

GWEST CORPORATION LIMITED

YEAR ENDED MARCH 31, 2021

CONTENTS

	Page
Independent Auditors' Report - to the members	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 40

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 40 which comprise the statement of financial position as at March 31, 2021, 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

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

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

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

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses	
<p>As described in Note 4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty under section 4.2.3 - Allowance for expected credit losses (ECL), the Company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Based on IFRS 9 – "Financial Instruments", the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.</p> <p>The process of developing an expectation of credit losses requires management to use judgement which could inherently be subjective.</p>	<p>In auditing the allowance for expected credit losses, we performed the following:</p> <ul style="list-style-type: none"> - We evaluated the techniques and methodologies used by the Company to estimate the ECLs, and assessed their compliance with the requirements of IFRS 9. - We assessed the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates used on determining the ECLs for trade receivables. - We also assessed the adequacy of disclosures in the financial statements.
Fair Value of Investment Property	
<p>As described at Note 4 – Critical Accounting Judgements and Key Sources of Estimation Uncertainty under section 4.2.2 – investment properties are usually independently valued every three years by qualified property appraisers who generally use the income approach for its valuation.</p> <p>Under IAS 40, where a property has previously been measured at fair value it should continue to be measured at fair value until disposal or reclassification. The Company had an independent valuation done in March 2021. The valuers' approach takes into consideration various assumptions and factors including, the level of current and future occupancy, rate of annual rent increases, rate of inflation of direct expenses and recent comparable sales.</p> <p>Such assumptions involves the use of judgements which could inherently be subjective.</p>	<p>As part of our audit we have evaluated the approach and assumptions factored into the assessment of fair value estimation by the valuers.</p> <p>We assess the valuers' independence and objectivity and compare assumptions to recent comparable sales.</p> <p>We also assessed the adequacy of disclosures in the financial statements.</p>

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
Deferred Tax – Assets	
<p>Note 8 records a significant adjustment to deferred tax assets for the year based on unutilised tax losses.</p> <p>Management has reassessed the possibility of utilising the tax losses against profits in the tax-free incentive period as well as in the five years thereafter. It was determined that no offset can be done in the first five years which ends in 2022 and only a portion will be utilised within the next five years.</p> <p>Management has therefore provided for the deferred tax amounts based on rates prevailing in the protected period when such tax losses will be utilized and timing differences relating to long life assets will be reversed.</p>	<p>In auditing the deferred tax provision on unutilised tax losses, we performed the following:</p> <ul style="list-style-type: none"> - We evaluated the assumptions used in the financial forecast prepared by management for the five years remaining in the incentive and the periods beyond. - We assessed the assumptions based on current market trends. - We considered management's objectivity and assessed the Company's plans as well as measures already implemented which will impact future periods.

Other Information Included in the Annual Report

Other information consists of the information included in the Company's March 31, 2021 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's March 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company 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.

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)***

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.

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 of 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 so required.

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



Chartered Accountants
Montego Bay, Jamaica

June 24, 2021

GWEST CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Non-current assets			
Property and equipment	5	257,265	230,960
Investment properties	6	946,462	946,715
Right-of-use assets	7.1	106,107	141,476
Deferred tax assets	8	<u>38,264</u>	<u>19,001</u>
Total non-current assets		<u>1,348,098</u>	<u>1,338,152</u>
Current assets			
Trade and other receivables	9	153,558	249,435
Owed by related parties	10.1	54,324	77,289
Tax recoverable		792	760
Short term deposits	11, 12	40,573	37,169
Cash and bank balances	12	<u>4,164</u>	<u>2,080</u>
Total current assets		<u>253,411</u>	<u>366,733</u>
Total assets		<u>1,601,509</u>	<u>1,704,885</u>
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)		<u>(44,098)</u>	<u>(66,285)</u>
Total shareholders' equity		<u>690,240</u>	<u>668,053</u>
Non-current liabilities			
Borrowings – shareholder's loans	10.2	445,358	435,274
Borrowings – others	15	224,125	270,625
Lease liabilities	7.2	<u>61,063</u>	<u>100,310</u>
Total non-current liabilities		<u>730,546</u>	<u>806,209</u>
Current liabilities			
Borrowings - others	15	23,325	4,070
Lease liabilities	7.2	41,034	36,914
Owed to related parties	10.1	9,508	11,162
Provisions	16	507	672
Trade and other payables	17	106,349	175,417
Bank overdrafts	12	<u>-</u>	<u>2,388</u>
Total current liabilities		<u>180,723</u>	<u>230,623</u>
Total equity and liabilities		<u>1,601,509</u>	<u>1,704,885</u>

The Notes on Pages 6 to 40 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 40 were approved and authorised for issue by the Board of Directors on June 24, 2021 and are signed on its behalf by:



Wayne Gentles
Director



Peter Pearson
Director

GWEST CORPORATION LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****YEAR ENDED MARCH 31, 2021**

	<u>Notes</u>	<u>2021</u> \$'000	<u>2020</u> \$'000
Revenue	18	113,096	129,100
Direct costs		(35,429)	(35,609)
		77,667	93,491
Other income	19	5,051	13,017
Other gains and losses	20	94,260	50,926
Administrative expenses		(54,921)	(68,166)
Other operating expenses		(82,028)	(97,759)
Finance costs	21	(37,105)	(45,406)
Profit (Loss) before taxation	23	2,924	(53,897)
Taxation	25	<u>19,263</u>	<u>6,395</u>
NET PROFIT (LOSS) and TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>22,187</u>	(<u>47,502</u>)
Earnings per stock unit	26	<u>0.05</u>	(<u>0.10</u>)

The Notes on Pages 6 to 40 form an integral part of the Financial Statements.

GWEST CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2021

	<u>Note</u>	<u>Share Capital</u> \$'000	<u>Property Revaluation Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total</u> \$'000
Balance at April 1, 2018 – as restated		419,152	65,186	117,093	601,431
Net loss for the year and Total comprehensive income for the year		-	-	(135,876)	(135,876)
Issue of 10% cumulative non-redeemable preference shares on conversion of shareholders' loans	13	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Balance at March 31, 2019		669,152	65,186	(18,783)	715,555
Net loss for the year and Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>(47,502)</u>	<u>(47,502)</u>
Balance at March 31, 2020		669,152	65,186	(66,285)	668,053
Net profit for the year and Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>22,187</u>	<u>22,187</u>
Balance at March 31, 2021		<u>669,152</u>	<u>65,186</u>	<u>(44,098)</u>	<u>690,240</u>

The Notes on Pages 6 to 40 form an integral part of the Financial Statements.

GWEST CORPORATION LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021

	<u>Notes</u>	<u>2021</u> \$'000	<u>2020</u> \$'000
OPERATING ACTIVITIES			
Net profit (loss)		22,187	(47,502)
Adjustments for:			
Depreciation of property and equipment	5	12,228	13,174
Depreciation of right-of-use assets	7.1	35,369	35,369
Fair value gains on investment properties		(101,463)	(65,765)
(Gain) Loss on disposal of investment properties	19	(2,854)	7,359
Expected credit loss recognised on receivables	9	-	4,197
Reversal of expected credit loss on receivables		(2,804)	(5,587)
Transfer from work-in-progress to related party		-	2,766
Income tax written off		29	60
Foreign exchange rates movement		1,477	7,480
Provisions	16	(165)	(330)
Interest income		(251)	(171)
Interest expense on leased liabilities	7.2	12,438	14,707
Interest expense on bank borrowings		23,325	22,981
Taxation		(19,263)	(6,395)
		(19,747)	(17,657)
Decrease (Increase) in receivables / prepayments		108,837	(131,319)
(Decrease) Increase in payables		(77,836)	98,973
Cash generated by (used in) operations		11,254	(50,003)
Interest paid		(27,394)	(23,895)
Income tax paid		(61)	(8)
Cash used in operating activities		(16,201)	(73,906)
INVESTING ACTIVITIES			
Proceeds from disposal of investment properties (net)		132,287	170,910
Interest received		251	171
Acquisition of property and equipment		(66,250)	(546)
Cash provided by investing activities		66,288	170,535
FINANCING ACTIVITIES			
Bank borrowings repaid		(23,175)	(262,500)
Long term loan received		-	270,625
Advances to (from) related parties		25,269	(27,370)
Lease liabilities payments		(47,565)	(54,328)
Cash flows used in financing activities		(45,471)	(73,573)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,616	23,056
Effects of foreign exchange rates		3,260	3,201
OPENING CASH AND CASH EQUIVALENTS		36,861	10,604
CLOSING CASH AND CASH EQUIVALENTS	12	44,737	36,861

The Notes on Pages 6 to 40 form an integral part of the Financial Statements.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****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's wholly owned subsidiary, GWest Surgery Limited, incorporated and domiciled in St. Lucia and which has never traded, has now been removed from the register of companies in St. Lucia.

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 interpretations affecting amounts reported and or discloses in the current period (and/or prior period)***

There were no standards and interpretations that were applied in the year that affected the presentation and disclosures in these financial statements.

2.2 *Standards and Interpretations and amendments to existing standards adopted with no effect on financial statements*

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

<u>Amendments to Standards</u>		<u>Effective for annual periods beginning on or after</u>
IAS 1 and IAS 8	Definition of Material – Amendments to IAS 1 and IAS 8	January 1, 2020
IFRS 3	Definition of a Business – Amendments to IFRS 3	January 1, 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020
	The Conceptual Framework for Financial Reporting	January 1, 2020

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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

2.3 *Standards, interpretations and amendments to existing standards that are not yet effective and have not yet been early adopted by the company*

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

<u>New and Revised Standards</u>		<u>Effective for annual periods beginning on or after</u>
IAS 1	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2023
IFRS 3	Reference to the Conceptual Framework - Amendments to IFRS 3	January 1, 2022
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 1, 2021
IFRS 16,	Covid-19-Related Rent Concessions - Amendment to IFRS 16	June 1, 2020
IFRS 17	Insurance Contracts	January 1, 2023
IAS 37	Onerous Contracts – Costs of fulfilling a Contract - Amendments to IAS 37	January 1, 2022
IAS 16	Property, Plant and Equipment – Proceeds before intended use – Amendments to IAS 16	January 1, 2022
IFRS 1, IFRS9, IFRS 16 And IAS 41	Amendments arising from 2018-2020 Annual Improvements to IFRS	January 1, 2022
IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Effective date deferred indefinitely

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

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:

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The directors and management have not yet assessed the impact of the application of this amendment on the company's financial statements

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Cont'd)****2.3 Standards, interpretations and amendments to existing standards that are not yet effective and have not yet been early adopted by the company (Cont'd)**

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

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The directors and management have not yet assessed the impact of the application of this amendment on the company's financial statements.

Amendments to IFRS 16 - Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The directors and management have not yet assessed the impact of the application of this amendment on the company's financial statements.

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.

In accordance with the requirements of IAS 1 – Presentation of Financial Statements – the directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies adopted are set out below:

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****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.

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.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.4 Fair value measurement (Cont'd)**

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

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

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

3.5 Property and equipment

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

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

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

Freehold land is not depreciated.

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

3.6 Investment properties

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

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.

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
3.7 Leases
The company as lessee

The company assesses whether a contract is or contains a lease, at inception of the contract that is, whether the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. 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.

Right-of-use assets

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.

Lease liabilities

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 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 and where the company does not transfer substantially all the risks and rewards incidental to ownership, are classified as operating leases.

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

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****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.

3.9 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 or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.9 Financial instruments (Cont'd)****3.9.1 Financial assets (Cont'd)***Initial recognition and measurement (Cont'd)*

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.

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 group 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.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.9 Financial instruments (Cont'd)****3.9.1 Financial assets (Cont'd)***De-recognition of financial assets (Cont'd)*

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.

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.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.9 Financial instruments (Cont'd)****3.9.2 Financial liabilities (Cont'd)***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.

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

3.10 Provisions

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

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

3.11 Revenue recognition

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

3.11.1 Sale of commercial development units

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

3.11.2 Patient fees

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

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Revenue recognition (Cont'd)

3.11.3 Interest income

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

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

3.11.3 Lease rentals

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

3.12 Taxation

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

Current tax

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

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.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****3.13 Borrowing costs**

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

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

3.14 Foreign currencies

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

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

3.15 Segment reporting

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4.1 Critical judgements in applying accounting policies

The 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.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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

4.1 Critical judgements in applying accounting policies (Cont'd)

4.1.1 *Determining the lease term of contracts with renewal and termination options – company as a lessee (Cont'd)*

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.

4.2.2 *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 \$24.485 million (2020: \$24.524 million) for which an allowance for expected credit losses of \$16.901 million (2020: \$19.705 million) (Note 9) was recognised.

In response to the COVID-19 pandemic, the company assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of receivables and various applicable macroeconomic factors. Based on the analysis performed as at March 31, 2021, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)****4.2 Key sources of estimation uncertainty (Cont'd)****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 \$1.926 million (2020: \$0.640 million) increase / decrease in current and deferred tax provisions.

4.2.5 *Leases - estimating the incremental borrowing rate*

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

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

5. PROPERTY AND EQUIPMENT

	<u>Land</u> \$'000	<u>Building and Improvements</u> \$'000	<u>Furniture and Fixtures</u> \$'000	<u>Computers</u> \$'000	<u>Equipment</u> \$'000	<u>Work in Progress</u> \$'000	<u>Total</u> \$'000
Cost or deemed cost							
Balance, April 1, 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 (Note 5.3)	-	-	-	-	-	(2,766)	(2,766)
Balance, March 31, 2020	6,939	159,521	34,062	3,494	53,944	-	257,960
Additions	-	-	-	406	221	65,623	66,250
Transfer to investment properties	(1,605)	(26,112)	-	-	-	-	(27,717)
Balance, March 31, 2021	<u>5,334</u>	<u>133,409</u>	<u>34,062</u>	<u>3,900</u>	<u>54,165</u>	<u>65,623</u>	<u>296,493</u>
Accumulated depreciation							
Balance, March 31, 2019	-	-	1,401	1,218	11,207	-	13,826
Charge for the year	-	<u>3,684</u>	<u>3,412</u>	<u>1,166</u>	<u>4,912</u>	-	<u>13,174</u>
Balance, March 31, 2020	-	3,684	4,813	2,384	16,119	-	27,000
On transfer to investment properties	-	(693)	-	-	-	-	(693)
Charge for the year	-	<u>3,335</u>	<u>3,412</u>	<u>780</u>	<u>5,394</u>	-	<u>12,921</u>
Balance, March 31, 2021	-	<u>6,326</u>	<u>8,225</u>	<u>3,164</u>	<u>21,513</u>	-	<u>39,228</u>
Carrying amounts							
March 31, 2021	<u>5,334</u>	<u>127,083</u>	<u>25,837</u>	<u>736</u>	<u>32,652</u>	<u>65,623</u>	<u>257,265</u>
March 31, 2020	<u>6,939</u>	<u>155,837</u>	<u>29,249</u>	<u>1,110</u>	<u>37,825</u>	-	<u>230,960</u>

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

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

5.2 The company's freehold land and buildings are stated at deemed cost being their revalued amounts based on a revaluation performed by Allison Pitter & Co May 2018. The gain on revaluation was recognised in property revaluation reserve.

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, 2021 (see Note 15) relate to land and building with a carrying amount of \$132.417 million (2020: \$162.776 million).

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

6. INVESTMENT PROPERTIES

	<u>2021</u> \$'000	<u>2020</u> \$'000
Fair value		
Opening balance	946,715	915,596
Transfer from property and equipment	27,717	192,127
Transfer to property and equipment	-	(48,504)
Fair value gains	101,463	65,765
Disposals	<u>(129,433)</u>	<u>(178,269)</u>
Closing balance	<u>946,462</u>	<u>946,715</u>

6.1 Fair value measurement of the investment properties

The fair value of the company's investment properties was arrived at on the basis of a valuation carried out in March 2021 by Allison Pitter & Co., independent valuers, not related to the company. The valuator, a principal of Allison Pitter & Co., is a Chartered Surveyor, an Associate member of the Appraisal Institute (USA) and has the appropriate qualifications and recent experience in the valuation of properties in the relevant location. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties. The valuation fair value gain of \$101.463 million (2020: \$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, 2021 (see Note 15) relate to land and building including the carrying amount of all the investment properties of \$946.462 million.

7. LEASES

Set out below are the carrying amount of the right-of-use assets and corresponding liabilities recognised, and the movement during the period:

7.1 Right-of-use assets

	<u>Leasehold units</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
At cost		
Opening balance	141,476	176,845
Depreciation	<u>(35,369)</u>	<u>(35,369)</u>
Closing balance	<u>106,107</u>	<u>141,476</u>

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

7. LEASES (Cont'd)

7.2 Lease liabilities

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

	<u>2021</u> \$'000	<u>2020</u> \$'000
Opening balance	137,224	176,845
Accretion of interest	12,438	14,707
Payments	(47,565)	(54,328)
Closing balance	<u>102,097</u>	<u>137,224</u>
Current portion	41,034	36,914
Non-current portion	<u>61,063</u>	<u>100,310</u>
	<u>102,097</u>	<u>137,224</u>

7.2.2 Maturity analysis – contractual undiscounted cash flows:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Up to one year	48,596	47,643
One to five years	<u>70,392</u>	<u>118,988</u>
	118,988	166,631
Less: future interest	(16,891)	(29,407)
	<u>102,097</u>	<u>137,224</u>

7.2.3 Amounts recognised in profit or loss

	<u>2021</u> \$'000	<u>2020</u> \$'000
Depreciation expense on right-of-use assets	35,369	35,369
Interest expense on lease liability	<u>12,438</u>	<u>14,707</u>
	<u>47,807</u>	<u>50,076</u>

7.2.4 Amounts recognised in the statement of cash flows

	<u>2021</u> \$'000	<u>2020</u> \$'000
Total cash outflow for leases	<u>47,565</u>	<u>54,328</u>

8. DEFERRED TAXATION

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

	<u>2021</u> \$'000	<u>2020</u> \$'000
Deferred tax liabilities	(28,675)	(16,173)
Deferred tax assets	<u>66,939</u>	<u>35,174</u>
	<u>38,264</u>	<u>19,001</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

8. DEFERRED TAXATION (Cont'd)

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

	<u>2021</u> \$'000	<u>2020</u> \$'000
Balance opening	19,001	12,606
Credited to income for the year (Note 25)	<u>19,263</u>	<u>6,395</u>
Balance, closing	<u>38,264</u>	<u>19,001</u>

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

	<u>Deferred tax assets</u>				
	Unutilised Tax <u>Losses</u> \$'000	Interest <u>Payable</u> \$'000	Unrealised Exchange <u>Losses</u> \$'000	Accrued <u>Vacation</u> \$'000	<u>Total</u> \$'000
At April 1, 2019	20,014	7,486	-	125	27,625
Credited (Charged) to income for the year	<u>7,611</u>	<u>(21)</u>	<u>-</u>	<u>(41)</u>	<u>7,549</u>
At March 31, 2020	27,625	7,465	-	84	35,174
Credited (Charged) to income for the year	<u>31,583</u>	<u>114</u>	<u>89</u>	<u>(21)</u>	<u>31,765</u>
At March 31, 2021	<u>59,208</u>	<u>7,579</u>	<u>89</u>	<u>63</u>	<u>66,939</u>

	<u>Deferred tax liabilities</u>		
	Claim for Capital Allowances in Excess of <u>Depreciation</u> \$'000	Unrealised Exchange <u>Gains</u> \$'000	<u>Total</u> \$'000
At April 1, 2019	(14,465)	(554)	(15,019)
(Charged) Credited to income for the year	<u>(1,612)</u>	<u>458</u>	<u>(1,154)</u>
At March 31, 2020	(16,077)	(96)	(16,173)
(Charged) Credited to income for the year	<u>(12,598)</u>	<u>96</u>	<u>(12,502)</u>
At March 31, 2021	<u>(28,675)</u>	<u>-</u>	<u>(28,675)</u>

Up to March 31, 2020 deferred tax was recognised at a rate of 12½% as management believed that such amounts would be utilised in the 5-10 years period when the company will be entitled to a remission of 50% of income tax. Based on current projections management has re-evaluated the available evidence about future taxable income and the utilisation of available tax losses and claim for capital allowances on its properties and have concluded that recovery will extend beyond the 10 year tax incentive period. Accordingly, provision for the related deferred tax assets and liabilities have been recognised at rates of 12½% and 25% based on the projected realisation period of such assets and liabilities. Additionally, approximately \$47 million of net deferred tax assets have not been recognised in the current period. An evaluation will be done each year to determine if such amounts should be recognised or if additional amounts should be provided for.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

9. TRADE AND OTHER RECEIVABLES

	<u>2021</u> \$'000	<u>2020</u> \$'000
Trade receivables	24,485	24,524
Less: allowance for expected credit loss	(16,901)	(19,705)
	7,584	4,817
Security deposits refundable	7,174	6,963
Strata Plan 2678	45,285	74,763
Prepayments	37,686	10,420
Receivables from disposal of investment properties	51,491	148,392
Other receivables	<u>4,338</u>	<u>4,080</u>
	<u>153,558</u>	<u>249,435</u>

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

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

Of the trade receivables balance at the end of the reporting period, there was one customer with a balance of \$7.8 million representing 32% 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 (2020: over 270 days) because historical experience has indicated that these receivables are generally not recoverable.

Movement in allowance for expected credit losses

	<u>2021</u> \$'000	<u>2020</u> \$'000
Opening balance	19,705	21,095
Expected credit loss recognised in year	-	4,197
Amounts recovered during the year	(2,804)	(5,587)
Closing balance	<u>16,901</u>	<u>19,705</u>

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

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

9. TRADE AND OTHER RECEIVABLES (Cont'd)

Ageing of impaired trade receivables

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
0 – 30 days	10	2
31 – 60 days	141	376
91 – 270 days	1,277	1,626
Over 270 days	<u>15,473</u>	<u>17,701</u>
	<u>16,901</u>	<u>19,705</u>

10. BALANCES / TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties are disclosed below:

10.1 *Amounts owed by (to) related parties*

	<u>Lease Rental Income</u>		<u>Amounts owed by (to) Related Parties</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
GWest Surgery Limited – St. Lucia	-	-	-	51,872
GWest Medical	-	-	-	(127)
Bull Investments	1,780	1,648	-	60
Advanced Imaging Limited	-	-	-	(882)
Northcoast Imaging Limited	4,327	6,646	-	(222)
Cornwall Medical & Dental Limited	16,457	17,546	54,324	25,256
Radiology West Limited	14,402	13,546	-	(3,606)
Owed to directors	-	-	(9,508)	(6,325)
Other related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>
	<u>36,966</u>	<u>39,386</u>	<u>44,816</u>	<u>66,127</u>
Reflected in statement of financial position:				
Owed by related parties			54,324	77,289
Owed to related parties			(9,508)	(11,162)
			<u>44,816</u>	<u>66,127</u>

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

The above amount included \$36.966 million (2020: \$39.386 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. The amount of \$4.369 million has been recognised in expenses during the year for irrecoverable debts in respect of the amounts owed by GWest Surgery Limited – St. Lucia (see Note 1).

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****10. BALANCES / TRANSACTIONS WITH RELATED PARTIES (Cont'd)****10.2 Borrowings – Shareholders' loans**

	Amounts owed to related parties	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Shareholders' loans	354,212	346,370
Accrued interest on shareholders' loans	<u>91,146</u>	<u>88,904</u>
	<u>445,358</u>	<u>435,274</u>

The principal balances represent loans from shareholders including US\$741,248 (2020: 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 Compensation of key management personnel

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

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Salaries and statutory contributions	-	3,955
Directors emoluments:		
- Fees	4,015	1,658
- Management remuneration	Nil	Nil

11. SHORT TERM DEPOSITS

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Foreign currency bank deposits (i)	40,110	36,716
Jamaican dollar bank deposits (ii)	<u>463</u>	<u>453</u>
	<u>40,573</u>	<u>37,169</u>

(i) These foreign currency deposits include a restricted balance of \$39.9 million (2020: \$36.5 million) (Debt Service Reserve account) being held to service interest payments on borrowings as required by the lender. (See Note 15.2(ii)). The amounts represent the Jamaican dollar equivalent of US\$272,029 (2020: US\$272,604). The deposits earn interest at an average rate of 0.5% (2020: 0.06% %) per annum.

(ii) These bear interest at an average rate of 2% (2020: 2%) per annum.

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****12. CASH AND CASH EQUIVALENTS**

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

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

	<u>2021</u> \$'000	<u>2020</u> \$'000
Short term deposits (Note 11)	<u>40,573</u>	<u>37,169</u>
Trust accounts (i)	994	16
Operating accounts (ii)	3,017	1,540
Cash in transit	<u>153</u>	<u>524</u>
Cash and bank balances	<u>4,164</u>	<u>2,080</u>
Bank overdraft (iii)	<u>-</u>	(<u>2,388</u>)
Total cash and cash equivalents	<u>44,737</u>	<u>36,861</u>

(i) The Trust accounts are bank savings accounts used to maintain the reservation deposits paid on sale of the units while under construction. These include foreign currency balance of \$0.134 million [(US\$884)] (2020: \$0.016 million [(US\$117)]). Interest rates at the end of the reporting period on the US\$ and Jamaican currency balances were at 0.05% and 0.4% (2020: 0.00% and 0.05%) per annum, respectively.

(ii) The operating accounts include foreign currency interest bearing balances totaling \$1.743 million (2020: \$1.493 million). The average interest rate at the end of the reporting period was 0.054% per annum (2020: 0.058% per annum).

(iii) Bank overdraft attracts interest charges at a rate of 19.75% (2020:19.75%) per annum.

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

	<u>Ordinary shares</u> #	<u>10% Non-redeemable preference shares</u> #
(i) Authorised		
Balance, April 1, 2019, March 31, 2020 and March 31, 2021	<u>1,000,000,000</u>	<u>1,000,000</u>
(ii) Issued and fully paid		
Balance, April 1, 2019, March 31, 2020 and March 31, 2021	<u>484,848,485</u>	<u>1,000,000</u>

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

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, 2019, March 31, 2020 and March 31, 2021	<u>419,152</u>	<u>250,000</u>	<u>669,152</u>

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

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

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

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

14. PROPERTY REVALUATION RESERVE

	<u>2021</u> \$'000	<u>2020</u> \$'000
Balance at beginning of year and end of year	<u>65,186</u>	<u>65,186</u>

15. BORROWINGS

	<u>2021</u> \$'000	<u>2020</u> \$'000
15.1 Secured – at amortised cost		
National Commercial Bank Jamaica Limited (NCB) (i)	<u>224,125</u>	<u>270,625</u>
Accrued interest	<u>224,125</u> <u>23,325</u>	<u>270,625</u> <u>4,070</u>
	<u>247,450</u>	<u>274,695</u>
Current	23,325	4,070
Non-current	<u>224,125</u>	<u>270,625</u>
	<u>247,450</u>	<u>274,695</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

15. BORROWINGS (Cont'd)

15.2 Summary of borrowing arrangements

- (i) The NCB loan received in 2020 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.
- (ii) 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 (see Note 5.4 and 6.2);
 - Assignment of All Risk and Fire and Allied insurance issued to secure the facility;
 - Assignment of proceeds of lease income sufficient to cover debt servicing;
 - Maintenance of a Debt Service Reserve Account (DSRA) with a minimum balance of two quarters' payment of principal plus interest until debt serving coverage is at a minimum of 1.25:1;
 - Joint and several composite guarantees of the directors / shareholders totaling \$860 million;
 - Deed of subordination in favour of the bank in respect of repayment of directors' and shareholders' loans.

16. PROVISIONS

	<u>Employee benefits</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance, opening	672	1,002
Utilisation of provision	(165)	(330)
Balance, closing	<u>507</u>	<u>672</u>

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

17. TRADE AND OTHER PAYABLES

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade payables	18,563	20,330
Reservation deposits (i)	53,632	87,339
Security deposits	9,762	14,489
Accrued expenses	3,855	33,471
Other payables	<u>20,537</u>	<u>19,788</u>
	<u>106,349</u>	<u>175,417</u>

- (i) These deposits include \$23.128 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 \$0.994 million (2020: \$0.016 million) in support of these deposits. (See Note 12(i)).

GWEST CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

18. REVENUE

The following is an analysis of the revenue for the year

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Revenue for rendering of services:		
Lease rentals	64,816	53,722
Medical services	<u>48,280</u>	<u>75,378</u>
	<u>113,096</u>	<u>129,100</u>

19. OTHER INCOME

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest income	251	171
Strata – administrative fees	<u>4,800</u>	<u>12,846</u>
	<u>5,051</u>	<u>13,017</u>

20. OTHER GAINS AND LOSSES

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Fair value gains on investment properties	101,463	65,765
Gain (Loss) on disposal of investment properties	2,854	(7,359)
Foreign exchange losses	<u>(10,057)</u>	<u>(7,480)</u>
	<u>94,260</u>	<u>50,926</u>

21. FINANCE COSTS

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest on bank loans	23,324	26,509
Interest expensed on lease liabilities (Note 7.2.3)	12,438	14,707
Bank overdraft interest	<u>1,343</u>	<u>4,190</u>
	<u>37,105</u>	<u>45,406</u>

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****22. EXPENSES BY NATURE**

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

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Medical consultancy fees	29,555	45,762
Staff costs (Note 24)	28,486	46,483
Marketing, advertising and public relations	893	786
Legal and other professional fees	12,667	9,963
Repairs, maintenance and waste disposal	26,044	18,578
Utilities	9,045	7,191
Directors' expenses	4,066	1,778
Interest expense and bank charges	37,994	47,245
Laboratory and medical supplies	5,627	13,357
Office expenses	3,626	3,002
Depreciation – property and equipment	12,228	13,174
Depreciation – right-of-use assets	35,369	35,369
Other	5,883	5,642
Bad debts recovered	(2,000)	(1,390)
	<u>209,483</u>	<u>246,940</u>

23. PROFIT(LOSS) BEFORE TAXATION

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

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Expenses		
Directors' fees	4,015	1,658
Audit fees	1,650	1,500
Depreciation of property and equipment	12,921	13,174
Depreciation of right-of-use assets	35,369	35,369

24. STAFF COSTS

Staff costs incurred during the year were:

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Salaries, wages and statutory contributions	26,883	44,382
Other staff benefits	<u>1,603</u>	<u>2,101</u>
	<u>28,486</u>	<u>46,483</u>

25. TAXATION

25.1 Tax credit for the year comprises:

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Current tax	-	-
Deferred tax adjustment (Note 8)	(19,263)	(6,395)
	<u>(19,263)</u>	<u>(6,395)</u>

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****25 TAXATION (Cont'd)**

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

	<u>2021</u> \$'000	<u>2020</u> \$'000
Profit (Loss) before taxation	<u>2,924</u>	<u>(53,897)</u>
Tax at 50% of domestic rate of 25%	366	(6,737)
Tax effect of items not deductible for tax purposes	485	1,254
Tax effect on items allowed for tax purposes	-	(8,219)
Tax effect of rate changes	(18,895)	-
Tax effect of tax losses recognised from prior years	-	7,611
Other adjustments	<u>(1,219)</u>	<u>(304)</u>
	<u>(19,263)</u>	<u>(6,395)</u>

25.3 Remission of income tax

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

- 25.4 Tax losses aggregating \$532 million (2020: \$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 \$59.208 million (2020: \$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 profit after tax of \$22.187 million (2020: loss after tax of \$47.502 million) and the weighted average number of stock units in issue during the reporting period of 484,848,485 (2020: 484,848,485) units.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT**27.1 Categories of financial instruments**

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

	<u>2021</u> \$'000	<u>2020</u> \$'000
<u>Financial assets</u>		
Loan and receivables		
Owed by related parties	54,324	77,289
Receivables (excluding prepayments)	115,872	239,015
Short term deposits	40,573	37,169
Cash and bank balances	<u>4,164</u>	<u>2,080</u>
	<u>214,933</u>	<u>355,553</u>
<u>Financial liabilities</u>		
Borrowings – bank	247,450	274,695
Borrowings – shareholders loans	445,358	435,274
Lease liabilities	102,097	137,224
Owed to related parties	9,508	11,162
Payables (excluding accrued expenses)	102,494	141,946
Bank overdraft	<u>-</u>	<u>2,388</u>
	<u>906,907</u>	<u>1,002,689</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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

27.2 Financial risk management policies and objectives

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

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

Financial risk management objectives

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

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

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

The company does not hold or issue derivative financial instruments.

27.2.1 Market risk

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

27.2.2 Foreign currency risk

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

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

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

	<u>Liabilities</u>		<u>Assets</u>		<u>Net Liabilities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
US\$	303,152	327,813	48,162	43,879	(254,990)	(283,934)

Foreign currency sensitivity

The following table details the company's sensitivity to a 2% revaluation and 6% devaluation (2020: 4% revaluation and 6% devaluation) in the Jamaican dollar against the US dollar currency. This represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the above change in foreign currency rates.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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 2% or weakens by 6% (2020: strengthens by 4% or weakens by 6%) against the US dollar, profit and development costs will decrease or increase by:

	US Dollar		Effect on Profit or Loss	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	%	%	J\$	J\$
Revaluation	+2	+4	5,100	11,357
Devaluation	-6	-6	(15,299)	(17,036)

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 (2020: 100 basis points higher or lower) and all other variables were held constant, the company's:

- Net profit (loss) for the year would increase / decrease by \$2.458 million (2020: \$2.701 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 (2020: 100 basis points higher or 100 basis point lower) and all other variables were held constant, the company's:

- Net profit (loss) for the year would increase / decrease by \$0.420 million (2020: increase / decrease by \$0.382 million). 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 decreased during the current year mainly due to the decrease in borrowings.

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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 \$214.933 million (2020: \$355.553 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 \$44.584 million (2020: \$38.725 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 \$115.872 million at year end (2020: \$239.015 million), represents the company's maximum exposure to this class of financial asset.

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

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

<u>March 31, 2021</u>	<u>Days Past Due</u>				<u>Total</u>
	<u>0 - 30</u>	<u>31 - 90</u>	<u>91 - 270</u>	<u>Over 270</u>	
Expected loss rate	0.74%	10.44%	63.70%	76.32%	
	\$	\$	\$	\$	\$
Estimated gross carrying amount at default	1,346	859	2,006	20,274	24,485
Allowance for expected credit loss	10	141	1,277	15,473	16,901

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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

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

27.2.4 Credit risk management (Cont'd)

Trade and other receivables (Cont'd)

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

27.2.5 Liquidity risk management

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

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

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

	<u>Weighted average effective interest rate</u> %	<u>On demand or within 1 year</u> \$'000	<u>1 - 5 Years</u> \$'000	<u>Over 5 years</u> \$'000	<u>Total</u> \$'000
<u>2021</u>					
Non-interest bearing	Nil	112,002	-	-	112,002
Interest bearing	11%	<u>113,644</u>	<u>288,185</u>	<u>698,744</u>	<u>1,100,573</u>
		<u>225,646</u>	<u>288,185</u>	<u>698,744</u>	<u>1,212,575</u>
<u>2020</u>					
Non-interest bearing	Nil	153,108	-	-	153,108
Interest bearing	11%	<u>76,889</u>	<u>350,073</u>	<u>736,858</u>	<u>1,163,820</u>
		<u>229,997</u>	<u>350,073</u>	<u>736,858</u>	<u>1,316,928</u>

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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 \$'000	Total \$'000
<u>2021</u>			
Non-interest bearing	Nil	171,267	171,267
Interest bearing	0.05	<u>43,883</u>	<u>43,883</u>
		<u>215,150</u>	<u>215,150</u>
<u>2020</u>			
Non-interest bearing	Nil	316,844	316,844
Interest bearing	0.08	<u>38,740</u>	<u>38,740</u>
		<u>355,584</u>	<u>355,584</u>

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

27.2.6 Fair value of financial assets and liabilities

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

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

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

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

GWEST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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

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

27.2.7 Capital risk management policies and objectives

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

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

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

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

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

(a) Gearing with subordinated shareholders' loans as equity

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Debt (i)	247,450	277,083
Cash and bank balances (including short-term deposits)	(44,737)	(39,249)
Net debt	<u>202,713</u>	<u>237,834</u>
Equity (ii)	<u>1,183,984</u>	<u>1,103,327</u>
Net debt to equity ratio	<u>0.17: 1</u>	<u>0.22 : 1</u>

(b) Gearing with shareholders' loans as debt

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Debt (iii)	692,808	709,969
Cash and bank balances (including short-term deposits)	(44,737)	(39,249)
	<u>648,071</u>	<u>670,720</u>
Equity (iv)	<u>738,626</u>	<u>668,053</u>
Net debt to equity ratio	<u>0.88:1</u>	<u>1 : 1</u>

(c) Summary notes

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

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)****27.2 Financial risk management policies and objectives (Cont'd)****27.2.7 Capital risk management policies and objectives (Cont'd)****(c) Summary notes (Cont'd)**

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

28. OPERATING LEASE ARRANGEMENTS**28.1 The company as a lessor**

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 contain the option to renew and right to first offer to purchase.

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

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

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Year 1	59,999	63,601
Year 2	57,186	69,040
Year 3	53,291	68,088
Year 4	43,896	65,428
Year 5 and onward	<u>12,447</u>	<u>66,529</u>
	<u>226,819</u>	<u>332,686</u>

28.1.2 Amounts recognised in profit or loss

	\$'000	\$'000
Lease income	<u>64,816</u>	<u>53,722</u>

29. COMMITMENTS**Capital commitments**

<u>2021</u>	<u>2020</u>
\$'000	\$'000

Capital commitments at the end of the reporting period were as follows:

• Construction of the surgery centre	<u>56,200</u>	<u>-</u>
--------------------------------------	---------------	----------

GWEST CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****30. IMPACT OF COVID-19**

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 year end. While various government measures and restrictions to control the pandemic persist, the impact on future performance and therefore the measurement of some assets and liabilities or on liquidity, could require disclosure in the financial statements. However, management has determined that they do not create a material uncertainty that casts significant doubt on the company's ability to continue as a going concern.