

ACCESS FINANCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Access Financial Services Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), set out on pages 8 to 62 which comprise the Group's and Company's statements of financial position as March 31, 2020, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at March 31, 2020, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

Nyssa A. Johnson
W. Gihan C. De Mel
Wilbert A. Spence
Rochelle N. Stephenson
Sandra A. Edwards



INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

Measurement of Expected Credit Losses

<i>Key Audit Matter</i>	<i>How the matter was addressed in our</i>
<p>IFRS 9 <i>Financial Instruments</i>, is complex and requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and estimates, particularly regarding significant increase in credit risk and forward-looking information.</p> <p>The identification of significant increases in credit risk is a key area of judgement as the criteria determine whether a 12-month or lifetime loss allowance is recorded in respect of a financial asset.</p> <p>Forward-looking information, reflects a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios, the probability weightings and management overlay.</p> <p>These estimates involve increased judgment as a result of the economic impacts of Covid-19 on the Group's financial assets.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none">• Obtained an understanding of the model used by management for the calculation of expected credit losses on investments and loans.• Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis.• Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the criteria used for determining significant increase in credit risk and independently assessed the assumptions for probabilities of default, loss given default and exposure at default.• Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's methodology for determining forward-looking information and management overlay.



INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Measurement of Expected Credit Losses (continued)

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>Management considered the following: qualitative factors that create COVID-19-related changes to SICR.</p> <ul style="list-style-type: none"> • qualitative factors that create COVID-19-related changes to SICR. • increased uncertainty about potential future economic scenarios and their impact on credit losses. <p>We therefore determined that the estimates of impairment in respect of investments and loans have a high degree of estimation uncertainty.</p> <p><i>See note 25(a) of the financial statements.</i></p>	<ul style="list-style-type: none"> • Assessed the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with the standard.

Emphasis of Matter - comparative information

We draw attention to Note 26 to the financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Other Information

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

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

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



INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information (continued)

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

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

Management is responsible for the preparation 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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



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INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on additional matters as required by the Jamaican Companies Act

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

In our opinion, proper accounting records have been 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 Nyssa Johnson.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' in a stylized, cursive font.

Chartered Accountants
Kingston, Jamaica

June 26, 2020



INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Appendix to Report on the Audit of the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

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

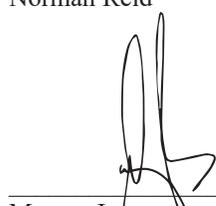
ACCESS FINANCIAL SERVICES LIMITED

Statements of Financial Position

	Notes	Group		Company		
		March 31	March 31	March 31	March 31	April 1
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
		\$'000	\$'000	\$'000	\$'000	\$'000
			Restated*		Restated*	Restated*
Assets						
Cash and cash equivalents	5	575,608	411,815	396,183	282,131	315,928
Financial investments	6	4,383	3,814	4,383	3,814	2,773
Other accounts receivable	7	64,030	40,537	145,332	23,150	35,212
Loans and advances	8	4,470,914	3,410,963	3,876,568	2,887,960	2,638,228
Taxation recoverable		49,716	-	47,692	-	-
Investment in subsidiary	9	-	-	857,541	857,541	-
Property, plant and equipment	10	77,149	59,625	73,853	59,625	61,788
Intangible assets	11	457,553	443,145	38,390	50,445	48,416
Right-of-use assets	15	155,683	-	95,495	-	-
Deferred tax assets	12	<u>107,407</u>	<u>136,144</u>	<u>102,118</u>	<u>116,221</u>	<u>122,250</u>
Total assets		<u>5,962,443</u>	<u>4,506,043</u>	<u>5,637,555</u>	<u>4,280,887</u>	<u>3,224,595</u>
Liabilities and equity						
Liabilities						
Payables	13	405,007	379,788	231,803	211,494	193,788
Loans payable	14	3,225,245	2,216,139	3,225,245	2,216,139	964,741
Lease liabilities	15	161,268	-	97,786	-	-
Taxation payable		-	<u>12,735</u>	-	<u>2,913</u>	<u>56,737</u>
Total liabilities		<u>3,791,520</u>	<u>2,608,662</u>	<u>3,554,834</u>	<u>2,430,546</u>	<u>1,215,266</u>
Stockholder's equity						
Share capital	16	96,051	96,051	96,051	96,051	96,051
Fair value reserve	17	2,370	1,801	2,370	1,801	760
Foreign exchange translation		53,897	(23,839)	-	-	-
Retained earnings		<u>2,018,605</u>	<u>1,823,368</u>	<u>1,984,300</u>	<u>1,752,489</u>	<u>1,912,518</u>
Total equity		<u>2,170,923</u>	<u>1,897,381</u>	<u>2,082,721</u>	<u>1,850,341</u>	<u>2,009,329</u>
Total liabilities and equity		<u>5,962,443</u>	<u>4,506,043</u>	<u>5,637,555</u>	<u>4,280,887</u>	<u>3,224,595</u>

The financial statements on pages 8 to 62 were approved for issue by the Board of Directors on June 19, 2020, and signed on its behalf by:


 _____ Director
 Norman Reid


 _____ Chief Executive Officer
 Marcus James

*See note 26

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

ACCESS FINANCIAL SERVICES LIMITEDStatements of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2020

	Notes	Group		Company	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		\$'000	\$'000	\$'000	\$'000
			Restated*		Restated*
Operating income					
Interest income from loans	4(k)	1,701,642	1,398,729	1,595,934	1,335,869
Interest income from securities		<u>1,372</u>	<u>6,994</u>	<u>1,372</u>	<u>6,994</u>
Total interest income, calculated on the effective interest method		1,703,014	1,405,723	1,597,306	1,342,863
Interest expense		(253,585)	(138,605)	(231,868)	(134,750)
Net interest income		1,449,429	1,267,118	1,365,438	1,208,113
Net fees and commissions on loans		<u>617,750</u>	<u>311,384</u>	<u>183,219</u>	<u>197,681</u>
		<u>2,067,179</u>	<u>1,578,502</u>	<u>1,548,657</u>	<u>1,405,794</u>
Other operating income:					
Money services fees and commission		1,787	29,657	1,787	1,648
Foreign exchange losses		(5,477)	(4,581)	(7,027)	(4,581)
Other income		<u>91,199</u>	<u>44,744</u>	<u>56,831</u>	<u>36,434</u>
		<u>87,509</u>	<u>69,820</u>	<u>51,591</u>	<u>33,501</u>
		<u>2,154,688</u>	<u>1,648,322</u>	<u>1,600,248</u>	<u>1,439,295</u>
Operating expenses					
Staff costs	18	725,444	491,166	454,672	425,564
Allowance for credit losses	8(b)	297,048	146,825	291,884	134,281
Depreciation and amortisation	10,11,15	118,120	30,332	84,257	30,333
Other operating expenses	19	<u>618,551</u>	<u>433,341</u>	<u>345,037</u>	<u>362,844</u>
		<u>1,759,163</u>	<u>1,101,664</u>	<u>1,175,850</u>	<u>953,022</u>
Profit before taxation		395,525	546,658	424,398	486,273
Taxation	20	(65,778)	(100,313)	(58,077)	(110,807)
Profit for the year		<u>329,747</u>	<u>446,345</u>	<u>366,321</u>	<u>375,466</u>
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Unrealised gains on investments at fair value through other comprehensive income		569	1,041	569	1,041
Foreign currency translation loss on overseas subsidiary		<u>77,736</u>	(23,839)	<u>-</u>	<u>-</u>
Total other comprehensive income/(loss)		<u>78,305</u>	(22,798)	<u>569</u>	<u>1,041</u>
Total comprehensive income		<u>408,052</u>	<u>423,547</u>	<u>366,890</u>	<u>376,507</u>
Earnings per stock unit	21	<u>1.20</u>	<u>1.63</u>	<u>1.33</u>	<u>1.37</u>

*See note 26

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

ACCESS FINANCIAL SERVICES LIMITEDGroup Statement of Changes in Shareholders' Equity
Year ended March 31, 2020

	Share capital (note 16) \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at March 31, 2018, as previously reported	96,051	760	-	2,011,363	2,108,174
Prior year adjustment [note 26(i)]	-	-	-	(293,948)	(293,948)
As restated	96,051	760	-	1,717,415	1,814,226
Total comprehensive income for 2019					
Profit for the year	-	-	-	446,345	446,345
Other comprehensive loss	-	1,041	(23,839)	-	(22,798)
	-	1,041	(23,839)	446,345	423,547
Transaction with owners					
Dividends paid (note 22)	-	-	-	(340,392)	(340,392)
Balances at March 31, 2019	<u>96,051</u>	<u>1,801</u>	<u>(23,839)</u>	<u>1,823,368</u>	<u>1,897,381</u>
Total comprehensive income for 2020					
Profit for the year	-	-	-	329,747	329,747
Other comprehensive income	-	569	77,736	-	78,305
	-	569	77,736	329,747	408,052
Transaction with owners					
Dividends paid (note 22)	-	-	-	(134,510)	(134,510)
Balances at March 31, 2020	<u>96,051</u>	<u>2,370</u>	<u>53,897</u>	<u>2,018,605</u>	<u>2,170,923</u>

*See note 26

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

ACCESS FINANCIAL SERVICES LIMITEDCompany Statement of Changes in Shareholders' Equity
Year ended March 31, 2020

	<u>Share capital</u> (note 16) \$'000	<u>Fair value reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balances at March 31, 2018, as previously reported	96,051	760	2,011,363	2,108,174
Prior year adjustment [note 26(i)]	<u>-</u>	<u>-</u>	<u>(293,948)</u>	<u>(293,948)</u>
As restated	96,051	760	1,717,415	1,814,226
Total comprehensive income for 2019				
Profit for the year	-	-	375,466	375,466
Other comprehensive income	<u>-</u>	<u>1,041</u>	<u>-</u>	<u>1,041</u>
	<u>-</u>	<u>1,041</u>	<u>375,466</u>	<u>376,507</u>
Transaction with owners				
Dividends paid (note 22)	<u>-</u>	<u>-</u>	<u>(340,392)</u>	<u>(340,392)</u>
Balances at March 31, 2019	<u>96,051</u>	<u>1,801</u>	<u>1,752,489</u>	<u>1,850,341</u>
Total comprehensive income for 2020				
Profit for the year	-	-	366,321	366,321
Other comprehensive income	<u>-</u>	<u>569</u>	<u>-</u>	<u>569</u>
	<u>-</u>	<u>569</u>	<u>366,321</u>	<u>366,890</u>
Transaction with owners				
Dividends paid (note 22)	<u>-</u>	<u>-</u>	<u>(134,510)</u>	<u>(134,510)</u>
Balances at March 31, 2020	<u>96,051</u>	<u>2,370</u>	<u>1,984,300</u>	<u>2,082,721</u>

*See note 26

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

ACCESS FINANCIAL SERVICES LIMITEDGroup Statement of Cash Flows
Year ended March 31, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		329,747	446,345
Items not affecting cash resources:			
Exchange gain on foreign balances		5,477	4,581
Depreciation and amortisation	10,11	50,179	30,332
Depreciation of right-of-use asset	15(a)	67,941	-
Loans and receivables written-off	19	210,245	30,501
Increase in allowance for loan losses	8(b)	297,048	146,825
Interest income		(1,703,014)	(1,405,723)
Interest expense		235,887	138,605
Lease interest expense	15(b)	17,698	-
Income tax	20(a)	37,041	49,172
Deferred tax	20(a)	<u>28,737</u>	<u>51,141</u>
		(423,014)	(508,221)
Changes in operating assets and liabilities:			
Loans and advances		(1,560,943)	(668,106)
Other accounts receivable		(31,474)	131,335
Loans payable, net		1,009,366	1,123,924
Accounts payable		<u>25,219</u>	<u>9,412</u>
		(980,846)	88,344
Interest received		1,697,596	1,397,011
Interest paid		(236,147)	(125,169)
Taxation paid		<u>(99,492)</u>	<u>(93,175)</u>
Cash provided by operating activities		<u>381,111</u>	<u>1,267,011</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment and intangible assets	10,11	(38,058)	(30,198)
Acquisition of subsidiary		<u>-</u>	<u>(796,836)</u>
Net cash used by investing activities		<u>(38,058)</u>	<u>(827,034)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payments	15(b)	(80,008)	-
Dividends paid	22	<u>(134,510)</u>	<u>(340,392)</u>
Net cash used by financing activities		<u>(214,518)</u>	<u>(340,392)</u>
Increase in cash and cash equivalents at end of the year		128,535	99,585
Effect of exchange rate fluctuations on cash and cash equivalents		35,258	(3,698)
Cash and cash equivalents at beginning of year		<u>411,815</u>	<u>315,928</u>
Cash and cash equivalents at end of year (note 5)		<u>575,608</u>	<u>411,815</u>

*See note 26

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

ACCESS FINANCIAL SERVICES LIMITEDCompany Statement of Cash Flows
Year ended March 31, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		366,321	375,466
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances		7,027	4,581
Depreciation and amortisation	10,11	32,588	30,332
Depreciation of right-of-use asset	15(a)	51,669	-
Increase in allowance for loan losses	8(b)	291,884	134,281
Interest income		(1,597,306)	(1,342,863)
Interest expense		222,306	134,750
Loan and receivables written-off	19	37,740	30,501
Income tax	20(a)	43,974	39,744
Deferred tax	20(a)	14,103	71,063
Lease interest expense	15(b)	<u>9,563</u>	<u>-</u>
		(520,131)	(522,145)
Changes in operating assets and liabilities:			
Loans and advances		(1,311,927)	(674,652)
Other accounts receivable		(18,106)	12,096
Loans payable, net		1,009,361	1,250,004
Accounts payable		<u>20,309</u>	<u>10,046</u>
		(820,494)	75,349
Interest received		1,486,973	1,342,830
Interest paid		(222,566)	(127,091)
Taxation paid		<u>(94,578)</u>	<u>(93,567)</u>
Cash provided by operating activities		<u>349,335</u>	<u>1,197,521</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment and intangible assets	10,11	(34,761)	(30,198)
Investment in subsidiary	9	<u>-</u>	<u>(857,541)</u>
Net cash used by investing activities		<u>(34,761)</u>	<u>(887,739)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payment	15(b)	(58,941)	-
Dividends paid		<u>(134,510)</u>	<u>(340,392)</u>
Net cash used by financing activities		<u>(193,451)</u>	<u>(340,392)</u>
Increase/(decrease) in cash and cash equivalents at the end of the year		121,123	(30,610)
Effect of exchange rate fluctuations on cash and cash equivalents		(7,071)	(3,187)
Cash and cash equivalents at beginning of year		<u>282,131</u>	<u>315,928</u>
Cash and cash equivalents at end of year (note 5)		<u>396,183</u>	<u>282,131</u>

*See note 26

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

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements
Year ended March 31, 20201. Identification and principal activities

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

The Company acquired a 100% shareholding in its subsidiary, Embassy Loans Inc., on December 15, 2018 (note 9).

The Company and its subsidiary are collectively referred to as “the Group” in these financial statement.

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

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). This is the first set of the Group’s annual financial statements in which IFRS 16 *Leases*, has been applied. Changes to significant accounting policies are described in note 3.

At the date of approval of these financial statements, certain new standards, amendment to standards and interpretations were in issue but had not yet come into effect. They were not adopted early and therefore have not been taken into account in preparing these financial statements. Those which are relevant to the Group are set out below:

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The Group is assessing the impact that the amendment will have on its 2021 financial statements.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

At the date of approval of these financial statements, certain new standards, amendment to standards and interpretations were in issue but had not yet come into effect. They were not adopted early and therefore have not been taken into account in preparing these financial statements. Those which are relevant to the Group are set out below (continued):

- Amendments to *References to Conceptual Framework* in IFRS Standards is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard-setting including the objective of financial reporting. The main change relates to how and when assets and liabilities are recognised and derecognised in the financial statements:

New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;

A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on-balance-sheet earlier than at present.

A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Group is assessing the impact that the amendments will have on its 2021 financial statement.

(b) Basis of preparation:

The financial statements are prepared under the historical cost basis, except for investments at fair value.

(c) Functional and presentation currency:

These financial statements are presented in thousands of Jamaica dollars (\$'000), which is the Company's functional currency, unless otherwise indicated. The financial statements of the subsidiary, which has a different functional currency, are translated into the presentation currency in the manner described in note 4(g)(ii).

(d) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and judgements that affect the selection of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income, expenses, gains and losses for the year then ended. Actual amounts could differ from those estimates. The estimates and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. The critical judgements made in applying accounting policies and the key areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements, and or that have a significant risk of material adjustment in the next financial period, are as follows:

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(i) Judgements:

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

The key relevant judgements are as follows:

(i) Classification of financial assets:

The assessment of the business model within which financial assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) requires management to make certain judgements on its business operation [see note 4(b)].

(ii) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and the selection and approval of models used to measure ECL requires significant judgement [see note 4(i)].

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

(i) Allowance for impairment losses:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default.

(ii) Income taxes:

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group 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 initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(ii) Residual value and expected useful life of property, plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

3. Changes in significant accounting policies

The Group has applied IFRS 16 from April 1, 2019. A number of other new standards are also effective from April 1, 2019, but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at April 1, 2019. Accordingly, the comparative information presented for 2020 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

The details of the changes in accounting policies are disclosed in note 4(1). Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(b) Impact on transition

(i) On adoption of IFRS 16 on April 1, 2019, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	<u>Group</u> \$'000	<u>Company</u> \$'000
Right-of-use assets	195,466	123,712
Lease liabilities	<u>(195,466)</u>	<u>(123,712)</u>
	<u>-</u>	<u>-</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

3. Changes in significant accounting policies (continued)

(b) Impact on transition (continued)

- (ii) In measuring lease liabilities at April 1, 2019, the Group discounted lease payments using incremental borrowing rate as follows.

	<u>Group</u> \$'000	<u>Company</u> \$'000
Operating lease commitments at March 31, 2019 as disclosed under IAS 17 in the Group's financial statements	208,531	115,632
Discounted using the weighted incremental borrowing rate at April 1 2019	10%	9%
- Recognition exemption for leases of low-value assets	144	144
Lease liabilities recognised at April 1, 2019	<u>195,466</u>	<u>123,712</u>

4. Significant accounting policies

Except as described in note 3, the accounting policies set out below have been applied consistently to all periods presented in these financial statements and comply in all material respects with IFRS.

(a) Basis of consolidation:

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

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

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

(ii) Subsidiaries

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements.

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

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise cash and cash equivalents, financial investments, other accounts receivable, and loans and advances. Financial liabilities comprise accounts payable and loans payable.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

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

Financial assets

- (i) Classification of financial assets

In applying IFRS 9, the Group classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 4(i). Interest income from these financial assets is included in 'Total interest income' using the effective interest method.
- *Fair value through other comprehensive income (FVOCI)*: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

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

Financial assets (continued)

- (i) Classification of financial assets (continued)

Debt instruments (continued)

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within ‘Net trading income’ in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in ‘Net investment income’. Interest income from these financial assets is included in ‘Interest income’ using the effective interest method.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer’s perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer’s net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Gains and losses on equity investments at FVTPL are included in the ‘Other operating income’ caption in the income statement. Gains and losses on equity investments at FVOCI are included in other comprehensive income.

Business model assessment

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVTPL.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

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

Financial assets (continued)

- (i) Classification of financial assets (continued)

Business model assessment (continued)

Factors considered by the Group in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

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

Financial assets (continued)

- (ii) Measurement of gains and losses on financial assets

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Gains and losses on equity instruments classified at FVOCI are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial liabilities

The Group's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Offsetting of financial instruments

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

Amortised cost

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

- (c) Financial instruments – Other:

- (i) Cash and cash equivalents

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(i) Other accounts receivable

Other accounts receivable are measured at amortised cost less impairment losses.

(ii) Payables

Payables are measured at amortised cost.

(iii) Interest-bearing borrowings

Interest-bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(d) Property, plant and equipment:

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

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

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

Right-of-use assets	20%-50%
Furniture and fixtures	10%
Leasehold improvement	10%
Computer equipment	20%
Motor vehicle	<u>25%</u>

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(e) Intangible assets:

- (i) Intangible assets which represents computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any. The depreciation rate for computer software is 20%.
- (ii) Customer relationship and non-compete agreements that are acquired by the Company are deemed to have a finite useful lives of eight years and are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The depreciation rate for customer relationship is 12.5%.
- (iii) Trade name and trademark have indefinite useful lives and are carried at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. A change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.
- (iv) Goodwill represents the excess of cost of the acquisition over the Company's interest in the net fair value of the identifiable assets of the acquiree. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment annually.
- (v) Subsequent expenditure

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

(f) Impairment of non-financial assets:

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

(g) Foreign currency translation:

(i) Transactions and balances

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(g) Foreign currency translation (continued):

(i) Transactions and balances (continued)

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

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

(ii) Foreign operations

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

(h) Income tax:

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

(i) Current income tax

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

(ii) Deferred income tax

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

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(i) Impairment of financial assets:

The Group recognises loss allowances for expected credit losses (ECL) on the financial instruments measured at amortised cost and debt instruments at FVOCI. No impairment loss is recognised on equity instruments.

Framework

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. See below for a description of how the Group determines when a significant increase in credit risk has occurred.

A financial asset is credit impaired (‘Stage 3’) when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below and note 25(a) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See note 25(a) for an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (‘Stage 3’). Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued):

Credit-impaired financial assets (continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired ('Stage 3'). Evidence that a financial asset is credit-impaired includes the following observable data (continued):

- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In addition, a loan that is overdue for 30 days or more is considered credit-impaired even when the regulatory definition of default is different.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(i) Impairment of financial assets (continued):

Measurement of ECL (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover; and
- other receivables: Loss allowance for other receivables, is measured at an amount equal to lifetime ECL.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

(j) Employee benefits defined contribution plans:

Contributions to defined contribution pension plans are charged to profit or loss in the year to which they relate. The pension scheme is administered by Employee Benefits Administrator Limited.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(k) Revenue recognition:

(i) Interest income and expense

Interest income and expense are recognised in profit or loss for using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and interest expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that have become credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to the gross basis even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income, includes interest on financial assets measured at amortised cost and interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

Interest income is recognised on the accrual basis, by reference to the principal outstanding and the interest rate applicable to produce the effective interest over the life of the loan.

(ii) Fee and commission income

Fee and commission income are recognised on the accrual basis when service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(l) Leases:

Policy applicable from April 1, 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after April 1, 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(l) Leases (continued):

Policy applicable from April 1, 2019 (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before April 1, 2019

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

4. Significant accounting policies (continued)

(m) Segment reporting:

An operating segment is a component of the Group 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 assesses its performance; and for which discrete financial information is available.

(n) Dividend distribution:

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

(o) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Resale agreements	-	33,904	-	33,904
Short term deposits	266,876	71,243	266,876	71,243
Cash at bank	<u>308,732</u>	<u>306,668</u>	<u>129,307</u>	<u>176,984</u>
	<u>575,608</u>	<u>411,815</u>	<u>396,183</u>	<u>282,131</u>

Resale agreements are backed by Government of Jamaica Securities with a fair value of \$ Nil (2019:\$35,768,000).

6. Financial investments

	<u>Group and Company</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
FVOCI investments:		
Quoted equities	<u>4,383</u>	<u>3,814</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

7. Other accounts receivable

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Taxation recoverable	3,802	3,509	3,802	3,509
Prepayments and deposits	36,657	12,960	24,713	13,924
Interest receivable	-	-	103,818	-
Other	<u>23,571</u>	<u>24,068</u>	<u>12,999</u>	<u>5,717</u>
	<u>64,030</u>	<u>40,537</u>	<u>145,332</u>	<u>23,150</u>

8. Loans and advances

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
		Restated*		Restated*
Due within 1 month	52,692	217,085	34,907	212,698
1 to 3 months	112,029	340,609	84,138	306,080
3 to 12 months	1,175,981	1,246,311	636,417	776,317
Over 12 months	<u>3,641,269</u>	<u>2,109,034</u>	<u>3,567,503</u>	<u>2,038,998</u>
Gross loans and advances	4,981,971	3,913,039	4,322,965	3,334,093
Less: Allowance for impairment [note 25(a)]	(511,057)	(502,076)	(446,397)	(446,133)
	<u>4,470,914</u>	<u>3,410,963</u>	<u>3,876,568</u>	<u>2,887,960</u>

*See note 26

(b) Allowances for loan losses:

Balance at beginning of year	502,076	458,585	446,133	458,585
IFRS 9 transition adjustment	-	<u>260,137</u>	-	<u>260,137</u>
	<u>502,076</u>	<u>718,722</u>	<u>446,133</u>	<u>718,722</u>
Allowance made during the year	297,048	146,825	291,884	134,281
Acquired on acquisition	-	77,027	-	-
Translation adjustment	3,553	(311)	-	-
Loans written off	(291,620)	(440,187)	(291,620)	(406,870)
Balance at the end of the year	<u>511,057</u>	<u>502,076</u>	<u>446,397</u>	<u>446,133</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

8. Loans and advances (continued)

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> \$'000	<u>2019</u> \$'000 Restated*	<u>2020</u> \$'000	<u>2019</u> \$'000 Restated*
Personal loans	<u>4,511,468</u>	<u>3,381,062</u>	<u>3,852,462</u>	<u>2,802,116</u>
Business loans:				
Agriculture	64,178	61,614	64,178	61,614
Services	156,826	217,525	156,826	217,525
Trading	221,555	226,456	221,555	226,456
Manufacturing	<u>27,944</u>	<u>26,382</u>	<u>27,944</u>	<u>26,382</u>
	<u>470,503</u>	<u>531,977</u>	<u>470,503</u>	<u>531,977</u>
	<u>4,981,971</u>	<u>3,913,039</u>	<u>4,322,965</u>	<u>3,334,093</u>

9. Business combination

Effective December 15, 2018, the Company acquired Embassy Loans Inc., (Embassy) with offices in Miami, Florida. The principal activities of Embassy are the granting of auto equity loans. The acquisition is expected to provide an enhanced level of income, above-average returns, and preservation of capital for shareholders of the Company.

Embassy contributed revenue of \$212,881,243 and attributable post-acquisition profit of \$61,660,673 to the Group's results as at March 31, 2019.

The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition:

(a) Identifiable assets acquired and liabilities assumed:

	<u>2019</u> \$'000
Loans receivable	565,420
Other assets	127,947
Cash and cash equivalents	60,705
Intangible assets	66,538
Other liabilities and accruals	(163,151)
Subordinated notes payable	<u>(126,080)</u>
Net assets acquired	531,379
Goodwill acquired	<u>326,162</u>
Total consideration on acquisition in the year	<u>857,541</u>
Cash outflow on acquisition	
	<u>2019</u> \$'000
Cash and cash equivalents	(731,461)
Shareholder notes for two years at a rate of 10% per annum	<u>(126,080)</u>
	(857,541)
Cash acquired	<u>60,705</u>
	<u>(796,836)</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

10. Property, plant and equipment:

	<u>Group</u>				
	<u>Leasehold improvement</u>	<u>Computer equipment</u>	<u>Furnitures and fixtures</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
March 31, 2018	55,530	55,012	38,213	15,789	164,544
Additions	9,831	4,117	2,945	-	16,893
Disposal	-	(7,350)	(453)	-	(7,803)
Acquisition of subsidiary	4,583	32,068	-	2,059	38,710
Transition adjustment	(88)	(613)	-	(39)	(740)
March 31, 2019	69,856	83,234	40,705	17,809	211,604
Additions	1,655	27,917	2,235	5,088	36,895
Disposal	(505)	(500)	(1,325)	-	(2,330)
Transition adjustment	281	1,966	-	126	2,373
March 31, 2020	<u>71,287</u>	<u>112,617</u>	<u>41,615</u>	<u>23,023</u>	<u>248,542</u>
Depreciation					
March 31, 2018	39,815	35,899	21,409	5,633	102,756
Eliminated on disposal	-	(7,350)	(453)	-	(7,803)
Acquisition of subsidiary	4,583	32,068	-	2,059	38,710
Transition adjustment	(88)	(613)	-	(39)	(740)
Charge for the year	<u>4,966</u>	<u>7,494</u>	<u>3,471</u>	<u>3,125</u>	<u>19,056</u>
March 31, 2019	49,276	67,498	24,427	10,778	151,979
Charge for the year	5,046	6,470	3,457	4,397	19,370
Eliminated on disposal	(505)	(500)	(1,325)	-	(2,330)
Transition adjustment	282	1,966	-	126	2,374
March 31, 2020	<u>54,099</u>	<u>75,434</u>	<u>26,559</u>	<u>15,301</u>	<u>171,393</u>
Net book values					
March 31, 2020	<u>17,188</u>	<u>37,183</u>	<u>15,056</u>	<u>7,722</u>	<u>77,149</u>
March 31, 2019	<u>20,580</u>	<u>15,736</u>	<u>16,278</u>	<u>7,031</u>	<u>59,625</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

10. Property, plant and equipment: (continued)

	<u>Company</u>				
	<u>Leasehold improvement</u> \$'000	<u>Computer equipment</u> \$'000	<u>Furnitures and fixtures</u> \$'000	<u>Motor vehicles</u> \$'000	<u>Total</u> \$'000
Cost					
March 31, 2018	55,530	55,012	38,213	15,789	164,544
Additions	9,831	4,117	2,945	-	16,893
Disposal	<u>-</u>	<u>(7,350)</u>	<u>(453)</u>	<u>-</u>	<u>(7,803)</u>
March 31, 2019	65,361	51,779	40,705	15,789	173,634
Additions	1,655	24,620	2,235	5,088	33,598
Disposal	<u>(505)</u>	<u>(500)</u>	<u>(1,325)</u>	<u>-</u>	<u>(2,330)</u>
March 31, 2020	<u>66,511</u>	<u>75,899</u>	<u>41,615</u>	<u>20,877</u>	<u>204,902</u>
Depreciation					
March 31, 2018	39,815	35,899	21,409	5,633	102,756
Eliminated on disposal	-	<u>(7,350)</u>	<u>(453)</u>	-	<u>(7,803)</u>
Charge for the year	<u>4,966</u>	<u>7,494</u>	<u>3,471</u>	<u>3,125</u>	<u>19,056</u>
March 31, 2019	44,781	36,043	24,427	8,758	114,009
Charge for the year	5,046	6,470	3,457	4,397	19,370
Eliminated on disposal	<u>(505)</u>	<u>(500)</u>	<u>(1,325)</u>	<u>-</u>	<u>(2,330)</u>
March 31, 2020	<u>49,322</u>	<u>42,013</u>	<u>26,559</u>	<u>13,155</u>	<u>131,049</u>
Net book values					
March 31, 2020	<u>17,189</u>	<u>33,886</u>	<u>15,056</u>	<u>7,722</u>	<u>73,853</u>
March 31, 2019	<u>20,580</u>	<u>15,736</u>	<u>16,278</u>	<u>7,031</u>	<u>59,625</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 202011. Intangible assets

	Group				
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
March 31, 2018	60,158	27,600	4,200	4,623	96,581
Adjustment	(356)	-	-	-	(356)
Additions	13,661	-	-	-	13,661
Acquisition of subsidiary	-	<u>37,824</u>	<u>28,714</u>	<u>326,162</u>	<u>392,700</u>
March 31, 2019	73,463	65,424	32,914	330,785	502,586
Additions	1,163	-	-	-	1,163
Translation adjustment	-	<u>15,759</u>	<u>(8,620)</u>	<u>36,627</u>	<u>43,766</u>
March 31, 2020	<u>74,626</u>	<u>81,183</u>	<u>24,294</u>	<u>367,412</u>	<u>547,515</u>
Amortisation and impairment					
March 31, 2018	37,367	6,175	-	4,623	48,165
Charge for the year	<u>7,826</u>	<u>3,450</u>	<u>-</u>	<u>-</u>	<u>11,276</u>
March 31, 2019	45,193	9,625	-	4,623	59,441
Charge for the year	9,768	21,041	-	-	30,809
Translation adjustment	-	<u>(288)</u>	<u>-</u>	<u>-</u>	<u>(288)</u>
March 31, 2020	<u>54,961</u>	<u>30,378</u>	<u>-</u>	<u>4,623</u>	<u>89,962</u>
Net book values					
March 31, 2020	<u>19,665</u>	<u>50,805</u>	<u>24,294</u>	<u>362,789</u>	<u>457,553</u>
March 31, 2019	<u>28,270</u>	<u>55,799</u>	<u>32,914</u>	<u>326,162</u>	<u>443,145</u>
	Company				
	Computer software	Customer relationship	Trademark and tradename	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
March 31, 2018	60,158	27,600	4,200	4,623	96,581
Adjustment	(356)	-	-	-	(356)
Additions	<u>13,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,661</u>
March 31, 2019	73,463	27,600	4,200	4,623	109,886
Additions	<u>1,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,163</u>
March 31, 2020	<u>74,626</u>	<u>27,600</u>	<u>4,200</u>	<u>4,623</u>	<u>111,049</u>
Amortisation and impairment					
March 31, 2018	37,367	6,175	-	4,623	48,165
Charge for the year	<u>7,826</u>	<u>3,450</u>	<u>-</u>	<u>-</u>	<u>11,276</u>
March 31, 2019	45,193	9,625	-	4,623	59,441
Charge for the year	<u>9,768</u>	<u>3,450</u>	<u>-</u>	<u>-</u>	<u>13,218</u>
March 31, 2020	<u>54,961</u>	<u>13,075</u>	<u>-</u>	<u>4,623</u>	<u>72,659</u>
Net book values					
March 31, 2020	<u>19,665</u>	<u>14,525</u>	<u>4,200</u>	<u>-</u>	<u>38,390</u>
March 31, 2019	<u>28,270</u>	<u>17,975</u>	<u>4,200</u>	<u>-</u>	<u>50,445</u>

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended March 31, 202012. Deferred income taxes

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Deferred tax is due to the following temporary differences:

	Group					
	March 31, 2018	Recognised in profit or loss	Recognised in other comprehensive income	March 31, 2019	Recognised in profit or loss	March 31, 2020
	\$'000	(note 20) \$'000	\$'000	\$'000	(note 20) \$'000	\$'000
Accounts payable	4,156	2,026	-	6,182	1,792	7,974
Property, plant & equipment	248	(3,036)	-	(2,788)	7,805	5,017
Loans receivable	114,646	(46,918)	65,034	132,763	(43,895)	88,868
Intangible assets	-	-	-	-	2,702	2,702
Leases	-	-	-	-	(128)	(128)
Other	3,200	(3,213)	-	(13)	2,987	2,974
	<u>122,250</u>	<u>(51,141)</u>	<u>65,034</u>	<u>136,144</u>	<u>(28,737)</u>	<u>107,407</u>

	Company					
	March 31, 2018	Recognised in profit or loss	Recognised in other comprehensive income	March 31, 2019	Recognised in profit or loss	March 31, 2020
	\$'000	(note 20) \$'000	\$'000	\$'000	(note 20) \$'000	\$'000
Accounts payable	4,156	2,026	-	6,182	1,792	7,974
Property, plant & equipment	248	(3,036)	-	(2,788)	7,805	5,017
Leases	-	-	-	-	573	573
Loans receivable	114,646	(66,840)	65,034	112,840	(27,260)	85,580
Other	3,200	(3,213)	-	(13)	2,987	2,974
	<u>122,250</u>	<u>(71,063)</u>	<u>65,034</u>	<u>116,221</u>	<u>(14,103)</u>	<u>102,118</u>

13. Payables

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Payables and accruals	81,439	46,892	61,004	37,296
Advance payments	<u>323,568</u>	<u>332,896</u>	<u>170,799</u>	<u>174,198</u>
	<u>405,007</u>	<u>379,788</u>	<u>231,803</u>	<u>211,494</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
 Year ended March 31, 2020

14. Loans payable

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Corporate bond-holders (i)	1,483,402	1,084,653	1,483,402	1,084,653
Sagicor Bank Jamaica Limited (ii)	44,211	73,333	44,211	73,333
JMMB Bank Limited (iii)	297,291	-	297,291	-
Proven Management Limited (iv)	100,000	-	100,000	-
Development Bank of Jamaica Limited (v)	1,139,629	848,287	1,139,629	848,287
Micro Investment Development Agency (vi)	5,187	41,496	5,187	41,496
Inter-American Development Bank (vii)	21,566	42,290	21,566	42,290
Embassy loans (viii)	-	-	133,959	126,080
Other (ix)	<u>133,959</u>	<u>126,080</u>	<u>-</u>	<u>-</u>
	<u>3,225,245</u>	<u>2,216,139</u>	<u>3,225,245</u>	<u>2,216,139</u>
The loans mature as follows:				
1 to 3 months	20,031	235,937	20,031	235,937
3 to 12 months	<u>1,165,196</u>	<u>743,618</u>	<u>1,031,237</u>	<u>743,618</u>
	1,185,227	979,555	1,051,268	979,555
Over 12 months	<u>2,040,018</u>	<u>1,236,584</u>	<u>2,173,977</u>	<u>1,236,584</u>
	<u>3,225,245</u>	<u>2,216,139</u>	<u>3,225,245</u>	<u>2,216,139</u>

- (i) This represents five year fixed and variable rate bond notes due in 2020, 2025 and 2026, arranged by Proven Wealth Limited and registered with JCSD Trustee Services Limited, as Trustee. Interest is payable every six months and the fixed rate bonds interest rate ranges from 7.85% to 8%. The variable rate bonds interest rate is 11% per annum for two years and variable thereafter. The applicable variable rate will be 250 basis points above the prevailing Government of Jamaica six-months weighted average treasury bill yield occurring one month before the interest payment date. The note is unsecured.
- (ii) This loan attracts interest at 9% per annum and is secured by promissory notes and letter of commitment executed by the Company under seal.
- (iii) These loans represents a one year Revolving Line of Credit and a seven year Term Loan an at interest rate of 8%. They are secured by promissory note.
- (iv) This represent a 3 month Revolving Line of Credit and attracts interest at 10.50% per annum. It is secured by promissory note.
- (v) These loans bear interest averaging 9% (2019 : 10%), and are repayable monthly and quarterly over 24 months. They are secured by promissory note.
- (vi) This loan attracts interest at 10% per annum and is repayable within 21 months. It is secured by Promissory Note, assignment of receivables and participation agreement.
- (vii) This loan attracts interest at the Jamaican Treasury Bill rate + 5%, with principal payments every six months.
- (viii) The loan represents deferred consideration on the purchase of Embassy Loans.
- (ix) This represents two senior secured notes issued by the subsidiary bearing interest of 10% per annum. The notes, which mature on December 14, 2020, are secured by a security agreement and a deposit control agreement.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

15. Leases

The Group leases property mainly for the operations of its branches. The leases typically run for 1 to 5 years, with options to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17.

Information about leases for which the Group is a lessee is presented below.

(a) Right-of-use assets		
	<u>Group</u>	<u>Company</u>
	Land and	Land and
	<u>buildings</u>	<u>building</u>
	\$'000	\$'000
Recognition of right-of-use assets on initial application of IFRS 16	195,466	123,712
Additions	23,452	23,452
Depreciation charge for the year	(67,941)	(51,669)
Exchange adjustments	<u>4,706</u>	<u>-</u>
Balance at March 31, 2020	<u>155,683</u>	<u>95,495</u>
(b) Lease liabilities		
Recognition of lease liability on initial application of IFRS 16	195,466	123,712
Additions during the year	23,452	23,452
Payments during the year	(80,008)	(58,941)
Interest expense	17,698	9,563
Effect of movement in exchange rates during the year	<u>4,660</u>	<u>-</u>
Balance at March 31, 2020	<u>161,268</u>	<u>97,786</u>
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	66,439	45,659
One to five years	<u>121,637</u>	<u>64,493</u>
	188,076	110,152
Less: future interest	<u>(26,808)</u>	<u>(12,366)</u>
Total discounted lease liabilities as at March 31, 2020	<u>161,268</u>	<u>97,786</u>
Less: current portion	<u>(66,814)</u>	<u>(52,489)</u>
Non-current	<u>94,454</u>	<u>45,297</u>
(c) Amounts recognised in profit or loss:		
2020 – Leases under IFRS 16		
Expense on short term leases	144	144
Depreciation charge for the year	67,941	51,669
Interest on lease liabilities	<u>17,698</u>	<u>9,563</u>
2019 – Operating leases under IAS 17		
Lease expense	<u>59,324</u>	<u>53,380</u>
(d) Amounts recognised in the statement of cash flows:		
Total cash outflow for leases	<u>80,008</u>	<u>58,941</u>

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended March 31, 2020

16.	<u>Share capital</u>			Company	
			2020	2019	
			\$'000	\$'000	
	Authorised share capital				
	350,000,000 (2019:350,000,000) ordinary shares				
	of no par value				
	Stated capital, issued and fully paid:				
	274,509,840 (2019: 274,509,840) ordinary shares of				
	no par value		96,051	96,051	
17.	<u>Fair value reserve</u>				
	This represents unrealised gains on revaluation of investment classified as fair value through other comprehensive income.				
18.	<u>Staff costs</u>				
		Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
	Wages, salaries and statutory contributions	605,827	372,301	366,047	315,078
	Pension contributions	22,091	13,401	11,206	10,381
	Other staff benefits	97,526	105,464	77,419	100,105
		725,444	491,166	454,672	425,564
19.	<u>Other operating expenses</u>				
		Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
	Advertising	66,975	36,517	26,858	25,604
	Agency fees	18,610	19,689	18,610	19,689
	Audit fees	24,237	9,386	20,723	7,763
	Bank charges	8,473	9,156	3,844	4,379
	Cleaning and sanitation	7,121	5,662	4,829	4,611
	Courier and collection services	6,936	34,253	6,936	6,740
	Directors' fees	3,121	1,959	3,121	1,959
	Insurance	4,196	4,362	4,196	4,362
	Irrecoverable GCT	47,561	39,273	47,561	39,273
	Legal and professional fees	48,899	47,547	33,911	44,330
	Loans written off	210,245	30,501	37,740	30,501
	Motor vehicle expenses	1,161	916	1,161	916
	Printing and stationery	13,290	12,828	13,290	12,184
	Rent	361	59,324	-	53,880
	Repairs and maintenance	3,195	2,623	3,195	2,200
	Security	7,484	9,210	7,017	9,186
	Subscriptions & donations	8,521	1,957	8,521	1,957
	Travel and entertainment	4,165	4,881	4,165	4,827
	Utilities	64,390	57,542	55,873	54,083
	Other expenses	69,610	45,755	43,486	34,400
		618,551	433,341	345,037	362,844

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

20. Taxation

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
(a) Taxation for the year comprises:				
Current tax expense	37,041	49,172	43,974	39,744
Deferred tax arising from temporary differences	<u>28,737</u>	<u>51,141</u>	<u>14,103</u>	<u>71,063</u>
	<u>65,778</u>	<u>100,313</u>	<u>58,077</u>	<u>110,807</u>
(b) Reconciliation of actual tax expense				
	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Profit before tax	<u>395,525</u>	<u>546,658</u>	<u>424,398</u>	<u>486,273</u>
Expected tax expense at 25%	98,881	136,665	106,100	121,568
Effect of different tax rate in foreign jurisdiction	(105)	(27,224)	-	-
Adjusted for difference in treatment of:				
Depreciation and capital allowances	8,437	5,407	8,437	5,407
Provision for loan loss	904	1,633	-	-
Disallowed expenses	<u>894</u>	<u>23,576</u>	(13,227)	<u>23,576</u>
	109,011	140,057	101,310	150,551
Adjustment for the effect of tax remission	(43,233)	(39,744)	(43,233)	(39,744)
	<u>65,778</u>	<u>100,313</u>	<u>58,077</u>	<u>110,807</u>
(c) Remission of income tax:				

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

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

Therefore, on October 31, 2019 the tax benefit expired. The financial statements have been prepared on the basis that the Company will retain the full benefit of the tax remissions effected in the current and prior periods.

Deferred tax as at March 31, 2020 was computed at 25% (2019: 25% as the tax remission terminates before the next reporting date).

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended March 31, 202021. Earnings per stock unit

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Net profit attributable to stockholders (\$'000)	329,747	446,345	366,321	375,466
Number of ordinary stock units ('000)	274,510	274,510	274,510	274,510
Earnings per stock unit (\$)	<u>1.20</u>	<u>1.63</u>	<u>1.33</u>	<u>1.37</u>

22. Dividends

	<u>Company</u>	
	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
In respect of 2019	<u>134,510</u>	<u>340,392</u>

At meetings of The Board of Directors on 30 July 2019, 30 October 2019, and 29 January 2020, dividend payments of \$0.29, \$0.10, and \$0.10 respectively were approved by the Board of Directors.

23. Related party transactions and balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The following transactions were carried out with related parties.

- (a) The statement of profit or loss and other comprehensive income includes the following transactions with related parties in the ordinary course of business.

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Key management compensation (included in staff costs Note 18)				
Key management includes director and senior managers :				
Salaries and other short-term employee benefits	150,253	78,749	55,723	56,346
Post employment benefits	12,438	4,869	3,484	2,406
Interest expense	13,581	3,788	-	-
Directors' emoluments				
Fees	-	1,960	-	1,960
Management remuneration	<u>16,995</u>	<u>16,889</u>	<u>16,955</u>	<u>16,889</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

23. Related party transactions and balances (continued)

(a) (Continued)

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Lease payments				
Renew Limited – other related company	19,449	20,155	19,449	20,155
Loan interest income:				
Proven Investments Limited	-	2,985	-	2,985
Embassy Loans Inc.	-	-	104,916	-
Loan interest expense:				
Proven Management Limited	(834)	-	(834)	-
Proven Investments Limited	(4,904)	-	(4,904)	-
Loan commitment and origination fees:				
Proven Investments Limited	(<u>4,718</u>)	<u>-</u>	(<u>4,718</u>)	<u>-</u>

(b) The statement of financial position includes balances arising in the ordinary course of business with related parties as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balances due from:				
Embassy Loans Inc.	-	-	756,483	756,483
Balances due to:				
Embassy Loans Inc.	-	-	(133,959)	(126,080)
Proven Management Limited	(100,000)	-	(100,000)	-
Loans payable				
– other related party	<u>133,959</u>	<u>126,080</u>	<u>-</u>	<u>-</u>

24. Segment information

	<u>2020</u>			
	<u>Jamaica</u>	<u>United States</u>	<u>Eliminations</u>	<u>Group</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income	<u>1,597,307</u>	<u>210,624</u>	<u>(104,916)</u>	<u>1,703,014</u>
Segment results	<u>428,598</u>	<u>(6,994)</u>	<u>(21,879)</u>	<u>395,525</u>
Taxation				<u>(65,778)</u>
Profit for the year				<u>329,747</u>
Interest expense	(231,868)	(103,203)	81,486	(253,585)
Allowance for credit losses	(291,884)	(4,305)	-	(296,189)
Depreciation and amortisation	(<u>84,257</u>)	(<u>33,814</u>)	<u>-</u>	(<u>118,071</u>)
Total segment assets	<u>5,637,555</u>	<u>1,286,247</u>	<u>(961,359)</u>	<u>5,962,443</u>
Total segment liabilities	<u>(3,554,834)</u>	<u>(1,144,258)</u>	<u>907,572</u>	<u>(3,791,520)</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
 Year ended March 31, 2020

24. Segment information (continued)

	2019			
	<u>Jamaica</u> \$'000	<u>United States</u> \$'000	<u>Eliminations</u> \$'000	<u>Group</u> \$'000 Restated*
Interest income	<u>1,342,863</u>	<u>62,860</u>	-	<u>1,405,723</u>
Segment results	<u>486,273</u>	<u>60,385</u>	<u>-</u>	<u>546,658</u>
Taxation				<u>(100,313)</u>
Profit for the year				<u>446,345</u>
Interest expense	(134,750)	(3,855)	-	(138,605)
Allowance for credit losses	(134,281)	(12,544)	-	(146,825)
Depreciation and amortisation	<u>(30,332)</u>	<u>-</u>	<u>-</u>	<u>(30,332)</u>
Total segment assets	<u>4,280,887</u>	<u>1,128,137</u>	<u>(902,981)</u>	<u>4,506,043</u>
Total segment liabilities	<u>(2,430,546)</u>	<u>(303,136)</u>	<u>125,020</u>	<u>(2,608,662)</u>

25. Financial instruments – risk management

The Group has exposure to financial instruments risks such as credit, liquidity and market risks from its use of financial instruments, as well as operational risk.

The Group has documented strategies, policies, procedures, processes and authority delegated throughout the organization to manage its risk and monitor compliance.

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

The risk management policies and procedures are established to identify, evaluate and analyse the risks faced by the Group, to set appropriate controls and to monitor adherence to standards set. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered and to ensure prudential and regulatory compliance.

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

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk

Credit risk exposure is the amount of loss that the Group would suffer if all counterparties to which the Group was exposed were to default at once. There are no financial assets not recognised; accordingly, this exposure is represented substantially by the carrying amount of financial assets recognised in the statement of financial position, without taking account of the value of any collateral held. At the reporting date, the maximum exposure to credit risk on financial assets, without taking account of the value of any collateral held, was the same as the carrying amounts in the statement of financial position.

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

- Concentration of risk – Loans and advances

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
		Restated*		Restated*
Personal loans	4,511,470	3,381,063	3,852,462	2,802,116
Business loans	<u>470,501</u>	<u>531,976</u>	<u>470,503</u>	<u>531,977</u>
	4,981,971	3,913,039	4,322,965	3,334,093
Less: Provision for credit losses	(<u>511,057</u>)	(<u>502,076</u>)	(<u>446,397</u>)	(<u>446,133</u>)
	<u>4,470,914</u>	<u>3,410,963</u>	<u>3,876,568</u>	<u>2,887,960</u>

*See note 26

(ii) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortized cost:

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 202025. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(ii) Credit quality analysis

- Loans receivable at amortised cost:

	Group			
	2020			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Ageing of loans receivable				
Current	3,768,462	4,055	1,376	3,773,893
Past due 1-30 days	831,099	7,801	5,252	844,152
Past due 31-60 days	104,236	39,212	945	144,393
Past due 60-90 days	25,445	50,449	10,912	86,806
Over 90 days	-	-	<u>132,727</u>	<u>132,727</u>
Total	4,729,242	101,517	151,212	4,981,971
Loss allowance	(362,662)	(16,779)	(131,616)	(511,057)
	<u>4,366,580</u>	<u>84,738</u>	<u>19,596</u>	<u>4,470,914</u>

	Group			
	2019			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
	Restated*	Restated*	Restated*	Restated*
Ageing of loans receivable				
Current	2,929,635	-	-	2,929,635
Past due 1-30 days	557,473	-	-	557,473
Past due 31-60 days	1,795	109,103	-	110,898
Past due 60-90 days	-	36,088	27,572	63,660
Over 90 days	-	-	<u>251,373</u>	<u>251,373</u>
Total	3,488,903	145,191	278,945	3,913,039
Loss allowance	(276,650)	(24,996)	(200,431)	(502,076)
	<u>3,212,253</u>	<u>120,195</u>	<u>78,514</u>	<u>3,410,963</u>

	Company			
	2020			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Ageing of loans receivable				
Current	3,378,444	4,055	1,376	3,383,875
Past due 1-30 days	613,301	7,801	5,252	626,354
Past due 31-60 days	78,491	39,212	945	118,648
Past due 60-90 days	-	50,449	10,912	61,361
Over 90 days	-	-	<u>132,727</u>	<u>132,727</u>
Total	4,070,236	101,517	151,212	4,322,965
Loss allowance	(298,002)	(16,779)	(131,616)	(446,397)
	<u>3,772,234</u>	<u>84,738</u>	<u>19,596</u>	<u>3,876,568</u>

(*See note 26)

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(ii) Credit quality analysis (continued)

- Loans receivable at amortised cost (continued):

	<u>Company</u>			
	<u>2019</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
	Restated*	Restated*	Restated*	Restated*
Ageing of loans receivable				
Current	2,350,689	-	-	2,350,689
Past due 1-30 days	557,473	-	-	557,473
Past due 31-60 days	1,795	109,103	-	110,898
Past due 60-90 days	-	36,088	27,572	63,660
Over 90 days	-	-	<u>251,373</u>	<u>251,373</u>
Total	2,909,957	145,191	278,945	3,334,093
Loss allowance	(220,706)	(24,996)	(200,431)	(446,133)
	<u>2,689,251</u>	<u>120,195</u>	<u>78,514</u>	<u>2,887,960</u>

(*See note 26)

(iii) Management of credit risk

The way in which the company manages the credit risk to which it is exposed on the financial assets it holds is set out below.

(1) Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated loss ratios and the default correlations between counterparties.

The Group uses ECL models developed by independent service providers to determine the ECL allowances for its loans receivable. The models measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The COVID-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The increase in inflation rate, interest rates, unemployment rate and decrease in gross domestic products have resulted in an increase in the credit risk of loans and advances.

(2) Cash and cash equivalents, including resale agreements

The company limits its exposure to risk on cash and cash equivalents by holding balances with reputable financial institutions, all of which are local. The company holds collateral for balances with brokers/dealers when securities are held under resale agreements

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iii) Management of credit risk

(3) Other receivables

Other receivables mainly consists of interest receivable from subsidiary and this amounts are considered recoverable as the subsidiary has the intention and ability to pay.

(iv) Impairment

Inputs, assumptions and techniques used for estimating impairment

See accounting policy at note 4(i).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and third party policies including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in credit scores;
- qualitative indicators; and
- a backstop of 30 days past due.

Credit risk grades:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Significant increase in credit risk (continued)

Credit risk grades (continued):

Each exposure is allocated to a credit risk score on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. financial statements, management accounts, budgets and projections.
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.
- External data from credit reference agencies, including industry-standard credit scores.
- Payment record – this includes overdue status as well as a range of variables about payment ratios.

Determining whether credit risk has been increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

Credit risk is deemed to have increased significantly based on the days past due of the loan repayments. In addition, the Group considers degradation of credit risk drivers an additional indicator of credit risk increase. These are qualitative indicators of credit quality and include such factors such as the borrower's employment arrangements, payment method, industry or personal conditions.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Determining whether credit risk has been increased significantly (continued)

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition.

A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group.

If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Definition of default:

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the company to actions such as realising security (if any is held);
- the borrower is more than 30 days past due on any material credit obligation to the company.
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower’s inability to pay its credit obligations.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Definition of default (continued):

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Group’s Finance team and provide the best and worst estimate view of the economy.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group’s different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Incorporation of forward-looking information (continued)

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans without collateral, LGD is estimated on the basis of the average recovery rate for these loans.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the company considers a longer period.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 202025. Financial instruments – risk management (continued)

(a) Credit risk (continued)

(iv) Impairment (continued)

Measurement of ECL (continued)

	Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans receivable:				
Balance at April 1, 2018	309,966	24,996	167,114	502,076
Net remeasurement of loss allowance	82,459	(8,217)	222,806	297,048
Transition adjustments	3,553	-	-	3,553
Loans written off	-	-	(291,620)	(291,620)
Balance at March 31, 2020	<u>395,978</u>	<u>16,779</u>	<u>98,300</u>	<u>511,057</u>

	Group			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans receivable:				
Balance at April 1, 2018	167,169	29,082	522,471	718,722
Assumed on acquisition of subsidiary	77,027	-	-	77,027
Net remeasurement of loss allowance	66,081	(4,086)	84,830	146,825
Loans written off	-	-	(440,187)	(440,187)
Transition adjustments	(311)	-	-	(311)
Balance at March 31, 2019	<u>309,966</u>	<u>24,996</u>	<u>167,114</u>	<u>502,076</u>

	Company			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans receivable:				
Balance at April 1, 2018	220,706	24,996	200,431	446,133
Net remeasurement of loss allowance	77,294	(8,217)	222,806	291,883
Loans written off	-	-	(291,619)	(291,619)
Balance at March 31, 2019	<u>298,000</u>	<u>16,779</u>	<u>131,618</u>	<u>446,397</u>

	Company			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans receivable:				
Balance at April 1, 2018	167,169	29,082	522,471	718,722
Net re-measurement of loss allowance	53,537	(4,086)	84,830	134,281
Loans written off	-	-	(406,870)	(406,870)
Balance at March 31, 2019	<u>220,706</u>	<u>24,996</u>	<u>200,431</u>	<u>446,133</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(b) Liquidity risk

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

Liquidity risk management process

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

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

Cash flows of financial liabilities

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

	Group						Total
	Carrying amount	Contractual cash flows	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Group						
	2020						
Payables	405,007	405,007	55,814	349,193	-	-	405,007
Loans payable	<u>3,225,245</u>	<u>4,072,076</u>	<u>73,273</u>	<u>1,355,618</u>	<u>874,530</u>	<u>1,768,655</u>	<u>4,072,076</u>
Total financial Liabilities	<u>3,630,252</u>	<u>4,477,083</u>	<u>129,087</u>	<u>1,704,811</u>	<u>847,530</u>	<u>1,768,655</u>	<u>4,477,083</u>
	Group						
	2019						
Payables	379,788	379,788	71,187	308,602	-	-	379,788
Loans payable	<u>2,216,139</u>	<u>2,867,098</u>	<u>281,321</u>	<u>902,115</u>	<u>334,377</u>	<u>1,349,285</u>	<u>2,867,098</u>
Total financial liabilities	<u>2,595,927</u>	<u>3,246,886</u>	<u>\$352,508</u>	<u>1,210,717</u>	<u>334,377</u>	<u>1,349,385</u>	<u>3,246,886</u>

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended March 31, 202025. Financial instruments – risk management (continued)

(b) Liquidity risk (continued)

	Company						Total \$'000
	Carrying amount \$'000	Contractual cash flows \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 2 years \$'000	2 to 5 years \$'000	
	2020						
Payables	231,803	231,803	35,379	196,424	-	-	231,803
Loans payable	<u>3,225,245</u>	<u>4,062,029</u>	<u>73,273</u>	<u>1,211,612</u>	<u>874,530</u>	<u>1,902,614</u>	<u>4,062,029</u>
Total financial liabilities	<u>3,457,048</u>	<u>4,293,832</u>	<u>108,652</u>	<u>1,408,036</u>	<u>874,530</u>	<u>1,902,614</u>	<u>4,293,832</u>

	Company						Total \$'000
	Carrying amount \$'000	Contractual cash flows \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 2 years \$'000	2 to 5 years \$'000	
	2019						
Payables	211,494	211,494	26,737	184,757	-	-	211,494
Loans payable	<u>2,216,139</u>	<u>2,867,098</u>	<u>281,321</u>	<u>902,115</u>	<u>334,377</u>	<u>1,349,285</u>	<u>2,867,098</u>
Total financial liabilities	<u>2,427,633</u>	<u>3,078,592</u>	<u>308,058</u>	<u>1,086,892</u>	<u>334,377</u>	<u>1,349,285</u>	<u>3,078,592</u>

(c) Market risk

(i) Currency risk

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

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

Concentration of currency risk

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

	Group	
	<u>2020</u> \$'000	<u>2019</u> \$'000
Cash and bank balances	184,410	175,509
Receivables (loan and advances)	<u>595,978</u>	<u>552,578</u>
	<u>780,388</u>	<u>728,087</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	<u>Company</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Cash and bank balances	4,985	44,725
Receivables (loan and advances)	<u>1,632</u>	<u>16,851</u>
	<u>6,617</u>	<u>61,576</u>

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, accounts receivable balance and payables balance, and adjusts their translation at the year-end for 6% (2019: 4%) depreciation and a 2% (2019: 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>		<u>2019</u>	
	% change in currency rate \$'000	Effect on profit	% change in currency rate \$'000	Effect on profit
USD	-6	177	-4	2,463
USD	<u>+2</u>	<u>(59)</u>	<u>+2</u>	<u>(1,232)</u>

(ii) Price risk

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

Cash flow and fair value interest rate risk

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

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

25. Financial instruments – risk management (continued)

(c) Market risk (continued)

(ii) Price risk (continued)

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

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

Interest rate sensitivity

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

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

(d) Financial instruments not measured at fair value

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

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

(e) Financial instruments measured at fairvalue

The Company's equity investments of financial instruments measured are classified at Level 1 of the fair value hierarchy. There were no transfers between levels during the period.

(f) Capital management

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

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

26. Prior year adjustment

During 2020, the Company determined that the loans sub ledger and the general ledger have not been properly reconciled which affected preceding financial reporting periods. As a consequence, loan receivable balance has been overstated. The difference has been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impact on the Company's and, where applicable, the Group's financial statements.

The Company did not have any investment in subsidiaries as of April 1, 2018. As a result, no Group figures are presented as of that date.

(i) Statement of financial position

	<u>April 1, 2018</u>		
	<u>Company</u>		
	As previously Reported	Adjustments	As Restated
	\$'000	\$'000	\$'000
Loans and advances	2,932,176	(293,948)	2,638,228
Others	<u>586,367</u>	<u>-</u>	<u>586,367</u>
Total assets	<u>3,518,543</u>	<u>(293,948)</u>	<u>3,224,595</u>
Total liability	<u>1,215,266</u>	<u>-</u>	<u>1,215,266</u>
Retained earnings	2,206,466	(293,948)	1,912,518
Others	<u>96,811</u>	<u>-</u>	<u>96,811</u>
Total equity	<u>2,303,277</u>	<u>(293,948)</u>	<u>2,009,329</u>
Total liability and equity	<u>3,518,543</u>	<u>(293,948)</u>	<u>3,224,595</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

26. Prior year adjustment (continued)

(i) Statement of financial position (continued)

	March 31, 2019					
	Group			Company		
	As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and advances	3,735,412	(324,449)	3,410,963	3,212,409	(324,449)	2,887,960
Others	<u>1,095,080</u>	<u>-</u>	<u>1,095,080</u>	<u>1,392,927</u>	<u>-</u>	<u>1,392,927</u>
Total assets	<u>4,830,492</u>	<u>(324,449)</u>	<u>4,506,043</u>	<u>4,605,336</u>	<u>(324,449)</u>	<u>4,280,887</u>
Total liability	<u>2,608,662</u>	<u>-</u>	<u>2,608,662</u>	<u>2,430,546</u>	<u>-</u>	<u>2,430,546</u>
Retained earnings	2,147,817	(324,449)	1,823,368	2,076,938	(324,449)	1,752,489
Others	<u>74,013</u>	<u>-</u>	<u>74,013</u>	<u>97,852</u>	<u>-</u>	<u>97,852</u>
Total equity	<u>2,221,830</u>	<u>(324,449)</u>	<u>1,897,381</u>	<u>2,174,790</u>	<u>(324,449)</u>	<u>1,850,341</u>
Total liability and equity	<u>4,830,492</u>	<u>(324,449)</u>	<u>4,506,043</u>	<u>4,605,336</u>	<u>(324,449)</u>	<u>4,280,887</u>

(ii) Effects on the statement of profit or loss for the year ended March 31, 2019

	Group			Company		
	As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other operating expenses	(402,840)	(30,501)	(433,341)	(332,343)	(30,501)	(362,844)
Others	<u>879,686</u>	<u>-</u>	<u>879,686</u>	<u>738,310</u>	<u>-</u>	<u>738,310</u>
Profit for the year	<u>476,846</u>	<u>(30,501)</u>	<u>446,345</u>	<u>405,967</u>	<u>(30,501)</u>	<u>375,466</u>
Total comprehensive income	<u>454,048</u>	<u>(30,501)</u>	<u>423,547</u>	<u>407,008</u>	<u>(30,501)</u>	<u>376,507</u>

(iii) There is no material impact on the Group's and Company's total operating, investing or financing cash flows for the year ended March 31, 2019.

(iv) Earnings per share in 2019 financial statements was reported as \$1.74 and \$1.48 for Group and Company respectively. Restated earnings per share for 2019 is \$1.63 and \$1.37 for the Group and the Company respectively.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2020

27. Impact of the COVID-19 Pandemic

The World Health Organisation in March 2020 declared the novel coronavirus, COVID-19, as a global pandemic. As a first step we instituted measures at our head office and branches to safeguard and protect our stakeholders by not only providing information to our employees, business partners and clients and but also equipping all personnel with supplies to prevent contagion and establishing protocols to access our premises. In addition, we have been working with our staff to implement a flexi work plan, to minimise the number of employees in our premises whilst enabling a work from home strategy which allowed us to continue our business operations. The Business Continuity Plan for a pandemic was put in place and members of the Crisis Management Team of the Company attend daily meetings in which the impacts to our business are assessed and measures are discussed to curb the spread of the COVID-19.

It was agreed that while these measures persisted our portfolio could be affected mainly driven by the increased credit risk due to higher delinquency levels, increased liquidity risk due to lower cash inflows from customer loan repayments and/or deferral of loan payments. However, as of the second week in June 2020, the Government has significantly relaxed the current restrictions.

Finally, we have implemented a cost reduction program to increase the use of technology for efficiency and to reduce operating costs. These and other initiatives are intended to contain the financial impact from the expected reduction in revenues.