West Corporation

ANNUAL REPORT 2020

CONTENTS

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

GWEST VISION · MISSION · CORE VALUES

GWest Mission

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

GWest

Modern. Quality. Care.

Vision

Enhancing health, enhancing life.

GWEST VALUES

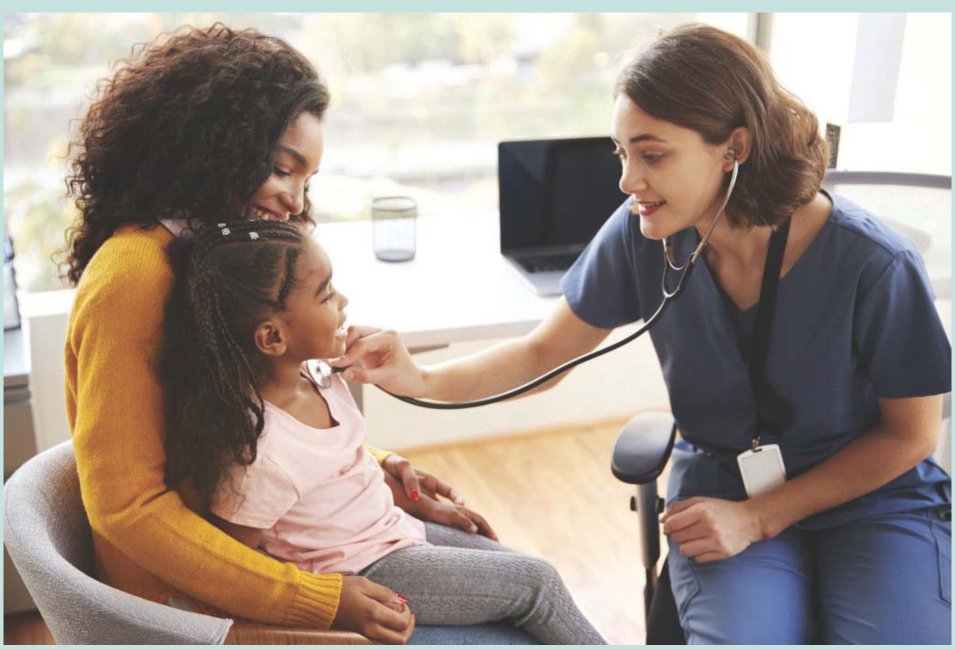
Our tenants and patient's needs come first.

Treat all patients and caregivers with compassion and respect.

Honesty and integrity

Teamwork

Innovation



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the GWest Corporation Limited (the "Company") will be held on Monday, November 16, 2020 at 10 o'clock in the forenoon at the Grand View, 7 Queens Drive, Montego Bay for the following purposes:-

1. **To receive the Audited Accounts for the year ended 31 March 2020 and the Reports of the Directors and Auditors**

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

   Resolution No. 1

   "That the Audited Accounts for the year ended 31 March 2020 and the Reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. **To Elect Directors**

   The Directors retiring by rotation pursuant to the Articles of Incorporation are Karl Townsend and Peter Pearson, who being eligible for re-election, offer themselves for re-election.

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

   Resolution No. 2 (a)

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

   Resolution No. 2 (b)

   "That Karl Townsend and Peter Pearson be and are hereby re-elected as Directors of the Company."

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

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

   Resolution No. 3 (a) – Directors' Remuneration

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

   Resolution No. 3 (b)

   "That the amount shown in the Audited Accounts of the Company for the year ended 31 March 2020 as fees of the Directors for their services as Directors, be and are hereby approved."

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

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

Resolution No. 4

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

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

Dated the 28th day of July, 2020

By Order of the Board

Merl Dundas
Company Secretary

Note:

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy is enclosed. Forms of Proxy must be lodged with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, not less than 48 hours before the time of the meeting.

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

GWEST CORPORATION LIMITED

FORM OF PROXY

I/WE ....

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

....

of

....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on ...., 2020 and at any adjournment thereof.

Signed this .... day of ...., 2020

____

Signature

CHAIRMAN'S MESSAGE

Dear Fellow Shareholders, I am pleased to submit the Annual Report for our company for the financial year ended March 31, 2020. Revenues for the 2020 financial year was flat at $129M compared to the prior financial year. Thanks to the great work of our staff and Board of Directors we were successful at reducing our direct and operational costs, resulting in a containment of our losses, before taxation, to $54M compared to $144M in the prior financial year.

Notwithstanding, the financial outturn, your company had some notable achievements during the financial year. We successfully negotiated the restructuring of our bank debt which provided cash flow relief by way of consolidating our existing loan and overdraft facilities and giving us a one year moratorium on principal repayment. We completed the lease of 8,000 square feet of space and the concluded an agreement for the sale of 4,560 square feet of space. Both transactions will serve to increase our financial position by increasing our future revenues, reducing our bank debt and providing cashflow for our business.

we were successful at reducing our direct and operational costs, resulting in a containment of our losses

During the year our Urgent Care facility was registered with the Ministry of Health and Wellness which facilitates us accepting health insurance from our customers who use this facility.

During the year we commenced engaging the services of an architect to design our ambulatory surgery centre and overnight in-patient recovery unit. We anticipate that when completed in the next financial year these two facilities will service to significantly improve our revenues and cash flow.

We continue to have discussions with several parties who are interested in leasing and purchasing space in the GWest building and hope to consummate one of more lease or sale contracts during the 2021 financial year.

We continue to develop and execute strategies to increase utilization of our facilities which result in increased revenues and ultimately profitability. We wish to acknowledge our staff, management, doctors for their hard work and dedication during the financial year, our customers for their continued support and our shareholders for their patience and trust. I also wish to acknowledge the support and advice of my fellow directors during the financial year.

COVID-19 Pandemic

The effects of the COVID-19 pandemic has had an adverse effect on our business and other businesses in Jamaica and globally. This has resulted in reduced patient traffic due to stay-at home orders and curfews implemented by the Government of Jamaica to manage the spread of the pandemic. We have also seen an increase in lease receivables as the business of our tenants have also been adversely affected. We remain committed to executing on the strategies to diversify our revenue sources and position your company to take advantage of the evolving opportunities in the health and wellness sector in a post-pandemic world.

……………………………………..

Dr. Konrad Kirlew
Chairman of the Board

DIRECTOR'S REPORT

The Directors are pleased to present their report for the financial year ended March 31, 2020.

Financial Results	$,000
Loss before Taxation	(53,897)
Taxation	6,395
Net Loss	(47,502)
Retained Earnings at the beginning of the year	(18,783)
Retained Earnings at the end of the year	(66,285)

Dividend

No Dividends were declared during the financial year ended March 31, 2020.

The Board

The Directors as at March 31, 2020 were as follows:

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

In accordance with Regulation 99 of the Company's Articles of Incorporation, Directors Mr. Karl Townsend and Mr. Peter Pearson will retire by rotation and, being eligible, offer themselves for re-election.

Auditors

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

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dr. Konrad Kirlew
Chairman

BOARD OF DIRECTORS

KONRAD KIRLEW, CHAIRMAN

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

LEYFORD “LADI” DOONQUAH

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

DENNIS SAMUELS

Dennis Samuels is an experienced business owner and Managing Director of Cornwall Medical and Dental Supplies Limited. He possesses over thirty (30) years of comprehensive management skills and is versatile business professional with a history of successful entrepreneurship. He is happily married to Denise Crichton-Samuels for the past twenty-four (24) years, shares biological son Dennis Samuels Jr, and fosters four daughters. He is a board member of the Northern Caribbean University and member of the University’s Endowment Fund. He is a major contributor to the Mount Carey Educational Evening Institute for the past twelve (12) years, a sponsor of the Jamaica Dental Auxiliary Convention for the past twenty (20)

Dennis Samuels *(contd)*

years, and a major contributor in the Mt. Carey Educational Outreach Center. Additionally, he conceptualized the Hart Street "Rise Up" Educational Programme which consists of youth and adult school drop-outs. He also serves as a local elder in his church and is a Justice of the Peace.

WAYNE GENTLES

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

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

ELVA WILLIAMS-RICHARDS

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

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

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

Independent Directors

PETER PEARSON

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

KARL TOWNSEND

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

WAYNE WRAY, MENTOR

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

He is the founder and director of Wiltshire Consulting & Advisory Limited, which provides investment advisory services to Caribbean and international clients and is licensed by the Financial Services Commission as an investment advisor. Mr. Wray has over 20 years

Wayne Wray
(contd)

working experience in executive leadership and management positions within the Jamaican and Caribbean banking and financial services industry.

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

MANAGEMENT TEAM

Konrad Kirlew
Chairman

Wayne Gentles
Finance Director

Angella Porter
Manager, Administration

Tracey-Ann Kerr
Manager, Urgent Care

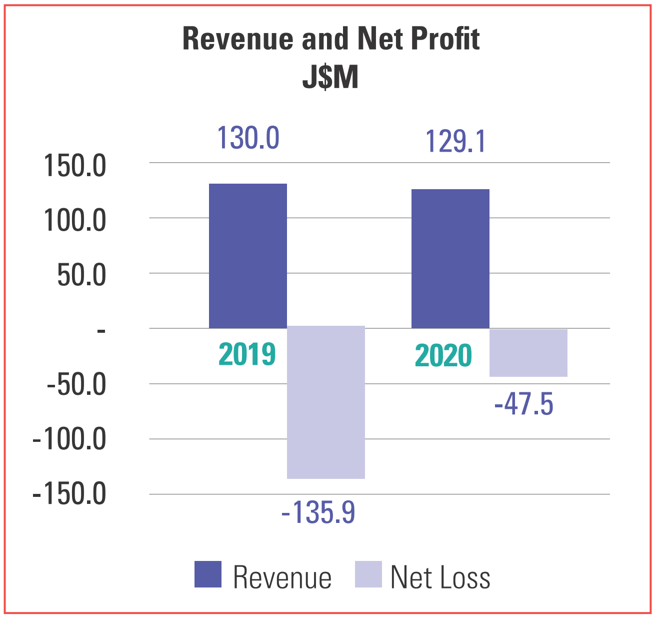
Arden Hamilton
Senior Accountant

MANAGEMENT DISCUSSION AND ANALYSIS

The 2020 financial year marks the second year full year of operations for GWest Corporation (GWest). GWest provides health services through our General Practice facility, Laboratory and Urgent Care Centre. In addition, GWest provides property management services to 62,000 sq. ft. of space occupied by a diverse range of medical and other business services. GWest is in the process of building out our fourth medical facility with an Ambulatory Surgery Centre.

Highlights of Financial Performance

The financial year ending March 2020 saw a reduction in losses from $135.9M the prior year to $47.5M for the year ending March 31, 2020. This reduction in losses was mainly due to our successful cost containment measures which resulted in a significant reduction in our operating expenses. The effect of which significantly offset the increase in depreciation charges and unrealised net foreign exchange losses incurred for the year.



Revenues

Our Revenue remained flat for the financial year. Our main focus for the next financial year is to increase our revenue through increased occupancy levels and thereby our real estate rentals as well as the build out of our surgical and inpatient facility which we forecast to become one of the main sources of our increased revenue generation. This will be done while we remain focused on controlling our operating expenses in line with our plan to increase capacity to drive revenue.

Balance Sheet

Our Investment Properties portfolio increased from $915.6M to $946.7M due to a net transfer to investment properties of $143.6M and fair value gains of $65.8M. During the year we sold $178.3M of investment property, which improved our liquidity and debt service capacity.

Our investment properties remain strong and we are actively pursuing additional leases and sales to further strengthen our cash position and reduce our overall leverage.

Our Total Assets increased from $1.5B to $1.7B. This increase is as a result of the adoption of IFRS 16 which now recognizes our long term leases of $141.5M as a "Right-of-Use" asset. Our Receivables increased from $112.7M to $249.4M due to balance of funds due from the sale of Investment Property.

The increases in Equity and Liabilities were impacted by lease liabilities of $137.2M due to IFRS 16 and increased payables from $71.6M to $175.4M. Payables were mainly impacted by increase of $60.5M in reservation deposits for property purchases, increase in security deposit of $2.9M due to new lease arrangements and trade payables and accruals of $40.4M.

J$M unless otherwise indicated

	2019	2020
Non-current assets	1,318.2	1,338.2
Current assets	224.3	366.7
Total assets	1,542.5	1,704.9
Shareholders' equity	715.6	668.1
Non-current liabilities	644.2	806.2
Current liabilities	182.7	230.6
Total liabilities	826.9	1,036.8
Total equity and liabilities	1,542.5	1,704.9

Cash Flow

The Company's cash flow increased from $10.6M last year to $36.86M this year. This result was mainly attributable to the improved performance through loss reduction and sale of investment property.

J$M unless otherwise indicated

	2019	2020
Cash flows generated by/(used in)		
Operating activities	(386.6)	(73.9)
Investing activities	(7.1)	170.5
Financing activities	225.7	(73.6)
Net cash generated/(used) for the year	(168.0)	23.1
Cash and cash equivalents	10.6	36.9

Risk Management

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

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

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

- Business performance
- Legal regulatory and liability issues
- Financial Operations
- Health and safety of our employees and stakeholders

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

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

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

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

Outlook & Prospects for 2021

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.

We have instituted measures at our property to safeguard and protect our stakeholders' businesses, partners and clients. We have equipped our personnel with the required personal protective gear to prevent contagion and established protocols to access our facilities. We have implemented a Telemedicine platform which will allow customers to access our services remotely where applicable. Management has also implemented cost cutting measures in line with the reduction in business activity. This and other initiatives are intended to contain the financial impact should a continued reduction in business activity occur due to the COVID-19 crisis.

The Company is assessing the situation as part of its business continuity and contingency planning.

While these measures persist our businesses could be affected mainly by restrictions imposed in terms of lock down and any other restrictions imposed on businesses by the Government.

The strengthening of our balance sheet over the last year and our solid investment in real estate will serve us in pressing through the tough times that lay ahead due to COVID-19. However, being a medical services healthcare provider, we are well positioned and ready to face the challenges and to provide solutions which will in turn increase our opportunity for growth and allow us to serve our country well.

we are well positioned and ready to face the challenges

The Board of Directors remains confident of management's dedication and drive to maintaining the Company's continuing improved performance despite the ongoing global challenges.

We have engaged local surgeons with respect to our completion of the surgery centre and inpatient unit and the feedback is positive. This facility is a cornerstone of our medical services, which integrated with our existing medical units, will enable GWest to provide a comprehensive health care product that will positively impact our income stream.

CORPORATE GOVERNANCE

Corporate Governance and Accountability

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

Board Committees

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

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

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

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

BOARD COMMITTEES	TERMS OF REFERENCE
Compensation Committee • Peter Pearson • Ladi Doonquah • Dennis Samuels • Wayne Wray	Oversight of the remuneration of directors, officers and employees of the Company

Executive Compensation

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

Directors' Fees

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

Board Meeting Fees:

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

Committee Members' Fees

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

RECORD OF DIRECTORS' ATTENDANCE
MEETINGS OF BOARD AND COMMITTEES

April 2018 to March 2019

The attendance record of each Director at meetings is shown below:

	BOARD OF DIRECTORS	AUDIT AND COMPLIANCE COMMITTEE	COMPENSATION COMMITTEE
NUMBER OF MEETINGS HELD	7	4	NONE
Konrad Kirlew *Chairman of the Board*	7	N/A	-
Denise Crichton-Samuels *	-	N/A	-
Leyford Doonquah	5	N/A	-
Wayne Gentles	7	4	-
Peter Pearson *Chairman, Audit Committee*	5	4	-
Elva Williams-Richards	3	1	-
Dennis Samuels *Chairman, Compensation & Corporate Compliance Committee*	1	N/A	-
Karl Townsend	5	2	-
Wayne Wray *Mentor*	6	3	-

* Resigned February 03, 2020

There was no meeting of the Compensation Committee as there were no increases to compensation by executive directors or senior management

DISCLOSURE OF SHAREHOLDERS

GWEST CORPORATION LIMITED

TOP 10 SHAREHOLDERS AS AT MARCH 31, 2020

	PRIMARY ACCOUNT HOLDER	JOINT HOLDER	VOLUME	PERCENTAGE
1	Cornwal Medical and Dental Supplies	Denise Samules	71,232,461	14.6917%
		Total Ownership	71,232,461	14.6917%
2	Dr Konrad Kirlew	Total Ownership	62,210,449	12.8309%
3	Leyford Doonquah	Total Ownership	62,520,637	12.6886%
4	MG&F Trust & Finance Ltd A/C58	Total Ownership	37,826,312	7.6900%
5	Bull Investments Ltd	Total Ownership	34,374,366	7.0897%
6	JMMB Fund Managers Ltd TI Equities	Total Ownership	32,173,018	6.6357%
7	Elva Richards	Jhameque Richards	15,665	0.0239%
			30,760,319	6.3443%
		Total Ownership	30,875,984	6.3682%
8	North Coast Imaging Ltd.	Total Ownership	30,760,319	6.3443%
9	JMMBSL Available For Sale	Total Ownership	16,393,009	3.3811%
10	JMMB Retirement Scheme Conservative	Total Ownership	10,200,000	2.1037%
	Total Owned by Top Ten Shareholders		**387,026,555**	
	Total Issued Capital		**484,848,485**	
	Total Percentage Owned by Top Ten		**79.8242%**	

DIRECTORS AND SENIOR MANAGERS STOCKHOLDINGS
as at March 31, 2020

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

Senior Managers

Konrad Kirlew	Chairman	Self	62,210,449
		North Coast Imaging	30,760,319
Wayne Gentles	Finance Director	Self	1,538,016
		Bull Investments Ltd	34,374,366
Angella Porter	Manager, Administration	None	nil
Tracy-Ann Kerr	Manager, Urgent Care	None	nil
Arden Hamilton	Senior Accountant	None	nil


25%
Donut Chart
2011
2012
2013
2014

INDEPENDENT AUDITORS' REPORT

GWEST CORPORATION LIMITED
YEAR ENDED MARCH 31, 2020

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Fax 876 979 0246

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Jamaica, W.I.
Tel: 876 922 6825
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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	
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. The process of developing an expectation of credit losses requires management to use judgement which could inherently be subjective.	In auditing the allowance for expected credit losses, we performed the following: - We 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	
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. 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.	As part of our audit we have evaluated the approach and assumptions factored into the assessment of fair value estimation by the directors. We assess the directors' objectivity and compare assumptions to recent comparable sales. We also assessed the adequacy of disclosures in the financial statements.

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.

CalvertGordon Associates

Chartered Accountants
Montego Bay, Jamaica

July 10, 2020

GWEST CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2020

	Notes	2020	2019
		$'000	$'000
ASSETS			
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	19,001	12,606
Total non-current assets		1,338,152	1,318.179
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	2,080	3,053
Total current assets		366,733	224,271
Total assets		1,704,885	1,542,450
EQUITY AND LIABILITIES			
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)		(66,285)	(18,783)
Total shareholders' equity		668,053	715,555
Non-current liabilities			
Borrowings – shareholder's loans	10.2	435,274	425,443
Borrowings – others	15	270,625	218,750
Lease liabilities	7	100,310	-
Total non-current liabilities		806,209	644,193
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	2,388	37,206
Total current liabilities		230,623	182,702
Total equity and liabilities		1,704,885	1,542,450

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 it's 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

	Notes	2020	2019
		$'000	$'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	6,395	8,554
NET LOSS and TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(47,502)	(135,876)
Earnings per stock unit	26	(0.10)	(0.28)

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

	Notes	Share Capital	Property Revaluation Reserve	Retained Earnings	Total
		$'000	$'000	$'000	$'000
Balance at March 31, 2018		419,152	65,186	122,298	606,636
Impact of adopting IFRS 9	9	-	-	(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	250,000	-	-	250,000
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		-	-	(47,502)	(47,502)
Balance at March 31, 2020		669,152	65,186	(66,285)	668,053

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

	Notes	2020	2019
		$'000	$'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		98,973	15,628
Cash generated by operations		(50,003)	(354,608)
Interest paid		(23,895)	(32,013)
Income tax paid		(8)	(20)
Cash used in operating activities		(73,906)	(386,641)
INVESTING ACTIVITIES			
Proceeds from disposal of investment properties (net)		170,910	-
Interest received		171	83
Acquisition of property and equipment		(546)	(7,165)
Cash provided by (used in) investing activities		170,535	(7,082)
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		(54,328)	-
Cash flows (used in) provided by financing activities		(73,573)	225,714
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		10,604	177,124
CLOSING CASH AND CASH EQUIVALENTS	12	36,861	10,604

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

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.

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.

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	176,845
Total assets	176,845
Liabilities	
Lease liabilities	176,845
Total liabilities	176,845

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	8.5%
Discounted operating lease commitments and lease liability as at April 1, 2019	176,845

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.

		Effective for annual periods beginning on or after
Amendments to Standards and Interpretations		
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

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)

		Effective for annual periods beginning on or after
IAS 12 and 23 and IFRS 3 and 11	Amendments arising from Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 1, 2019
IFRS 9	Amendments to IFRS 9 Prepayment Features with Negative Compensation	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:

New and Revised Standards		Effective for annual periods beginning on or after
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

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:

<u>New and Revised Standards and Interpretations in issue not yet effective that are relevant</u>

- *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.

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.

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. Transactions costs include development and other costs that enhance the value of the properties to enable sale or rental at maximum value. Subsequent to initial recognition investment properties are measured at fair value being their revalued amount representing open market values determined by external valuators or the directors. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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.

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 recongnised 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.

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.

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.

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.

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 <u>Sale of commercial development units</u>
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 <u>Patient fees</u>
Revenue for healthcare services is recognised when the services are provided.

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

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

3.11.3 <u>Lease rentals</u>
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.

<u>Current tax</u>
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.

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.

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.

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, its 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).

5. PROPERTY AND EQUIPMENT

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

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).

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	(178,269)
At March 31, 2020	946,715

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 valuators, 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

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

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	(54,328)
	Balance, March 31, 2020	137,224
	Current portion	36,914
	Non-current portion	100,310
		137,224

7.2.2 Maturity analysis – contractual undiscounted cash flows:

	2020 $'000
Less than one year	47,643
One to five years	118,988
	166,631
Less: future interest	(29,407)
	137,224

7.2.3 Amounts recognised in profit or loss

	2020 $'000
Depreciation expense on right-of-use assets	35,369
Interest expense on lease liability	14,707
	50,076

7.2.4 Amounts recognised in the statement of cash flows

	2020 $'000
Total cash outflow for leases	54,328

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:

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

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:

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

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

	Deferred tax assets			
	Tax Losses $'000	Interest Payable $'000	Accrued Vacation $'000	Total $'000
At April 1, 2018	8,730	14,087	-	22,817
Credited (Charged) to income for the year	11,284	(6,601)	25	4,808
At March 31, 2019	20,014	7,486	125	27,625
Credited (Charged) to income for the year	7,611	(21)	(41)	7,549
At March 31, 2020	27,625	7,465	84	35,174

	Deferred tax liabilities		
	Claim for Capital Allowances in Excess of Depreciation $'000	Unrealised Exchange Gains $'000	Total $'000
At April 1, 2018	(18,765)	-	(18,765)
Credited (Charged) to income for the year	4,300	(554)	3,746
At March 31, 2019	(14,465)	(554)	(15,019)
(Charged) Credited to income for the year	(1,612)	458	(1,154)
At March 31, 2020	(16,077)	(96)	(16,173)

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.

9. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'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	4,080	2,136
	249,435	112,697

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

	2020 $'000	2019 $'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	19,705	21,095

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

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

Ageing of impaired trade receivables

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

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

Details of transactions with related parties are disclosed below:

10.1 *Amounts owed by (to) related parties*

	Lease Rental Income		Amounts owed by (to) Related Parties	
	2020 $'000	2019 $'000	2020 $'000	2019 $'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	-	-	101	(15,238)
	39,386	37,364	66,127	38,747
Reflected in statement of financial position:				
Owed by related parties			77,289	62,951
Owed to related parties			(11,162)	(24,204)
			66,127	38,747

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*

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

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:

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

11. **SHORT TERM DEPOSITS**

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

(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.

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:

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

(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	1,000,000,000	1,000,000
(ii) Issued and fully paid		
Balance, April 1, 2018	484,848,485	-
Issued in year	-	1,000,000
Balance, March 31, 2019 and March 31, 2020	484,848,485	1,000,000

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	-	250,000	250,000
Balance, March 31, 2019 and March 31, 2020	419,152	250,000	669,152

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 were 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**

	2020 $'000	2019 $'000
Balance at beginning of year and end of year	65,186	65,186

15. **BORROWINGS**

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

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**

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

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

17. **TRADE AND OTHER PAYABLES**

	2020	2019
	$'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	19,788	7,767
	175,417	71,556

(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)).

18. **REVENUE**

The following is an analysis of the revenue for the year

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

19. **OTHER INCOME**

	2020 $'000	2019 $'000
Interest income	171	83
Strata – administrative fees	12,846	-
	13,017	83

20. **OTHER GAINS AND LOSSES**

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

21. **FINANCE COSTS**

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

22. EXPENSES BY NATURE

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

	2020 $'000	2019 $'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
	246,940	276,451

23. LOSS BEFORE TAXATION

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

	2020 $'000	2019 $'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:

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

25 TAXATION

25.1 Tax credit for the year comprises:

	2020 $'000	2019 $'000
Current tax	-	-
Deferred tax adjustment (Note 8)	(6,395)	(8,554)
	(6,395)	(8,554)

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:

	2020	2019
	$'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)
	(6,395)	(8,554)

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:

	2020	2019
	$'000	$'000
Financial assets		
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	2,080	3,053
	355,553	204,699
Financial liabilities		
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	2,388	37,206
	1,002,689	814,842

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:

	Liabilities		Assets		Net (Liabilities) Assets	
	2020	2019	2020	2019	2020	2019
	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.

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	
	2020	2019	2020	2019
	%	%	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.

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.

March 31, 2020	Days Past Due				
	0 - 30	31 - 90	91 - 270	Over 270	Total
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

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)

March 31, 2019	Days Past Due				
	0 - 30	31 - 90	91 - 270	Over 270	Total
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.

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

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

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.

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

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

(b) Gearing with shareholders' loans as debt

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

(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.

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% if 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.

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

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

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

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:

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

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.

CORPORATE INFORMATION

CORPORATE DATA

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BANKERS

National Commercial Bank
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Montego Bay, St. James.

REGISTRAR & TRANSFER AGENTS

Jamaica Central Securities Depository Limited
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Kingston

FINANCIAL ADVISERS

JMMB Securities Limited
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BOARD OF DIRECTORS

Executive Directors
Dr. Konrad Kirlew
Wayne Gentles

Non-Executive Directors
Dennis Samuels
Dr. Leyford "Ladi" Doonquah
Elva Williams-Richards
Peter Pearson
Karl Townsend

Mentor
Wayne Wray

LIST OF SENIOR OFFICERS

Dr. Konrad Kirlew
Chairman,
Acting Chief Executive Officer

Merl Dundas
Company Secretary

Wayne Gentles
Acting Chief Financial Officer

Angella Porter
Manager, Administration

Corporation

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