

GWEST CORPORATION LIMITED

YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the members of

GWEST CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GWest Corporation Limited (the Company), set out on pages 2 to 42 which comprise the statement of financial position as at March 31, 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITORS' REPORT (Cont'd)**To the members of GWest Corporation Limited (Cont'd)****Key Audit Matters (Cont'd)**

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses	
<p>As described in Note 4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty under section 4.2.3 - Allowance for expected credit losses (ECL), the Company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Based on IFRS 9 – “Financial Instruments”, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.</p> <p>The process of developing an expectation of credit losses requires management to use judgement which could inherently be subjective.</p>	<p>In auditing the allowance for expected credit losses, we performed the following:</p> <ul style="list-style-type: none"> - We evaluated the techniques and methodologies used by the Company to estimate the ECLs, and assessed their compliance with the requirements of IFRS 9. - We assessed the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates used on determining the ECLs for trade receivables. - We also assessed the adequacy of disclosures in the financial statements.
Fair Value of Investment Property	
<p>As described at Note 4 – Critical Accounting Judgements and Key Sources of Estimation Uncertainty under section 4.2.2 – investment properties which is usually independently valued by qualified property appraisers at each reporting date, has been valued by the directors.</p> <p>Under IAS 40, where a property has previously been measured at fair value it should continue to be measured at fair value until disposal or reclassification. The Company had its last independent valuation done in 2018 with all subsequent annual valuation done by its directors.</p>	<p>As part of our audit we have evaluated the approach and assumptions factored into the assessment of fair value estimation by the directors.</p> <p>We assess the directors’ objectivity and compare assumptions to recent comparable sales.</p> <p>We also assessed the adequacy of disclosures in the financial statements.</p>

Other Information Included in the Annual Report

Other information consists of the information included in the Company’s March 31, 2020 Annual Report other than the financial statements and our auditor’s report thereon. Management is responsible for the other information. The Company’s March 2020 Annual Report is expected to be made available to us after the date of this auditor’s report.

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

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

INDEPENDENT AUDITORS' REPORT (Cont'd)**To the members of GWest Corporation Limited (Cont'd)*****Responsibilities of Management and the Board of Directors for the Financial Statements***

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

INDEPENDENT AUDITORS' REPORT (Cont'd)

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

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

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

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

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

Report on additional matters of the Jamaican Companies Act

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

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



Chartered Accountants
Montego Bay, Jamaica

July 10, 2020


GWEST CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000
<u>ASSETS</u>			
Non-current assets			
Property and equipment	5	230,960	389,977
Investment properties	6	946,715	915,596
Right-of-use assets	7.1	141,476	-
Deferred tax assets	8	<u>19,001</u>	<u>12,606</u>
Total non-current assets		<u>1,338,152</u>	<u>1,318,179</u>
Current assets			
Trade and other receivables	9	249,435	112,697
Owed by related parties	10.1	77,289	62,951
Tax recoverable		760	813
Short term deposits	11, 12	37,169	44,757
Cash and bank balances	12	<u>2,080</u>	<u>3,053</u>
Total current assets		<u>366,733</u>	<u>224,271</u>
Total assets		<u>1,704,885</u>	<u>1,542,450</u>
<u>EQUITY AND LIABILITIES</u>			
Shareholders' equity			
Share capital	13	419,152	419,152
10% cumulative non-redeemable preference shares	13	250,000	250,000
Property revaluation reserve	14	65,186	65,186
Retained earnings (deficit)		<u>(66,285)</u>	<u>(18,783)</u>
Total shareholders' equity		<u>668,053</u>	<u>715,555</u>
Non-current liabilities			
Borrowings – shareholder's loans	10.2	435,274	425,443
Borrowings – others	15	270,625	218,750
Lease liabilities	7	<u>100,310</u>	<u>-</u>
Total non-current liabilities		<u>806,209</u>	<u>644,193</u>
Current liabilities			
Borrowings - others	15	4,070	48,734
Lease liabilities	7.2	36,914	-
Owed to related parties	10.1	11,162	24,204
Provisions	16	672	1,002
Trade and other payables	17	175,417	71,556
Bank overdrafts	12	<u>2,388</u>	<u>37,206</u>
Total current liabilities		<u>230,623</u>	<u>182,702</u>
Total equity and liabilities		<u>1,704,885</u>	<u>1,542,450</u>

The Notes on Pages 6 to 42 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 42 were approved and authorised for issue by the Board of Directors on July 10, 2020 and are signed on its behalf by:


 Konrad Kirlew
 Director


 Wayne Gentles
 Director

GWEST CORPORATION LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****YEAR ENDED MARCH 31, 2020**

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000
Revenue	18	129,100	129,962
Direct costs		(35,609)	(48,180)
		93,491	81,782
Other income	19	13,017	83
Other gains or losses	20	50,926	1,976
Administrative expenses		(68,166)	(68,605)
Other operating expenses		(97,759)	(128,394)
Finance costs	21	(45,406)	(31,272)
Loss before taxation	23	(53,897)	(144,430)
Taxation	25	<u>6,395</u>	<u>8,554</u>
NET LOSS and TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(47,502)</u>	<u>(135,876)</u>
Earnings per stock unit	26	<u>(0.10)</u>	<u>(0.28)</u>

The Notes on Pages 6 to 42 form an integral part of the Financial Statements.

GWEST CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2020

	<u>Notes</u>	<u>Share Capital</u> \$'000	<u>Property Revaluation Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total</u> \$'000
Balance at March 31, 2018		419,152	65,186	122,298	606,636
Impact of adopting IFRS 9	9	<u>-</u>	<u>-</u>	(5,205)	(5,205)
Balance at April 1, 2018 – as restated		419,152	65,186	117,093	601,431
Net loss for the year and Total comprehensive income for the year		-	-	(135,876)	(135,876)
Issue of 10% cumulative non-redeemable preference shares on conversion of shareholders' loans	13	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Balance at March 31, 2019		669,152	65,186	(18,783)	715,555
Net loss for the year and Total comprehensive income for the year		<u>-</u>	<u>-</u>	(47,502)	(47,502)
Balance at March 31, 2020		<u>669,152</u>	<u>65,186</u>	<u>(66,285)</u>	<u>668,053</u>

The Notes on Pages 6 to 42 form an integral part of the Financial Statements.

GWEST CORPORATION LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000
OPERATING ACTIVITIES			
Net loss		(47,502)	(135,876)
Adjustments for:			
Depreciation of property and equipment	5	13,174	6,422
Depreciation of right-of-use assets	7.1	35,369	-
Fair value gains on investment properties		(65,765)	-
Loss on disposal of investment properties	19	7,359	-
Expected credit loss recognised on receivables	9	4,197	15,890
Reversal of expected credit loss on receivables		(5,587)	-
Shareholders' loans converted to preference shares		-	(250,000)
Transfer from work-in-progress to related party		2,766	-
Income tax written off		60	-
Foreign exchange rates movement		7,480	(1,976)
Provisions	16	(330)	1,002
Interest income		(171)	(83)
Interest expense on leased liabilities	7.2	14,707	-
Interest expense on bank borrowings		22,981	31,272
Taxation		(6,395)	(8,554)
		(17,657)	(341,903)
Increase in receivables / prepayments		(131,319)	(28,333)
Increase in payables		<u>98,973</u>	<u>15,628</u>
Cash generated by operations		(50,003)	(354,608)
Interest paid		(23,895)	(32,013)
Income tax paid		<u>(8)</u>	<u>(20)</u>
Cash used in operating activities		<u>(73,906)</u>	<u>(386,641)</u>
INVESTING ACTIVITIES			
Proceeds from disposal of investment properties (net)		170,910	-
Interest received		171	83
Acquisition of property and equipment		<u>(546)</u>	<u>(7,165)</u>
Cash provided by (used in) investing activities		<u>170,535</u>	<u>(7,082)</u>
FINANCING ACTIVITIES			
Shareholder loans converted to preference shares	13	-	250,000
Bank borrowings repaid		(262,500)	(43,750)
Long term loan received		270,625	-
Loans from shareholders		-	(570)
Advances (from)to related parties		(27,370)	20,034
Lease liabilities payments		<u>(54,328)</u>	<u>-</u>
Cash flows (used in) provided by financing activities		<u>(73,573)</u>	<u>225,714</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		23,056	(168,009)
Effects of foreign exchange rates		3,201	1,489
OPENING CASH AND CASH EQUIVALENTS		<u>10,604</u>	<u>177,124</u>
CLOSING CASH AND CASH EQUIVALENTS	12	<u>36,861</u>	<u>10,604</u>

The Notes on Pages 6 to 42 form an integral part of the Financial Statements.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2020****1. IDENTIFICATION**

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

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

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

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

These financial statements are expressed in Jamaican dollars.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**2.1 *Standards and Disclosures affecting amounts reported and/or presentation and disclosures in the current period (and/or prior periods)***

The company applied for the first-time certain standards and amendments which are effective for annual periods beginning on or after January 1, 2019. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2019, the nature and the impact of each new standard or amendment is described below.

IFRS 16 – Leases***Impact of initial application of IFRS 16 – Leases***

IFRS 16 supercedes IAS 17 – Leases, IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC-15 – Operating Leases-Incentives and SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases, except for short-term leases and leases of low value assets when such recognition are adopted.

In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described at Note 3.7.

The company applied IFRS 16 using the modified retrospective method of adoption with the date of initial application of April 1, 2019 and no restatement of comparatives.

(a) *Impact of the new definition of a lease*

The company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those lease entered or changed before April 1, 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The company applies the definition of a lease and related guidelines set out in IFRS 16 to all lease contracts entered into or changed on or after April 1, 2019.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

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

IFRS 16 – Leases (Cont'd)

(b) Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16 for all leases, the company:

- Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- Separates the total amount of cash paid into a principal portion and interest (each presented within financing activities) in the statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The company has used the following available practical expedients as applicable:

- Applied a single discount to the portfolio of leases;
- Relied on its assessment whether leases are onerous immediately prior to the date of initial application;
- Elected not to recognise right-of-use assets and lease liabilities to leases for which the lease-term ends within 12 months of the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16 a lessor continues to classify leases as either finance leases or operating leases and account for those types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

IFRS 16 has not significantly affected how the company accounts for leases as a lessor.

(d) Financial impact of initial application of IFRS 16

The effect of the adoption of IFRS 16 as at April 1, 2019 is as follows:

- Right-of-use assets of \$176.845 million were recognised and presented separately in the statement of financial position.
- Lease liabilities of \$176.845 million were recognised and presented separately in the statement of financial position.
- There was no effect of these adjustments on retained earnings.

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

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

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

IFRS 16 – Leases (Cont'd)

(d) *Financial impact of initial application of IFRS 16 (Cont'd)*

	Increase/(Decrease) \$'000
Assets	
Right-of-use assets	<u>176,845</u>
Total assets	<u>176,845</u>
Liabilities	
Lease liabilities	<u>176,845</u>
Total liabilities	<u>176,845</u>

The weighted average lessee incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on April 1, 2019 is 8.5%.

The lease liability as at April 1, 2019 can be reconciled to the operating lease commitments at March 31, 2019 as follows:

	\$'000
Operating lease commitments at March 31, 2019	191,739
Weighted average rate as at April 1, 2019	<u>8.5%</u>
Discounted operating lease commitments and lease liability as at April 1, 2019	<u>176,845</u>

2.2 Standards and Interpretations adopted with no effect on financial statements

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

<u>Amendments to Standards and Interpretations</u>		<u>Effective for annual periods beginning on or after</u>
IAS 19	Employee Benefits - Amendments to clarify measurement of plan amendment, curtailment or settlement	January 1, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments to clarify the application of IFRS 9 to long-term interests in an associate or joint venture that form a part of the net investment	January 1, 2019

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

2.2 *Standards and Interpretations adopted with no effect on financial statements (Cont'd)*Amendments to Standards and Interpretations (Cont'd)

		<u>Effective for annual periods beginning on or after</u>
IAS 12 and 23 and IFRS 3 and 11 IFRS 9	Amendments arising from Annual Improvements to IFRS Standards 2015 – 2017 Cycle Amendments to IFRS 9 Prepayment Features with Negative Compensation	January 1, 2019 January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the Interpretation, the company considered whether it has any uncertain tax positions, but has determined, based on its level of tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities.

2.3 *Standards and interpretations in issue not yet effective*

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

		<u>Effective for annual periods beginning on or after</u>
<u>New and Revised Standards</u>		
IAS 1 and IAS 8	Definition of Material – Amendments to IAS 1 and IAS 8	January 1, 2020
IFRS 3	Definition of a Business – Amendments to IFRS 3	January 1, 2020
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Effective date deferred indefinitely
IFRS 17	Insurance Contracts	January 1, 2021
	Amendments to References to the Conceptual Framework for Financial Reporting	January 1, 2020

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

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

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

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

- *The Conceptual Framework for Financial Reporting*

Effective immediately from the IASB and the IFRS Interpretations Committee. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after January 1, 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework, includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

The directors and management have not yet assessed the impact of the application of this Framework on the company's financial statements.

- *Amendments to IAS 1*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2020****3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Statement of compliance**

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

3.2 Basis of preparation

The financial statements have been prepared under the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3.3 Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The company classifies all other liabilities as non-current.

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

3.4 Fair value measurement

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

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

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

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

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

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2020****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.4 Fair value measurement (Cont'd)**

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

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

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

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

3.5 Property and equipment

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

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

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

Freehold land is not depreciated.

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

3.6 Investment properties

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

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2020****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.6 Investment properties (Cont'd)**

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

3.7 Leases

The company has applied IFRS 16 using the modified retrospective method and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

3.7.1 Policy applicable from April 1, 2019*The company as lessee*

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight line basis over the shorter period of lease term and useful life of the underlying asset as follows:

- Commercial units - 5 years

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy at Note 3.5.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2020****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.7 Leases (cont'd)****3.7.1 Policy applicable from April 1, 2019 (Cont'd)***The company as lessor*

The company enters into lease agreements as a lessor with respect to some of its investment properties. Such leases for which the company is a lessor are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are considered immaterial and therefore recognised immediately in profit or loss.

3.7.2 Policy applicable prior to April 1, 2019

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

The company as lessor

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

The company as lessee

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

3.8 Impairment of non-financial assets

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

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

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

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

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments

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

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

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

The fair values of financial instruments are discussed at Note 27. Listed below are the company's financial assets and liabilities and specific accounting policies relating to each:

3.9.1 Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments (Cont'd)

3.9.1 Financial assets (Cont'd)

Subsequent measurement (Cont'd)

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

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

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

De-recognition of financial assets

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

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

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

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

Impairment

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

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

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

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments (Cont'd)

3.9.1 Financial assets (Cont'd)

Impairment (Cont'd)

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

3.9.2 Financial liabilities

Initial recognition and measurement

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

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

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

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

De-recognition of financial liabilities

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

3.9.3 Related party

A party is related to the company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the company;
 - has an interest in the entity that gives it significant influence over the company; or
 - has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments (Cont'd)

3.9.3 Related party (Cont'd)

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

3.10 Provisions

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

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

3.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts and sales related taxes. The company recognises revenue from the following major sources:

3.11.1 Sale of commercial development units

Revenue for the sale of completed units is recognised when the sale agreement has been signed and the amount of revenue can be measured reliably with transfer of the title to the purchaser substantially completed.

3.11.2 Patient fees

Revenue for healthcare services is recognised when the services are provided.

3.11.3 Interest income

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

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

3.11.3 Lease rentals

The company policy for recognition of revenue from operating leases are disclosed in Note 3.7 below.

3.12 Taxation

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

Current tax

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

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2020****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.12 Taxation (Cont'd)**Deferred tax

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

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

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

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

Current and deferred tax for the period

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

3.13 Borrowing costs

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

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

3.14 Foreign currencies

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

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

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2020****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.15 Segment reporting**

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4.1 Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations which are presented separately below, that the directors have made in applying the company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

4.1.1 *Determining the lease term of contracts with renewal and termination options – company as a lessee*

The company determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The company has lease contracts that include extensions and termination options. The company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The company excluded the renewal period as part of the lease term for leases of property, as it does not typically exercise its option to renew these leases. The periods covered by termination options are excluded as part of the lease term only when they are reasonably certain not to be exercised.

4.2 Key sources of estimation uncertainty

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

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

The expected useful life and residual value of an asset are reviewed at least at each financial year end. Useful life of an asset is defined in terms of the asset's expected utility to the company.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

4.2 Key sources of estimation uncertainty (Cont'd)

4.2.2 Investment properties

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

4.2.3 Allowance for expected credit losses

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables is disclosed in Note 9.

At year end accounts receivable totaled \$24.524 million (2019: \$22.822 million) for which an allowance for expected credit losses of \$19.705 million (2019: \$21.095 million) (Note 9) was recognised.

4.2.4 Income and deferred taxes

Estimates are required in determining the provisions for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. A change of +/- 10% on the final outcome would have the effect of approximately \$1.075 million (2019: \$0.855 million) increase / decrease in current and deferred tax provisions.

4.2.5 Leases - estimating the incremental borrowing rate

If the company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

5. PROPERTY AND EQUIPMENT

	<u>Land</u> \$'000	<u>Building</u> \$'000	<u>Furniture and Fixtures</u> \$'000	<u>Computers</u> \$'000	<u>Equipment</u> \$'000	<u>Work in Progress</u> \$'000	<u>Total</u> \$'000
Cost or valuation							
Balance, April 1, 2018	19,088	276,628	31,498	2,339	53,846	13,239	396,638
Additions	<u>-</u>	<u>2,308</u>	<u>2,564</u>	<u>609</u>	<u>98</u>	<u>1,586</u>	<u>7,165</u>
Balance, March 31, 2019	19,088	278,936	34,062	2,948	53,944	14,825	403,803
Transfer from investment properties	2,810	45,694	-	-	-	-	48,504
Transfer from work-in-progress	-	12,059	-	-	-	(12,059)	-
Additions	-	-	-	546	-	-	546
Transfer to investment properties	(14,959)	(177,168)	-	-	-	-	(192,127)
Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,766)</u>	<u>(2,766)</u>
Balance, March 31, 2020	<u>6,939</u>	<u>159,521</u>	<u>34,062</u>	<u>3,494</u>	<u>53,944</u>	<u>-</u>	<u>257,960</u>
Accumulated depreciation							
Balance, April 1, 2018	-	-	832	750	5,822	-	7,404
Charge for the year	<u>-</u>	<u>-</u>	<u>569</u>	<u>468</u>	<u>5,385</u>	<u>-</u>	<u>6,422</u>
Balance, March 31, 2019	-	-	1,401	1,218	11,207	-	13,826
Charge for the year	<u>-</u>	<u>3,684</u>	<u>3,412</u>	<u>1,166</u>	<u>4,912</u>	<u>-</u>	<u>13,174</u>
Balance, March 31, 2020	<u>-</u>	<u>3,684</u>	<u>4,813</u>	<u>2,384</u>	<u>16,119</u>	<u>-</u>	<u>27,000</u>
Carrying amounts							
March 31, 2020	<u>6,939</u>	<u>155,837</u>	<u>29,249</u>	<u>1,110</u>	<u>37,825</u>	<u>-</u>	<u>230,960</u>
March 31, 2018	<u>19,088</u>	<u>278,936</u>	<u>32,661</u>	<u>1,730</u>	<u>42,737</u>	<u>14,825</u>	<u>389,977</u>

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

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

5.2 The company's freehold land and buildings are stated at their revalued amounts being the fair value at the date of revaluation. The fair value measurements were performed by Allison Pitter & Co., on a similar basis as the valuation for investment properties in May 2018. See Note 6.1. The gain on revaluation was recognised in property revaluation reserve. The directors have determined that based on market trends, the value has not significantly changed at March 31, 2020.

5.3 Adjustment represents correction of transactions incorrectly posted to work-in-progress.

5.4 Assets pledged as security

The company's obligations under borrowing arrangements at March 31, 2020 (see Note 15) relate to land and building with a carrying amount of \$162.776 million (2019: \$298.024 million).

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

6. INVESTMENT PROPERTIES

	\$'000
Fair value	
At April 1, 2018 and March 31, 2019	915,596
Transfer from property and equipment	192,127
Transfer to property and equipment	(48,504)
Fair value gains	65,765
Disposals	<u>(178,269)</u>
At March 31, 2020	<u>946,715</u>

6.1 Fair value measurement of the investment properties

The fair value of the company's investment properties was arrived at on the basis of a valuation carried out in May 2018 by Allison Pitter & Co., independent valuers, not related to the company. The valuator, a principal of Allison Pitter & Co., is a Chartered Surveyor, an Associate member of the Appraisal Institute (USA) and has the appropriate qualifications and recent experience in the valuation of properties in the relevant location. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties. The directors have determined, that based on market trends, the value at March 31, 2020 has increased over the previous year. Accordingly, a fair value gain of \$65.765 million has been recognised in the statement of profit or loss.

6.2 Assets pledged as security

The company's obligations under borrowing arrangements at March 31, 2020 (see Note 15) relate to land and building including the carrying amount of all the investment properties of \$946.715 million.

7. LEASES

The company leases property which prior to April 1, 2019 were classified as operating leases. The leases run for 3 to 7 years, with options to renew. Prior to April 1, 2019 payments made under operating leases were charged to profit or loss on a straight line basis over the period of the lease. The company adopted IFRS 16 as of April 1, 2019 applying the simplified approach and elected not to restate comparative information in accordance with the transitional provisions of the standard. As a result the comparative information provided continues to be in accordance with IAS 17 (See Note 28).

As of April 1, 2019 leases are recognised as right-of-use assets and corresponding liabilities at the date of which the leased assets are available for use by the company.

7.1 Right-of-use assets

	<u>Leasehold units</u> \$'000
Cost	
Balance, April 1, 2019 upon application of IFRS 16	176,845
Depreciation	<u>(35,369)</u>
Balance, March 31, 2020	<u>141,476</u>

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

7. LEASES (Cont'd)

7.2 Lease liabilities

The carrying amount of the related lease obligation and the movement during the period is as follows:

	\$'000
7.2.1 Balance, April 1, 2019 upon application of IFRS 16	176,845
Accretion of interest	14,707
Payments	<u>(54,328)</u>
Balance, March 31, 2020	<u>137,224</u>
Current portion	36,914
Non-current portion	<u>100,310</u>
	<u>137,224</u>
7.2.2 Maturity analysis – contractual undiscounted cash flows:	
	<u>2020</u>
	\$'000
Less than one year	47,643
One to five years	<u>118,988</u>
	166,631
Less: future interest	<u>(29,407)</u>
	<u>137,224</u>
7.2.3 Amounts recognised in profit or loss	
	<u>2020</u>
	\$'000
Depreciation expense on right-of-use assets	35,369
Interest expense on lease liability	<u>14,707</u>
	<u>50,076</u>
7.2.4 Amounts recognised in the statement of cash flows	
	<u>2020</u>
	\$'000
Total cash outflow for leases	<u>54,328</u>

8. DEFERRED TAXATION

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

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Deferred tax liabilities	(16,173)	(15,019)
Deferred tax assets	<u>35,174</u>	<u>27,625</u>
	<u>19,001</u>	<u>12,606</u>

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

8. DEFERRED TAXATION (Cont'd)

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

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Balance opening	12,606	4,052
Credited to income for the year (Note 25)	<u>6,395</u>	<u>8,554</u>
Balance, closing	<u>19,001</u>	<u>12,606</u>

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

	<u>Deferred tax assets</u>			
	<u>Tax</u>	<u>Interest</u>	<u>Accrued</u>	<u>Total</u>
	<u>Losses</u>	<u>Payable</u>	<u>Vacation</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
At April 1, 2018	8,730	14,087	-	22,817
Credited (Charged) to income for the year	<u>11,284</u>	<u>(6,601)</u>	<u>25</u>	<u>4,808</u>
At March 31, 2019	20,014	7,486	125	27,625
Credited (Charged) to income for the year	<u>7,611</u>	<u>(21)</u>	<u>(41)</u>	<u>7,549</u>
At March 31, 2020	<u>27,625</u>	<u>7,465</u>	<u>84</u>	<u>35,174</u>
	<u>Deferred tax liabilities</u>			
	<u>Claim</u>	<u>Unrealised</u>		<u>Total</u>
	<u>for Capital</u>	<u>Exchange</u>		<u>Total</u>
	<u>Allowances in</u>	<u>Gains</u>		<u>Total</u>
	<u>Excess of</u>	<u>\$'000</u>		<u>\$'000</u>
	<u>Depreciation</u>			<u>\$'000</u>
	\$'000			\$'000
At April 1, 2018	(18,765)	-		(18,765)
Credited (Charged) to income for the year	<u>4,300</u>	<u>(554)</u>		<u>3,746</u>
At March 31, 2019	(14,465)	(554)		(15,019)
(Charged) Credited to income for the year	<u>(1,612)</u>	<u>458</u>		<u>(1,154)</u>
At March 31, 2020	<u>(16,077)</u>	<u>(96)</u>		<u>(16,173)</u>

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

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

9. TRADE AND OTHER RECEIVABLES

	<u>2020</u> \$'000	<u>2019</u> \$'000
Trade receivables	24,524	22,822
Less: allowance for expected credit loss	(19,705)	(21,095)
	4,817	1,727
Security deposits refundable	6,963	52,804
Strata Plan 2678	74,763	37,271
Prepayments	10,420	18,759
Receivables from disposal of investment properties	148,392	-
Other receivables	<u>4,080</u>	<u>2,136</u>
	<u>249,435</u>	<u>112,697</u>

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

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

Of the trade receivables balance at the end of the reporting period, there was one customer with a balance of \$3.9 million representing 15.9% of the total trade receivables. The company holds a reservation deposit against which a setoff would be permissible. There were no other customers whose balance represented more than 5% of the total balance of trade receivables.

The company holds security deposits of one month's lease rental as collateral over these balances. It does not have a legal right of offset against any other amount owed by the company to the counterparty.

The company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The company has recognised a loss allowance of 100% against receivables due for over 270 days (2019: over 1 year) because historical experience has indicated that these receivables are generally not recoverable.

Movement in allowance for expected credit losses

	<u>2020</u> \$'000	<u>2019</u> \$'000
Opening balance	21,095	-
Impacted of IFRS 9 adoption	-	5,205
Expected credit loss recognised in year	4,197	15,890
Amounts recovered during the year	(5,587)	-
Closing balance	<u>19,705</u>	<u>21,095</u>

In determining the recoverability of receivable, the company considers any changes in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The directors believe that, at the end of the reporting period, there is no further credit provision required in excess of the allowance for doubtful debts.

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

9. **TRADE AND OTHER RECEIVABLES (Cont'd)**

Ageing of impaired trade receivables

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
0 – 30 days	2	3,021
31 – 60 days	376	4,379
91 – 270 days	1,626	9,020
Over 270 days	<u>17,701</u>	<u>4,675</u>
	<u>19,705</u>	<u>21,095</u>

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

Details of transactions with related parties are disclosed below:

10.1 *Amounts owed by (to) related parties*

	<u>Lease Rental Income</u>		<u>Amounts owed by (to) Related Parties</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
GWest Surgery Limited – St. Lucia	-	-	51,872	49,035
GWest Medical	-	-	(127)	238
Bull Investments	1,648	1,570	60	(1,375)
Advanced Imaging Limited	-	-	(882)	(882)
Northcoast Imaging Limited	6,646	5,895	(222)	(438)
Cornwall Medical & Dental Limited	17,546	17,007	25,256	13,678
Radiology West Limited	13,546	12,892	(3,606)	(1,604)
Owed to directors	-	-	(6,325)	(4,667)
Other related parties	-	-	<u>101</u>	<u>(15,238)</u>
	<u>39,386</u>	<u>37,364</u>	<u>66,127</u>	<u>38,747</u>
Reflected in statement of financial position:				
Owed by related parties			77,289	62,951
Owed to related parties			<u>(11,162)</u>	<u>(24,204)</u>
			<u>66,127</u>	<u>38,747</u>

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

The above amount included \$39.386 million (2019: \$37.364 million) owing to the company for lease rental unpaid at the end of the reporting period.

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

10.2 *Borrowings – Shareholders' loans*

	<u>Amounts owed to related parties</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Shareholders' loans	346,370	338,743
Accrued interest on shareholders' loans	<u>88,904</u>	<u>86,700</u>
	<u>435,274</u>	<u>425,443</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

10.2 *Borrowings – Shareholders' loans*

The principal balances represent loans from shareholders including US\$741,248 (2019: US\$741,248) of which US\$716,560 was used for the purchasing of the land used for development. There are no set terms of repayment, however management does not anticipate repayment within the next twelve months as the loans are subordinated to the bank loans. No interest was charged on loans during the year as the shareholders agreed to waive such charges. Up to 2017 interest was charged at a rate of 4% and 15% per annum on the US dollar and Jamaican dollar loans, respectively.

10.3 During 2019 \$250 million in J\$ loans were converted to 10% cumulative non-redeemable preference shares and allocated to the shareholders in accordance to their shareholdings prior to the IPO.

10.4 *Compensation of key management personnel*

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

	<u>2020</u> \$'000	<u>2019</u> \$'000
Salaries and statutory contributions	3,955	7,909
Directors emoluments:		
- Fees	1,658	3,667
- Management remuneration	Nil	Nil

11. SHORT TERM DEPOSITS

	<u>2020</u> \$'000	<u>2019</u> \$'000
Foreign currency bank deposits (i)	36,716	41,704
Jamaican dollar bank deposits (ii)	<u>453</u>	<u>3,020</u>
	37,169	44,724
Interest receivable	<u>-</u>	<u>33</u>
	<u>37,169</u>	<u>44,757</u>

(i) These foreign currency deposits include a restricted balance of \$36.5 million (2019: \$41.494 million) (Debt Service Reserve account) being held to service interest payments on borrowings as required by the lender. (See Note 15.2(iii)). The amounts represent the Jamaican dollar equivalent of US\$272,604 (2019: US\$330,937). The deposits earn interest at an average rate of 0.06% (2019: 1.57%) per annum.

(ii) These bear interest at an average rate of 2.00% per annum.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2020****12. CASH AND CASH EQUIVALENTS**

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

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

	<u>2020</u> \$'000	<u>2019</u> \$'000
Short term deposits (Note 11)	<u>37,169</u>	<u>44,757</u>
Trust accounts (i)	16	217
Operating accounts (ii)	1,540	2,836
Cash in transit	<u>524</u>	<u>-</u>
Cash and bank balances	<u>2,080</u>	<u>3,053</u>
Bank overdraft (iii)	(<u>2,388</u>)	(<u>37,206</u>)
Total cash and cash equivalents	<u>36,861</u>	<u>10,604</u>

(i) The Trust accounts are bank savings accounts used to maintain the reservation deposits paid on sale of the units while under construction. These include foreign currency balance of \$0.016 million [(US\$117)] (2019: \$0.105 million [(US\$844)]. Interest rates at the end of the reporting period on the US\$ and Jamaican currency balances were at 0.00% and 0.05% (2019: 0.05% and 0.10%) per annum, respectively.

(ii) The operating accounts include foreign currency interest bearing balances totaling \$1.493 million (2019: \$2.689 million). The average interest rate at the end of the reporting period was 0.058% per annum (2019: 0.10% per annum).

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

13 SHARE CAPITAL**13.1 Authorised and issued shares**

	Ordinary shares #	10% Non-redeemable preference shares #
(i) Authorised		
Balance, April 1, 2018 and March 31, 2019 and March 31, 2020	<u>1,000,000,000</u>	<u>1,000,000</u>
(ii) Issued and fully paid		
Balance, April 1, 2018	484,848,485	-
Issued in year	<u>-</u>	<u>1,000,000</u>
Balance, March 31, 2019 and March 31, 2020	<u>484,848,485</u>	<u>1,000,000</u>

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

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

13.2 Stated capital

	Ordinary shares '\$000	10% cumulative Non-redeemable preference share capital '\$000	Total \$'000
Balance, April 1, 2018	419,152	-	419,152
Issue of preference shares converted from loans payable	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Balance, March 31, 2019 and March 31, 2020	<u>419,152</u>	<u>250,000</u>	<u>669,152</u>

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

13.4 By way of special resolution dated November 27, 2017 the company created 1,000,000 authorised 10% cumulative non-redeemable preference shares which were to be allocated to the shareholders prior to the IPO upon conversion of loan balances owing by the company to these shareholders. During 2019 \$250 million in loans payable were converted to the preference shares and allocated to the said shareholders in accordance with their shareholdings prior to the IPO.

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

The preference shareholders have decided to waive the interest charges for the current and prior years.

14. **PROPERTY REVALUATION RESERVE**

	<u>2020</u> \$'000	<u>2019</u> \$'000
Balance at beginning of year and end of year	<u>65,186</u>	<u>65,186</u>

15. **BORROWINGS**

	<u>2020</u> \$'000	<u>2019</u> \$'000
15.1 Secured – at amortised cost		
National Commercial Bank Jamaica Limited – Tranche B (i)	-	262,500
National Commercial Bank Jamaica Limited (NCB) (ii)	<u>270,625</u>	<u>-</u>
Accrued interest	<u>270,625</u> <u>4,070</u>	<u>262,500</u> <u>4,984</u>
	<u>274,695</u>	<u>267,484</u>
Current	4,070	48,734
Non-current	<u>270,625</u>	<u>218,750</u>
	<u>274,695</u>	<u>267,484</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

15. BORROWINGS (Cont'd)

15.2 Summary of borrowing arrangements

- (i) The NCB Tranche B loan which was repayable in 2025 was repaid in full from the new loan received in the year. Interest rate was at 9.75% per annum.
- (ii) The new NCB loan received in the year, as part of the company's reorganisation strategy, was used to repay in full all previous loan obligations. Interest rate is at 9.75% per annum. The loan which has a one (1) year moratorium on its principal repayments, is repayable in 28 equal quarterly payments ending 2028.
- (iii) The loans are secured as follows:
- First legal mortgage over the property owned by the company at Lot 6 Bogue Estates stamped to cover \$860 million;
 - Assignment of All Risk and Fire and Allied insurance issued to secure the facility;
 - Assignment of proceeds of lease income sufficient to cover debt servicing;
 - Maintenance of a Debt Service Reserve Account (DSRA) with a minimum balance of two quarters' payment of principal plus interest until debt serving coverage is at a minimum of 1.25:1;
 - Joint and several composite guarantees of the directors / shareholders totaling \$860 million;
 - Deed of subordination in favour of the bank in respect of repayment of directors' and shareholders' loans.

16. PROVISIONS

	<u>Employee benefits</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Balance, opening	1,002	-
(Utilisation of provision) Recognised in expense	(330)	<u>1,002</u>
Balance, closing	<u>672</u>	<u>1,002</u>

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

17. TRADE AND OTHER PAYABLES

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Trade payables	20,330	14,355
Reservation deposits (i)	87,339	26,826
Security deposits	14,489	11,557
Accrued expenses	33,471	11,051
Other payables	<u>19,788</u>	<u>7,767</u>
	<u>175,417</u>	<u>71,556</u>

- (i) These deposits include \$60.464 million received from several related party – shareholders who advanced the funds for use as working capital, such funds are to be carried as deposits on units to be purchased in the future.

The company maintains Bank Trust accounts with amounts totaling \$0.016 million (2019: \$0.216 million) in support of these deposits. (See Note 12(i)).

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

18. **REVENUE**

The following is an analysis of the revenue for the year

	<u>2020</u> \$'000	<u>2019</u> \$'000
Revenue for rendering of services:		
Lease rentals	53,722	52,748
Medical services	<u>75,378</u>	<u>77,214</u>
	<u>129,100</u>	<u>129,962</u>

19. **OTHER INCOME**

	<u>2020</u> \$'000	<u>2019</u> \$'000
Interest income	171	83
Strata – administrative fees	<u>12,846</u>	<u>-</u>
	<u>13,017</u>	<u>83</u>

20. **OTHER GAINS AND LOSSES**

	<u>2020</u> \$'000	<u>2019</u> \$'000
Fair value gains on investment properties	65,765	-
Loss on disposal of investment properties	(7,359)	-
Foreign exchange (losses) gains	<u>(7,480)</u>	<u>1,976</u>
	<u>50,926</u>	<u>1,976</u>

21. **FINANCE COSTS**

	<u>2020</u> \$'000	<u>2019</u> \$'000
Interest on bank loans	26,509	31,272
Interest expensed on lease liabilities (Note 7.2.3)	14,707	-
Bank overdraft interest	<u>4,190</u>	<u>-</u>
	<u>45,406</u>	<u>31,272</u>

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

22. EXPENSES BY NATURE

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

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Medical consultancy fees	45,762	45,235
Staff costs (Note 24)	46,483	56,833
Marketing, advertising and public relations	786	4,247
Legal and other professional fees	9,963	4,151
Repairs, maintenance and waste disposal	18,578	70,334
Utilities	7,191	6,394
Directors' expenses	1,778	3,573
Interest expense and bank charges	47,245	33,265
Laboratory and medical supplies	13,357	22,645
Office expenses	3,002	5,505
Depreciation – property and equipment	13,174	6,422
Depreciation – right-of-use assets	35,369	-
Other	5,642	1,957
Bad debts (recovered) expensed	(1,390)	15,890
	<u>246,940</u>	<u>276,451</u>

23. LOSS BEFORE TAXATION

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

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Expenses		
Directors' fees	1,658	3,667
Audit fees	1,500	1,350
Depreciation of property and equipment	13,174	6,422
Depreciation of right-of-use assets	35,369	-

24. STAFF COSTS

Staff costs incurred during the year were:

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Salaries, wages and statutory contributions	44,382	51,756
Other staff benefits	<u>2,101</u>	<u>5,077</u>
	<u>46,483</u>	<u>56,833</u>

25. TAXATION

25.1 Tax credit for the year comprises:

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Current tax	-	-
Deferred tax adjustment (Note 8)	(6,395)	(8,554)
	<u>(6,395)</u>	<u>(8,554)</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

25 TAXATION (Cont'd)

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

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Loss before taxation	(53,897)	(144,430)
Tax at 50% of domestic rate of 25%	(6,737)	(18,054)
Tax effect of items not deductible for tax purposes	1,254	1,348
Tax effect on items allowed for tax purposes	(8,219)	-
Tax effect of tax losses not recognised	7,611	11,283
Other adjustments	(304)	(3,131)
	<u>(6,395)</u>	<u>(8,554)</u>

25.3 Remission of income tax

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

25.4 Tax losses aggregating \$442 million (subject to agreement with the Commissioner of Taxpayer Audit and Assessments) are available for set-off against future taxable profits. A deferred tax asset of \$27.625 million has been recognised in respect of these tax losses (see Note 8.2)

26. EARNINGS PER STOCK UNIT

The calculation of earning per stock unit is based on the net loss after tax of \$47.502 million (2019: loss after tax of \$135.876 million) and the weighted average number of stock units in issue during the reporting period of 484,848,485 (2019: 484,848,485) units.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

27.1 Categories of financial instruments

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

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<u>Financial assets</u>		
Loan and receivables		
Owed by related parties	77,289	62,951
Receivables (excluding prepayments)	239,015	93,938
Short term deposits	37,169	44,757
Cash and bank balances	<u>2,080</u>	<u>3,053</u>
	<u>355,553</u>	<u>204,699</u>
<u>Financial liabilities</u>		
Borrowings – bank	274,695	267,484
Borrowings – shareholders loans	435,274	425,443
Lease liabilities	137,224	-
Owed to related parties	11,162	24,204
Payables (excluding accrued expenses)	141,946	60,505
Bank overdraft	<u>2,388</u>	<u>37,206</u>
	<u>1,002,689</u>	<u>814,842</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

27.2 Financial risk management policies and objectives

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

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

Financial risk management objectives

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

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

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

The company does not hold or issue derivative financial instruments.

27.2.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Except as disclosed under 27.2.2 and 27.2.3 below, the company has no exposure to market risk as there are no traded securities.

27.2.2 Foreign currency risk

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

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

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

	<u>Liabilities</u>		<u>Assets</u>		<u>Net (Liabilities) Assets</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
US\$	327,813	158,038	43,879	44,498	(283,934)	(113,540)

Foreign currency sensitivity

The following table details the company's sensitivity to a 4% revaluation and 6% devaluation (2019: 2% revaluation and 4% devaluation) in the Jamaican dollar against the US dollar currency. This represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the above change in foreign currency rates.

GWEST CORPORATION LIMITED

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YEAR ENDED MARCH 31, 2020

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

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

27.2.2 Foreign currency risk (Cont'd)

If the Jamaican dollar strengthens by 4% or weakens by 6% (2019: strengthens by 2% or weakens by 4%) against the US dollar, profit and development costs will decrease or increase by:

	US Dollar		Effect on Profit or Loss	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	%	%	J\$	J\$
Revaluation	+4	+2	11,357	2,271
Devaluation	-6	-4	(17,036)	(4,542)

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

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

27.2.3 Interest rate risk management

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

The company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section at Note 27.2.5 below.

Interest rate sensitivity

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

In respect of Jamaican dollar balances, if interest rates had been 100 basis points higher or lower (2019: 100 basis points higher or lower) and all other variables were held constant, the company's:

- Net loss for the year would increase / decrease by \$2.701 million (2019: \$2.593 million). This is mainly attributable to the company's exposure to interest rate on its bank deposits and borrowings.

In respect of United States dollar denominated balances, if interest rates had been 100 basis points higher or 100 basis point lower (2019: 50 basis points higher or 100 basis points lower) and all other variables were held constant, the company's:

- Net loss for the year would increase / decrease by \$0.382 million (2019: increase by \$0.444 million or /decrease by \$0.022). This is mainly attributable to the company's exposure to variable interest rate on its bank deposits.

The company's sensitivity to interest rates has increased during the current year mainly due to the increase in borrowings and reduction in cash at bank balances.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

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

27.2.4 Credit risk management

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

Financial assets that potentially subject the company to concentration of credit risk consist principally of cash, and trade and other receivables. The maximum exposure to credit risk is the amount of approximately \$355.553 million (2019: \$204.699 million). Generally, the company manages its credit risk by screening its customers and the rigorous follow-up of receivables.

Cash and bank deposits

The credit risk on liquid funds is limited because the counterparties are major banks with high credit ratings. The carrying amount of cash at bank totaling \$38.725 million (2019: \$47.736 million) represents the company's maximum exposure to this class of financial assets.

Trade and other receivables

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

The credit policies and procedures include the following:

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

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

The carrying amount of financial assets in respect of trade and other receivables totaling \$239.015 million at year end, (2019: \$93.938 million) represents the company's maximum exposure to this class of financial asset.

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

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

<u>March 31, 2020</u>	<u>Days Past Due</u>				<u>Total</u>
	<u>0 - 30</u>	<u>31 - 90</u>	<u>91 - 270</u>	<u>Over 270</u>	
Expected loss rate	0.27%	38.88%	57.97%	88.18%	
	\$	\$	\$	\$	\$
Estimated gross carrying amount at default	679	966	2,805	20,074	24,524
Allowance for expected credit loss	2	376	1,626	17,701	19,705

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YEAR ENDED MARCH 31, 2020

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

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

27.2.4 Credit risk management (Cont'd)

Trade and other receivables (Cont'd)

<u>March 31, 2019</u>	<u>Days Past Due</u>				<u>Total</u>
	<u>0 - 30</u>	<u>31 - 90</u>	<u>91 - 270</u>	<u>Over 270</u>	
Expected loss rate	83.29%	88.66%	95.72%	96.73%	
	\$	\$	\$	\$	\$
Estimated gross carrying amount at default	3,627	4,939	9,423	4,833	22,822
Allowance for expected credit loss	3,021	4,379	9,020	4,675	21,095

27.2.5 Liquidity risk management

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

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

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

	<u>Weighted average effective interest rate</u> %	<u>On demand or within 1 year</u> \$'000	<u>1 - 5 Years</u> \$'000	<u>Over 5 years</u> \$'000	<u>Total</u> \$'000
<u>2020</u>					
Non-interest bearing	Nil	153,108	-	-	153,108
Interest bearing	11%	<u>76,889</u>	<u>350,073</u>	<u>736,858</u>	<u>1,163,820</u>
		<u>229,997</u>	<u>350,073</u>	<u>736,858</u>	<u>1,316,928</u>
<u>2019</u>					
Non-interest bearing	Nil	84,709	-	-	84,709
Interest bearing	12.00	<u>118,882</u>	<u>238,984</u>	<u>683,746</u>	<u>1,041,612</u>
		<u>203,591</u>	<u>238,984</u>	<u>683,746</u>	<u>1,126,321</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

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

27.2.5 Liquidity risk management (Cont'd)

Liquidity and interest risk analyses in respect of non-derivative financial liabilities and non-derivative financial assets (Cont'd)**Non-derivative financial assets**

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

	Weighted average effective <u>interest rate</u> %	On demand or within <u>1 year</u> \$'000	<u>Total</u> \$'000
<u>2020</u>			
Non-interest bearing	Nil	316,844	316,844
Interest bearing	0.08	<u>38,740</u>	<u>38,740</u>
		<u>355,584</u>	<u>355,584</u>
<u>2019</u>			
Non-interest bearing	Nil	159,942	159,942
Interest bearing	0.55	<u>47,998</u>	<u>47,998</u>
		<u>207,940</u>	<u>207,940</u>

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

27.2.6 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument.

Where market prices are not available for the financial assets and liabilities of the company, fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at the end of the reporting period. Generally, judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the company would realise in a current market exchange.

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

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

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

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

27.2.7 Capital risk management policies and objectives

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

The capital structure of the company consists of debts which includes the borrowings at Note 15, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

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

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

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

(a) Gearing with subordinated shareholders' loans as equity

	<u>2020</u> \$'000	<u>2019</u> \$'000
Debt (i)	277,083	304,690
Cash and bank balances (including short-term deposits)	(39,249)	(47,810)
Net debt	<u>237,834</u>	<u>256,880</u>
Equity (ii)	<u>1,103,327</u>	<u>1,140,998</u>
Net debt to equity ratio	<u>0.22 : 1</u>	<u>0.23 : 1</u>

(b) Gearing with shareholders' loans as debt

	<u>2020</u> \$'000	<u>2019</u> \$'000
Debt (iii)	709,969	692,927
Cash and bank balances (including short-term deposits)	(39,249)	(47,810)
	<u>670,720</u>	<u>645,117</u>
Equity (iv)	<u>668,053</u>	<u>715,555</u>
Net debt to equity ratio	<u>1 : 1</u>	<u>0.90 : 1</u>

(c) Summary notes

- (i) Debt is defined as long and short-term borrowings as disclosed in Notes 12 and 15.
- (ii) Equity includes all capital and reserves and subordinated shareholders loans that are managed as capital.
- (iii) Debt is defined as all secured borrowings as disclosed in Note 15 and shareholders' loans at Note 10.
- (iv) Equity included all capital and reserves.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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

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

27.2.7 Capital risk management policies and objectives (Cont'd)

(c) Summary notes (Cont'd)

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

28. OPERATING LEASE ARRANGEMENTS

28.1 *The company as a lessor*

Disclosure required by IFRS 16

Operating leases, in which the company is the lessor, relate to investment properties owned by the company with lease terms of between 3 and 7 years. All operating lease contracts contains the option to renew and right to first offer to purchase.

The company has classified these leases as operating leases, as they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Note 7 set out information about the operating leases of investment properties.

28.1.1 The following table set out a maturity analysis of the lease payments, showing the undiscounted lease payments to be received after the reporting date.

	<u>2020</u>
	\$'000
Year 1	63,601
Year 2	69,040
Year 3	68,088
Year 4	65,428
Year 5 and onward	<u>66,529</u>
	<u>332,686</u>

28.1.2 Amounts recognised in profit or loss

\$'000

Lease income

53,722

28.2 *The company as a lessee*

Disclosure required by IAS 17

	<u>2019</u>
	\$'000
Lease payments under operating lease recognised as an expense in the year	<u>48,180</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

28. OPERATING LEASE ARRANGEMENTS (Cont'd)

28.2 *The company as a lessee (Cont'd)*

Disclosure required by IAS 17 (Cont'd)

At the reporting date, the company had outstanding commitments for future lease payments under the operating lease which is payable quarterly, in advance and falls due as follows:

	<u>2019</u> \$'000
Within one year (US\$367,600)	46,171
In the second to fifth year inclusive (US\$1,158,977)	<u>145,568</u>
	<u>191,739</u>

Operating lease payments represent lease rental payable by the company for certain units leased under a sale and lease back agreement for a term of 7 years from 2017.

29. SUBSEQUENT EVENT

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. These disruptions have continued in the period subsequent to the company's year end. While various Government measures and restrictions to control the pandemic persist our businesses will be affected accordingly. The company is continually assessing the situation, as part of its business continuity and contingency planning. However, the company is unable to determine with certainty the full the financial impact of this matter on its profitability, financial position and cash flows.