end of the reporting period. The analysis has been prepared on the assumption that the floating rate assets and liabilities at the end of the reporting period have been outstanding for the whole year.

In respect of Jamaican dollar balances, if interest rates had been 100 basis points higher or lower (2018: 100 basis points higher or lower) and all other variables were held constant, the Company's:

- Net loss for the year would increase by $2.593 million (2018: $2.593 million). This is mainly attributable to the Company's exposure to interest rate on its bank deposits and borrowings.

In respect of United States dollar denominated balances, if interest rates had been 50 basis points higher or 100 basis point lower (2018: 50 basis points higher or 100 basis points lower) and all other variables were held constant, the company's:

- Net loss for the year would increase by $0.444 million or /decrease by $0.022 million (2018: increase by $4.652 million or decrease by $3.807 million). This is mainly attributable to the company's exposure to variable interest rate on its bank deposits and borrowings.

The company's sensitivity to interest rates has increased during the current year mainly due to the decreased holdings in foreign currency cash at bank balances.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

26.2 Financial risk management policies and objectives (Cont'd)

26.2.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Financial assets that potentially subject the company to concentration of credit risk consist principally of cash, and trade and other receivables. The maximum exposure to credit risk is the amount of approximately $204.699 million (2018: $328.082 million). Generally, the company manages its credit risk by screening its customers and the rigorous follow-up of receivables.

<u>Cash and bank deposits</u>
The credit risk on liquid funds is limited because the counterparties are major banks with high credit ratings. The carrying amount of cash at bank totaling $47.736 million (2018: $178.875 million) represents the company's maximum exposure to this class of financial assets.

<u>Trade and other receivables</u>
The company has a policy of dealing only with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit policies and procedures include the following:

- Delinquent customers are analysed and appropriate actions such as law suits are taken.
- Security deposit is collected at the start of certain sales contract.

Further, trade receivables consist of a number of customers, and as such, the company does not have significant credit risk exposure to any single counterparty. Ongoing credit evaluation is performed on the financial condition of trade receivables. The book value of receivables is stated after allowance for likely losses estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets in respect of trade and other receivables totaling $93.938 million at year end, (2018: $86.128 million) represents the company's maximum exposure to this class of financial asset.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the company's trade receivables using a provision matrix.

26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

26.2 Financial risk management policies and objectives (Cont'd)

26.2.4 Credit risk management (Cont'd)

Trade and other receivables (Cont'd)

March 31, 2019	Days Past Due				
	0 - 30	31 - 60	61 - 90	Over 90	Total
	$	$	$	$	$
Expected loss rate	83.29%	88.66%	83.82%	96.73%	
Estimated gross carrying amount at default	3,627	2,973	1,966	14,256	22,822
Allowance for expected credit loss	3,021	2,636	1,648	13,790	21,095

April 1, 2018	Days Past Due				
	0 - 30	31 - 60	61 - 90	Over 90	Total
	$	$	$	$	$
Expected loss rate	58.13%	83.26%	100%	100%	
Estimated gross carrying amount at default	1,255	862	714	3,044	5,875
Allowance for expected credit loss	729	718	714	3,044	5,205

26.2.5 Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities.

Liquidity and interest risk analyses in respect of non-derivative financial liabilities and non-derivative financial assets

Non-derivative financial liabilities

The following tables detail the company's remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or within 1 year	1 - 5 Years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
2019					
Non-interest bearing	Nil	84,709	-	-	84,709
Interest bearing	12.00	118,882	238,984	683,746	1,041,612
2018					
Non-interest bearing	Nil	62,030	-	-	62,030
Interest bearing	12.65	84,884	265,563	1,088,732	1,439,179

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

26.2 Financial risk management policies and objectives (Cont'd)

26.2.3 Interest rate risk management (Cont'd)

Non-derivative financial assets

The following table details the company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipated that the cash flow will occur in a different period.

	Weighted average effective interest rate	On demand or within 1 year	Total
	%	$'000	$'000
2019			
Non-interest bearing	Nil	159,942	159,942
Interest bearing	0.55	47,998	47,998
2018			
Non-interest bearing	Nil	149,213	149,213
Interest bearing	1.42	181,408	181,408

The Company's liquidity management process includes: Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows through forecasting on a monthly basis.

Preparation of an annual budget which is reviewed and approved by the Board of Directors.

26.2.6 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for the financial assets and liabilities of the company, fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at the end of the reporting period. Generally, judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the company would realise in a current market exchange.

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities.

- The carrying amounts included in the financial statements for cash and bank balances, trade and other receivables and trade and other payables and due from or to related parties reflect the approximate fair values because of the short-term maturity of these instruments.
- The fair value of bank borrowings are estimated at their carrying value as the interest rates are equivalent to those obtainable on the open market.

26.2.7 Capital risk management policies and objectives

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the company consists of debts which includes the borrowings at Note 14, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

26.2 Financial risk management policies and objectives (Cont'd)

26.2.7 Capital management (Cont'd)

The company is not subject to any externally imposed capital requirements.

The company's Board of Directors reviews the capital structure on a regular basis. As a part of the review the Board of Directors considers the cost of capital and the risks associated with each class of capital.

The company has no targeted gearing ratio however, the gearing ratio at the end of the reporting period was as follows:

(a) Gearing with subordinated shareholders' loans as equity

	2019 $'000	2018 $'000
Debt (i)	304,690	313,965
Cash and bank balances (including short-term deposits)	(47,810)	(178,957)
Net debt	256,880	135,008
Equity (ii)	1,140,998	1,282,446
Net debt to equity ratio	0.23:1	0.11:1

(b) Gearing with shareholders' loans as debt

	2019 $'000	2018 $'000
Debt (iii)	692,927	989,775
Cash and bank balances (including short-term deposits)	(47,810)	(178,957)
	645,117	810,818
Equity (iv)	715,555	606,636
Net debt to equity ratio	0.90:1	1.34:1

(c) Summary notes

(i) Debt is defined as long- and short-term borrowings as disclosed in Notes 11 and 14.

(ii) Equity includes all capital and reserves and subordinated shareholders loans that are managed as capital.

(iii) Debt is defined as all secured borrowings as disclosed in Note 14 and shareholders' loans at Note 9.

(iv) Equity included all capital and reserves.

On December 21, 2017 the company was listed on the Jamaican Stock Exchange Junior Market and 35% if its shares are now owned by the public. There were no changes to the company's approach to capital management during the year.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

27. OPERATING LEASE ARRANGEMENTS

Operating lease payments represent lease rental payable by the company for certain units leased under a sale and lease back agreement.

	2019	2018
	$'000	$'000
Lease payments under operating lease recognised as an expense in the year	48,180	47,252

At the end of the reporting period, the company has outstanding commitments under the operating lease which is payable quarterly, in advance and falls due as follows:

	2019	2018
	$'000	$'000
Within one year (US$367,600)	46,171	46,312
In the second to fifth year inclusive (US$1,158,977) (2018: US$1,530,193)	145,568	192,781
	191,739	239,093

28. CONTINUING OPERATIONS

The company recorded a net loss of $135,876 million during the year ended March 31, 2019 (2018: net loss of $88.109 million). At that date it had accumulated losses of $18.783 million.

The above factors indicate a material uncertainty that may cast doubt on the company's ability to continue as a going concern and to therefore realise its assets and discharge its liabilities in the ordinary course of business. The continuation of the company as a going concern is dependent on the availability of the third party financing and on future sustained profitable operations.

Management is committed to continue operations as a going concern and is pursuing a number of strategies to return to profitability, which include:

- sale of investment property units
- commencement of operations of planned new surgery centre
- increased marketing and promotion of new services being offered
- continue rationalisation of expenses
- obtaining additional third party financing for improved working capital

At the date of these financial statements, the company was in an advanced stage of negotiations with its bankers regarding the restructuring its current borrowing arrangements and to obtain further financing for its strategic plans. Additionally, subsequent to the year end, the company has signed sale agreements for two units of its investment property.

The ability of the company to generate sustained profitable operations is dependent on the successful implementation of the strategies being pursued. Based on these plans and strategies, the directors and management believe that the company will generate adequate cash flows and return to profitability.

CORPORATE DATA

Registered Office

GWest Corporation Limited

Lot 6 Crane Boulevard, Fairview,
Montego Bay, St James, Jamaica
Tel: (876) 618 4937
Fax: (876) 952 1828
Email: info@gwestcentre.com
Website: www.gwestcentre.com

ATTORNEYS-AT-LAW

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

AUDITORS

Calvert Gordon Associates
Suite 110 city Centre Building
P.O. Box 60
Montego Bay
St. James

BANKERS

National Commercial Bank
Harbour Street,
Montego Bay, St. James.

REGISTRAR & TRANSFER AGENTS

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

FINANCIAL ADVISERS

JMMB Securities Limited
6 Haughton Terrace, Kingston 6

BOARD OF DIRECTORS

Executive Directors

Dr. Konrad Kirlew
Dennis Samuels
Denise Crichton-Samuels
Dr. Leyford “Ladi” Doonquah
Wayne Gentles
Elva Williams-Richards

Non-Executive Directors

Peter Pearson
Karl Townsend

Mentor

Wayne Wray

LIST OF SENIOR OFFICERS

Dr. Konrad Kirlew	Chairman, Acting Chief Executive Officer
Merl Dundas	Company Secretary
Wayne Gentles	Acting Chief Financial Officer
Karen Christie-Harris	Chief Accountant