KPMG

204 Johnsons Centre
No. 2 Bella Rosa Road
P.O. Box GI 2171
Gros-Islet LC01 101
Saint Lucia

Telephone: (758) 453-5764
Email: ecinfo@kpmg.lc

INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN INVESTMENTS LIMITED

Opinion

We have audited the separate financial statements of Proven Investments Limited ("the Company"), set out on pages 10 to 60, which comprise the separate statement of financial position as at March 31, 2021, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at March 31, 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters

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

1. *Measurement of Expected Credit Losses*

Key Audit Matter	*How the matter was addressed in our audit*
The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates. The key areas requiring greater management judgement include the identification of significant increases in credit risk ('SICR'), the determination of probability of default, loss given default, exposure at default, management overlay and the application of forward-looking information. These estimates are elevated as a result of the economic impacts of Covid-19 on the Company's financial assets. Management considered the following: - qualitative factors that create COVID-19-related changes to SICR. - increased uncertainty about potential future economic scenarios and their impact on credit losses.	We performed the following procedures: • Obtained an understanding of the models used by management for the calculation of expected credit losses on financial assets. • Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Company's impairment methodologies, including the criteria used to determine significant increases in credit risk and independently assessed the assumptions for probability of default, loss given default and exposure at default. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Company's methodologies for determining management overlay and forward looking information, which included evaluating the economic scenarios used and the probability weightings applied to them.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters (Continued)

1. *Measurement of Expected Credit Losses (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement. Therefore, the impairment of financial assets has a high degree of estimation uncertainty. *See notes 3(d) and 22(b) of the financial statements.*	• Assessed the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

2. *Impairment of investment in subsidiaries and associates*

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the Company's investments in subsidiaries and associates may not be recoverable due to changes in the business and economic environment in which the relevant subsidiaries operate. The effects of Covid-19 on overall economic activity and deteriorating trading conditions are likely to increase the risk of impairment of investment in subsidiaries and associates.	Our audit procedures included testing the reasonableness of the Company's forecasts and discounted cash flow calculations, including: • Evaluating whether there were indicators of impairment of the investments, considering the economic environment and business performance of each investee.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters (Continued)

2. *Impairment of investment in subsidiaries and associates (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
These factors create increased uncertainty in forecasting, and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability. *See note 3(f), 3(g), 7 and 8 of the financial statements.*	• Using our enterprise valuation specialists to evaluate the assumptions and methodologies used by management and to test the mathematical accuracy of the computations. • Comparing the Company's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. • Comparing the sum of the discounted cash flows to each investee's market capitalisation, where applicable and our understanding of the market conditions, to assess the reasonableness of those estimates. • Assessing the adequacy of the Company's disclosures about the key assumptions and the sensitivity of the impairment assessments to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters (Continued)

3. *Valuation of investment securities*

Key Audit Matter	*How the matter was addressed in our audit*
The valuation of the Company's investment securities requires significant estimation, which is impacted by uncertainty of market factors. The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly, if fair value is determined based on market prices, or indirectly if a valuation technique is based on inputs that are derived from volatile markets. *See notes 4 and 23 of the financial statements.*	In performing our audit in respect of this matter, we did the following: • Involved our valuation specialists in challenging the valuation methodologies and assumptions used by management to determine the fair value of investment securities. This included independent computations and comparison of the fair value of structured notes and derivatives. • Reviewed management's assessment and considered whether impairment is appropriately considered and reflected in the measurement of investments. • Assessed the adequacy of the Company's disclosures about fair value measurements and the sensitivity of the fair values to changes in key assumptions.

Other Information

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Other Information (Continued)

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.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 8-9, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Lisa Brathwaite.

KPMG

Chartered Accountants
Castries
Saint Lucia

June 29, 2021

To the Members of
PROVEN INVESTMENTS LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

To the Members of
PROVEN INVESTMENTS LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

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

PROVEN INVESTMENTS LIMITED

Statement of Financial Position
As of March 31, 2021
(*Presented in United States dollars, except as otherwise stated)*

	Notes	2021 $'000	2020 $'000 *(Restated)**
ASSETS			
Cash and cash equivalents	3(b)(ii)	6,989	1,883
Investment securities	4	30,430	30,924
Loans receivable	5	29,412	21,052
Other assets	6	2,752	787
Investment in subsidiaries	7	127,247	99,229
Income tax recoverable		196	-
Investment in associates	8	5,714	5,819
Owed by subsidiaries	9	549	2,524
Total assets		203,289	162,218
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Owed to related parties	9	1,548	920
Notes payable	10	87,505	78,207
Current income tax payable		-	188
Other liabilities	11	1,527	1,289
Preference shares	12	1	1
Total liabilities		90,581	80,605
Stockholders' equity			
Share capital	13	115,754	86,716
Fair value reserve	14	39	(2,116)
Accumulated deficit		(3,085)	(2,987)
Total stockholders' equity		112,708	81,613
Total liabilities and stockholders' equity		203,289	162,218

The financial statements on pages 10 to 60 were approved for issue by the Board of Directors on June 29, 2021 and signed on its behalf by:

Director
Rhory McNamara

Director
Jeffrey Gellineau

*See note 24.

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

PROVEN INVESTMENTS LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2021
(Presented in United States dollars, except as otherwise stated)

	Notes	2021 $'000	2020 $'000 *(Restated)**
Net interest income and other revenue			
Interest income, calculated using the effective interest method	15	2,634	3,030
Interest expense	15	(3,017)	(2,536)
		(383)	494
Dividends		10,692	5,787
Net fair value adjustments and realised gains	16	984	176
Net foreign exchange gains		755	584
Gain on disposal of subsidiary		-	10,850
Operating revenue, net of interest expense		12,048	17,891
Other income		65	726
Total		12,113	18,617
Operating expenses			
Staff costs	17	125	99
Impairment loss on loans and other assets		218	-
Impairment (reversal)/loss on investments		(77)	3
Other operating expenses	18	4,420	4,053
Total		4,686	4,155
Operating profit		7,427	14,462
Preference share dividend	20(f)	(2,743)	(8,605)
Profit before income tax		4,684	5,857
Income tax charge	19	254	(254)
Profit for the year		4,938	5,603
Other comprehensive income/(loss)			
Items that are or may be reclassified to profit or loss:			
Realised (losses)/gains on securities at FVOCI		(649)	1,458
Unrealised gains/(losses) on securities at FVOCI		2,804	(2,738)
Total other comprehensive income/(loss)		2,155	(1,280)
Total comprehensive income for the year		7,093	4,323

*See note 24

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

PROVEN INVESTMENTS LIMITED

Statement of Changes in Equity
Year ended March 31, 2021
Presented in United States dollars, except as otherwise stated)

	Share capital $'000 (note 13)	Fair value reserve $'000 (note 14)	Accumulated deficit $'000	Total $'000
Balances at March 31, 2019	**86,716**	**(836)**	**(9)**	**85,871**
Total comprehensive income for 2020				
Profit for the year:				
As previously reported	-	-	22,844	22,844
Prior year adjustments (note 24)	-	-	(17,241)	(17,241)
As restated	-	-	5,603	5,603
Other comprehensive income for the year 2020:				
Unrealised losses on debt securities at FVOCI	-	(2,738)	-	(2,738)
Realised gain on securities at FVOCI	-	1,458	-	1,458
Other comprehensive income	-	(1,280)	-	(1,280)
Total comprehensive income for the year	-	(1,280)	5,603	4,323
Transactions with owners recorded directly in equity				
Dividends to equity holders (note 21)	-	-	(8,581)	(8,581)
Balances at March 31, 2020 as restated	**86,716**	**(2,116)**	**(2,987)**	**81,613**
Total comprehensive income for 2021				
Profit for the year	-	-	4,938	4,938
Other comprehensive income for the year				
Unrealised gains on debt securities at FVOCI	-	2,804	-	2,804
Realised losses on securities at FVOCI	-	(649)	-	(649)
Other comprehensive income	-	2,155	-	2,155
Total comprehensive income for the year	-	2,155	4,938	7,093
Transactions with owners recorded directly in equity				
Issue of Ordinary Shares [note 13(a)]	29,038	-	-	29,038
Dividends to equity holders (note 21)	-	-	(5,036)	(5,036)
Balances at March 31, 2021	**115,754**	**39**	**(3,085)**	**112,708**

PROVEN INVESTMENTS LIMITED

Statement of Cash Flows
Year ended March 31, 2021
Presented in United States dollars, except as otherwise stated)

	Notes	2021 $'000	2020 $'000 *(Restated)**
Cash flows from operating activities			
Profit for the year		4,938	5,603
Adjustments for:			
Interest income	15	(2,634)	(3,030)
Interest expense	15	3,017	2,536
Dividend income		(10,692)	(5,787)
Impairment loss on loans and other assets		218	-
Impairment (reversal)/loss on investments		(77)	3
Gain on disposal of subsidiary		-	(10,850)
Unrealised foreign exchange gain		(755)	(584)
Income tax	19	(254)	254
		(6,239)	(11,855)
Change in operating assets and liabilities			
Investment securities		2,722	30,461
Loans receivable		(8,578)	(2,475)
Other assets		(2,205)	(12)
Owed by subsidiaries		1,975	(584)
Other liabilities		231	306
Repurchase agreements		-	600
Owed to subsidiaries		-	(689)
Owed to related party		(716)	-
		(12,810)	15,752
Interest received		2,874	3,418
Dividend received		10,692	5,787
Interest paid		(3,010)	(2,663)
Income tax paid		(130)	-
Net cash (used)/provided by operating activities		(2,384)	22,294
Cash flows from investing activities			
Acquisition of subsidiary		(28,018)	-
Movement on associate		105	-
Acquisition of additional shares in subsidiaries		-	(23,212)
Proceeds from disposal of subsidiary		-	16,245
Repayment of preference shares		1,344	1,186
Net cash used by investing activities		(26,569)	(5,781)
Cash flows from financing activities			
Notes payable		10,057	(8,085)
Proceeds from the issue of ordinary shares	13(a)	29,038	-
Dividends paid	21	(5,036)	(8,581)
Net cash provided/(used by) financing activities		34,059	(16,666)
Net increase/(decrease) in cash and cash equivalents		5,106	(153)
Cash and cash equivalents at beginning of year		1,883	2,036
Cash and cash equivalents at end of year		6,989	1,883

*See note 24.

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements
Year ended March 31, 2021
(Presented in United States dollars, except as otherwise stated)

1. Identification

Proven Investments Limited ("the Company") is incorporated and domiciled in Saint Lucia under the International Business Companies Act, with registered office at 20 Micoud Street, Castries, Saint Lucia. The Company's shares are listed on the Jamaica Stock Exchange.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding equity in investees.

Proven Management Limited (PML), a Jamaican limited liability company, is responsible for managing the operations of the Company including identifying analysing and negotiating potential investments and monetising the performance of these investments. Management fees are paid to PML at a rate of 2% of the average Net Asset Value of the Company, together with general consumption tax, if applicable, for services provided [see note 20 (c)].

The Company has the following subsidiaries and associated companies:

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2021	Percentage ownership 2020
Boslil Bank Limited	Saint Lucia	Private Banking	75	75
Boslil International Holdings Limited	Saint Lucia	Holding company	100	100
Boslil Bond Fund Limited	Saint Lucia	Structured finance services investment management	100	100
Boslil Equity Fund Limited	Saint Lucia	Private mutual fund	100	100
Boslil Secretarial Services	Saint Lucia	Private secretarial services	100	100
Boslil Corporate Services Limited	Saint Lucia	Registered agent services	100	100
Boslil Finance Limited	Saint Lucia	Structured finance services investment management	100	100
Boslil Sudamenco S.A.	Uruguay	Market research translation and business development services	100	100
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, pension fund management and money market and equity trading	100	100
International Financial Planning Jamaica Limited	Jamaica	Fund management	100	100
International Financial Planning (Cayman Limited):	Cayman Islands	Investment advisory services	100	100
IFP Cayman Ltd	Cayman Islands	Investment advisory services	100	100
IFP BVI Limited	British Virgin Islands	Investment advisory services	100	100
IFP Bermuda Limited	Bermuda	Investment advisory services	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Real Properties Limited:	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Real Millsborough Limited	Saint Lucia	Real estate investment	100	100
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	100
Real PP Limited	Saint Lucia	Real estate investment	100	100

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2021
(Presented in United States dollars, except as otherwise stated)

1. Identification

The Company has the following subsidiaries and associated companies (continued):

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2021	2020
Real Properties Limited (continued):				
Real 53 NPW Limited	Saint Lucia	Real estate investment	100	100
GIAU A1	Saint Lucia	Real estate investment	100	100
Real PP2 Limited	Saint Lucia	Real estate investment	100	100
Real Braemar	Saint Lucia	Real estate investment	100	100
Real Milford	Saint Lucia	Real estate investment	100	100
Real West Kings	Saint Lucia	Real estate investment	100	100
Real Gladstone Limited	Saint Lucia	Real estate investment	60	60
SKILLEX	Jamaica	Real estate investment	60	60
Grove Park Limited	Saint Lucia	Real estate investment	52	52
Omega Bay	Cayman	Real estate investment	40	40
Proven Reit Limited	Jamaica	Management services	100	100
Proven Holdings Limited	St. Lucia	Holding company	100	100
Associate companies				
JMMB Group Limited	Jamaica	Investment management and banking services	20	20
Dream Entertainment Limited	Jamaica	Entertainment	20	20
Access Financial Services Limited (note 8)	Jamaica	Retail lending	24.72	24.72

2. Statement of compliance and basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

New and amended standards that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements. None of these new pronouncements resulted in any significant change to the amounts recognised or disclosed in the financial statements.

New and amended standards that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards have been issued which were not effective for the current year and which the Company has not early-adopted. The Company has assessed them with respect to its operations and has determined that the following are relevant:

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

(a) Statement of compliance (continued)

New and amended standards that are not yet effective (continued):

(i) Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance contracts and* IFRS 16 *Leases, is* effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revise discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

The Company does not expect the amendments to have a significant impact on its 2022 financial statements.

(ii) Amendments to IAS 37 *Provisions*, C*ontingent Liabilities and Contingent Assets* is effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

The Company does not expect the amendment to have a significant impact on its 2023 financial statements.

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

(a) Statement of compliance (continued):

New and amended standards that are not yet effective (continued):

(iii) Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and are effective for annual reporting periods beginning on or after January 1, 2022.

a) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

b) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

The Company does not expect the amendment to have a significant impact on its 2023 financial statements.

(b) Basis of measurement:

These financial statements are intended to show the affairs of the Company as a stand alone business. They are not intended to, and do not show the consolidated financial position, results of operations and cash flows of the Company and its subsidiaries. The Company's interests in subsidiaries (note 7) are measured at cost less allowance for impairment. Unless otherwise indicated, reference to "financial statements" herein are to the unconsolidated financial statements.

The financial statements are prepared on the historical cost basis, except for the inclusion of investment securities at fair value through other comprehensive income or at fair value through profit or loss.

(c) Functional and presentation currency:

The financial statements are presented in United States dollars (USD), which is the functional currency of the Company, rounded to the nearest thousand, unless otherwise indicated.

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies:

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

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

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

The estimates, and the assumptions underlying them, as well as the judgements 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.

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(i) Key sources of estimation uncertainty

(1) Impairment of financial assets:

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Company in the above areas is set out in notes 3(d) and 22(b).

(2) Fair value of financial instruments

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices. In the absence of quoted market prices, the fair value of a significant proportion of the Company's financial assets are determined using Bloomberg. Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimate arrived at may be significantly different from the actual price of the instrument in arm's length transaction. (See notes 4 and 23).

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

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

(i) Key sources of estimation uncertainty (continued)

(3) Impairment of investments in subsidiaries and associates

Impairment of investments in subsidiaries and associates is dependent upon management's internal assessment of future cash flows from the cash-generating units. That internal assessment determines the amount recoverable from the cash generating units and is sensitive to the discount rates used. [see notes 3 (f), (g)]

(ii) Critical judgements in applying the Company's accounting policies

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

Management is sometimes also required to make critical judgements in applying accounting policies. These include the following judgements:

- Whether the criteria are met for classifying financial assets. For example, the determination of whether a security may be classified as at "fair value through profit or loss (FVTPL)", "fair value through other comprehensive income (FVOCI)" or "amortised cost" (note 4) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 23) requires judgement as to whether a market is active. [see note 3(a)].
- In determining whether the Company has control or significant influence over an investee and how to account for that investee, management considers the percentage of the investee's share capital that it holds and makes judgements about other relevant factors affecting control or significant influence over the relevant activities of the investee [see notes 3(f), 3(g), 7 and 8].

3. Significant accounting policies

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

(i) Classification of financial assets

In applying IFRS 9, the Company classifies its financial assets in the following measurement categories:

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

3. Significant accounting policies

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

(i) Classification of financial assets (continued)

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on the Company's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 22(b). Interest income from these financial assets is included in 'interest and similar income' using the effective interest method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within 'Net fair value adjustments and realised gains' in the period in which it arises. Interest income from these financial assets is included in interest income using the effective interest method.

3. Significant accounting policies

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

(i) Classification of financial assets (continued)

Equity instruments

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

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

Gains and losses on equity investments at FVTPL are included in the 'Net fair value adjustments and realised gains' caption in profit or loss.

Business model assessment

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

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

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

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

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

3. Significant accounting policies (continued)

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

(i) Classification of financial assets (continued)

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

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

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities

The Company recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Company initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership but does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

3. Significant accounting policies (continued)

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

(iii) Financial liabilities

The Company classifies non-derivative financial liabilities into the "other financial liabilities" category. These are measured at amortised cost.

(iv) Measurement of gains and losses on financial assets

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

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

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

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

(b) Financial instruments - Other

(i) Non-trading derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange, or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Company makes use of derivatives to manage its own exposure to foreign exchange and interest rate risk.

The Company evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a "host contract"). The Group accounts for an embedded derivative separately from the host contract when (i) the host contract is not itself carried at fair value through profit or loss, (ii) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and (iii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are accounted for depending on their classification and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

3. Significant accounting policies (continued)

(b) Financial instruments – Other (continued)

(i) Non-trading derivatives (continued)

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at fair value through profit or loss.

(ii) Cash and cash equivalents

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

Cash and cash equivalents are measured at amortised cost.

(iii) Other assets

Other assets are measured at amortised cost less impairment losses.

(iv) Other liabilities

Other liabilities are measured at amortised cost.

(v) Share capital

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of preference share capital, it is classified as:

(1) equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary, in which case, dividends thereon are recognised as distributions within equity;

(2) liability if it is redeemable on a specific date or at the option of the holders, or if dividends are not discretionary, in which case, dividends thereon are recognised as interest in profit or loss.

Incremental costs directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instruments.

3. Significant accounting policies (continued)

(b) Financial instruments – Other (continued)

(vi) Loans receivable

Loans receivable are measured at amortised cost less impairment allowances, see note 3(d).

(vii) Accounts payable

Accounts payable are measured at amortised cost.

(viii) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

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

(ix) Offsetting

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

(x) Amortised cost

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

(c) Income tax

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

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

3. Significant accounting policies (continued)

(d) Impairment of financial assets

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

Framework

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. See below for a description of how the Company determines when a significant increase in credit risk has occurred.
- A financial asset is credit impaired ('Stage 3') when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below and note 22(b) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See note 22(b) for an explanation of how the Company has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Credit-impaired financial assets

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.
- In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

3. Significant accounting policies (continued)

(d) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset for the determination of ECL.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Incorporation of forward-looking information

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2021
(*Presented in United States dollars, except as otherwise stated)*

3. Significant accounting policies (continued)

(d) Impairment of financial assets (continued)

Measurement of ECL

The Company measures loss allowances at an amount equal to lifetime ECL, except for debt investment securities with low credit risk at the reporting date and certain financial assets on which credit risk has not increased significantly, which are measured as 12-month ECL.

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

The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

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

ECL is a probability-weighted estimate of credit losses, measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn and the cash flows that the Company expects to receive;

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

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

3. Significant accounting policies (continued)

(e) Impairment of non-financial assets

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

(f) Investment in subsidiaries

Subsidiaries are all entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee.

Investment in subsidiaries is measured in the financial statements of the Company at cost, less impairment losses, if any.

(g) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the relevant financial and operating policies. Interest in associates are accounted for using the equity method. They are measured at cost, less allowance for impairment.

(h) Revenue recognition

Revenue comprises interest income, fees and commissions, dividend income, and gains from holding and trading securities and property sales.

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not 'POCI' but have subsequently become credit impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss allowance).

(ii) Dividends

Dividend income is recognised when the right to receive income is established. For quoted securities, this is usually the ex-dividend date.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2021
(Presented in United States dollars, except as otherwise stated)

3. Significant accounting policies (continued)

(h) Revenue recognition (continued)

(iii) Gains or losses on holding and trading securities

Gains or losses on securities trading are recognised when the Company becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

(i) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

The effective interest rate is established on initial recognition of the financial liability and not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortisation of premium on instruments issued at other than par.

4. Investment securities

	2021 $'000	2020 $'000
Financial assets at fair value through profit or loss		
Quoted equities	5,176	-
Unit Trust	500	-
Private equity funds	405	343
Corporate bonds	-	1,492
Financial assets at fair value through profit or loss	6,081	1,835
Financial assets at fair value through other comprehensive income		
Global bonds	2,695	5,341
Corporate bonds	4,208	20,016
	6,903	25,357
Amortised cost		
Certificates of deposit	17,446	3,732
Total investment securities	30,430	30,924

As at March 31, 2021, $6,253,000 (2020: $23,870,000) of investment securities is expected to be recovered after 12 months from the reporting date.

Investment securities are used as collateral for margin loan facilities provided by the Company's brokers [note 10(ii)]

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
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5. Loans receivable

	2021 $'000	2020 $'000
Corporate notes	29,718	21,140
Less allowance for expected credit losses [see (b)]	(306)	(88)
	29,412	21,052

(a) Loans receivable, net of allowance for expected credit losses, are due from the reporting date as follows:

	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
			2021		
Corporate notes	5,887	2,518	20,106	901	29,412
			2020		
Corporate notes	2,872	7,370	10,810	-	21,052

(i) The ageing of loans receivable is as follows:

	2021		2020	
	Gross $'000	Allowance for impairment $'000	Gross $'000	Allowance for impairment $'000
Not past due and not impaired	5,887	-	478	-
More than 90 days past due and impaired	23,831	306	20,662	88
	29,718	306	21,140	88

(ii) The movement on the expected credit losses is as follows:

	2021 $'000	2020 $'000
Balance at the beginning of the year	88	173
Impairment allowances recognised/(reversed)	218	(85)
Balance at the end of the year	306	88

6. Other assets

	2021 $'000	2020 $'000
Interest receivable	330	570
Prepayments	57	52
Other	2,365	165
	2,752	787

7. Investment in subsidiaries

	2021 $'000	2020 $'000
Ordinary shares, at cost:		
Proven Wealth Limited	16,567	16,567
Real Properties Limited	20,279	17,426
Asset Management Company Limited	412	412
Boslil Bank Limited	11,935	11,935
International Financial Planning Jamaica Limited	18,176	18,176
Proven Holdings Limited	45,665	20,500
International Financial Planning (Cayman) Limited	14,213	14,213
	127,247	99,229

8. Investment in associates

	2021 $'000	2020 $'000
Carrying amount of interest in associate:		
Dream Entertainment Limited [see (i) below]	570	570
Access Financial Services Limited [see note (ii) below]	5,144	5,249
	5,714	5,819

(i) Investment in Dream Entertainment Limited

Effective February 6, 2019, the Company acquired 2,500 shares or 20% of the participating voting shares in Dream Entertainment Limited. The purpose of the acquisition is to generate dividend income.

(ii) Disposal of shares in Access Financial Services Limited

The Company disposed of approximately 50% its shareholding in Access Financial Services Limited effective September 27, 2019, resulting in a reduction of its shareholding from 49.72% to 24.72%. The transaction was recognised as a disposal of subsidiary and recognition of an investment in associate. Access Financial Services Limited is listed entity on the Jamaica Stock Exchange.

As at March 31, 2021, the fair value of the Company's investment was $10,380,000 (2020: $11,687,000).

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2021
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8. Investment in associates

The following table summarises the financial information of Access Financial Services Limited, as included in the Company's financial statements as at March 31, 2021, reflecting adjustments for differences in accounting policies.

	2021 $'000	2020 $'000
Percentage ownership interest	24.72%	24.72%
Statement of financial position		
Intangible assets	3,317	10,797
Assets	34,583	41,094
Liabilities	(20,981)	(28,304)
Net assets attributable to equity holders (100%)	16,919	23,587
Revenue	14,304	17,806
Profit from continuing operations	1,829	2,067
Other comprehensive income, net of tax	535	293
Total comprehensive income	2,364	2,360

The recoverable amount of the investment was based on its value in use, determined by discounting the future cash flows to be generated from the continued operations of the entity. The carrying amount of the investment was less than the recoverable amount, therefore no impairment losses were recognised.

The key assumptions used in the estimation of value in use were as follows:

	2021	2020
Discount rate	18%	19%
Terminal value growth rate	10.1x	9x

The discount rate was a pre-tax measure based on the rate of 10-year Government of Jamaica bonds and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity was estimated by management.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over past years and the estimated loan disbursements for the next five years.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2021
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9. Owed by/(to) related parties

	2021 $'000	2020 $'000
Owed by subsidiaries - current account	549	2,524
Owed by/(to) other related parties		
Current accounts	(204)	266
Dividend payable	(1,344)	(1,186)
	(1,548)	(920)

Current accounts for other related parties represent accrued management fees and amounts payable to Proven Management Limited.

10. Notes payable

	2021 $'000	2020 $'000
Structured notes [see (i) below]	79,917	74,688
Margin loans payable [see (ii) below]	188	3,519
Short-term loan [see (iii) below]	7,400	-
	87,505	78,207

(i) Structured notes represent short to medium-term debt obligations issued by the Company. The notes are secured by a basket of securities and typically have fixed quarterly coupon payments, with bullet payments of principal at maturity.

(ii) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Company to acquire securities on its own account. The facilities are collateralised by the securities held with the brokerage firms.

(iii) Short term loan represents credit line facility provided by a subsidiary to the Company. The facility has a fixed coupon rate of 4.75% to be paid at the maturity date, September 9, 2021.

11. Other liabilities

	2021 $'000	2020 $'000
Interest payable	401	408
Accrued charges	189	195
Other	937	686
	1,527	1,289

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2021
(Presented in United States dollars, except as otherwise stated)

12. Preference shares

	2021 $'000	2020 $'000
Liability:		
Manager's preference shares [see (a)]	1	1
Equity:		
8.25% Cumulative redeemable preference shares [see 13(b)]	1	1

(a) The terms and conditions of the manager's preference shares include the following:

(i) the shares rank *pari passu* as between and among themselves;

(ii) each share is entitled to a cumulative annual preference dividend equal to:

(1) 25% of the consolidated profits and gains of the Company in each financial year in excess of the Annual Earnings Hurdle (computed in accordance with the formula set out in the terms and conditions of issue) for such financial year, divided by

(2) the number of manager's preference shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the hurdle rate is applied to the average consolidated equity of the Company during such financial year.

(iii) Apart from the right to the cumulative annual preference dividend, the shares have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a pari passu basis with the capital paid on the ordinary stock units.

(iv) Each manager's preference share has votes attaching to it that are a multiple of the votes attaching to each ordinary stock unit on all resolutions and decisions at a general meeting, such that the preference share votes will be at least equal to the votes of the ordinary stock units, except on any resolution intended to vary the formula for computing the dividend payable to the preference shareholders, in which case, each manager's preference share is entitled to one vote.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2021
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13. Share capital

	2021 $'000	2020 $'000
Authorised:		
2,999,990,000 Ordinary shares, par value US$0.01 each	29,999,900	29,999,900
10,000 Manager's Preference Shares, par value US$0.01 each	100	100
300,000,000 8.25% Cumulative Redeemable Preference Shares, par value US$0.01 each	3,000,000	3,000,000
700,000,000 cumulative redeemable Preference share, par value US$0.01 each	7,000,000	7,000,000
	40,000,000	40,000,000

	2021 Units	2020 Units	2021 $'000	2020 $'000
Issued and fully paid:				
Ordinary shares (a)	759,432,000	625,307,963	115,754	86,716
Manager's Preference Shares (b)	10,000	10,000	1	1
			115,755	86,717
Less: Preference shares classified as liability (see note 12)			(1)	(1)
			115,754	86,716

(a) On November 5, 2020, the Board of Directors passed a resolution for the issue of shares through an additional public offer thereby approving the issue up to 134,124,037 ordinary shares for $29,038,000. The total shares approved for issue through the additional public offer was fully subscribed.

The holders of the ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

(b) The rights and entitlements of the holders of the preference shares are set out in note 12.

14. Fair value reserve

This represents the cumulative net unrealised gains and losses in fair value, net of taxation, on the revaluation of FVOCI investment securities, and remains until the securities are derecognised or impaired.

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15. Net interest income

	2021 $'000	2020 $'000
Interest income, computed using the effective interest method:		
GOJ benchmark investment notes	245	177
Regional and corporate bonds	784	1,636
Global bonds	273	479
Corporate note	1,055	468
Other	277	270
	2,634	3,030
Interest expense, computed using the effective interest method:		
Interest on margin loans	3	245
Notes payable	2,592	2,275
Other	422	16
	3,017	2,536
Net interest (expense)/income	(383)	494

16. Net fair value adjustments and realised gains

	2021 $'000	2020 $'000
Unrealised fair value gains on equity securities	984	176

17. Staff costs

	2021 $'000	2020 $'000
Directors' fees	125	99

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18. Other operating expenses

	2021 $'000	2020 $'000
Audit fees	131	121
Irrecoverable GCT	146	208
Insurance	-	13
Legal and other professional fees	534	581
Marketing and advertising	190	260
Miscellaneous	5	196
Management fees (note 20)	2,462	1,893
Irrecoverable income tax withheld	53	48
Commission expenses and fees	733	653
Printing and stationery	-	6
Travelling	3	68
Other operating expenses	163	6
	4,420	4,053

19. Taxation

(a) Income tax is computed at 1% (2020: 1%) of profit for the year as adjusted for tax purposes, and is made up as follows:

	2021 $'000	2020 $'000
Current tax charge:		
Tax (credit)/charge on current period's profit	(254)	254

(b) Reconciliation of actual tax expense:

The tax rate for the Company is 1% of profits. The actual charge for the year is as follows:

	2021 $'000	2020 $'000
Profit before taxation	4,684	5,857
Computed "expected" tax expense at 1%	47	59
Adjustment	(47)	195
Prior year over accrual	(254)	-
	(254)	254

20. Related party transactions

(a) Definition of related party

A related party is a person or entity that is related to the Company.

(i) A person or a close member of that person's family is related to the Company if that person:

(1) has control or joint control over the Company;

(2) has significant influence over the Company; or

(3) is a member of the key management personnel of the Company or of a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions applies:

(1) The entity and the Company are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Company or the parent of the Company.

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

(b) Identity of related parties

The Company has related party relationships with its subsidiaries and associates and with its directors and executive officers and those of its subsidiaries and associates.

20. Related party transactions (continued)

(c) The Company has engaged a related party, Proven Management Limited, to provide investment management services in relation to financial instruments held in a number of funds, and the business and operations of the Company, for a fee. The fee is charged at 2% of the Consolidated Average Net Asset Value in the financial year [see note 20(f)].

	2021 $'000	2020 $'000
Investment management fees paid for the year	2,259	2,173
Fees accrued at end of year	203	(280)
	2,462	1,893

(d) Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the relevant activities of the Company, directly or indirectly. Such persons comprise the directors and executive officers.

(e) The statement of financial position includes balances, arising in the ordinary course of business, with its directors and key management, as follows:

	2021 $’000	2020 $’000
Loans receivable	1,094	1,467

Other amounts with related parties are disclosed in note 9.

(f) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties:

	2021 $'000	2020 $'000
Proven Wealth Limited		
Interest income	1	9
MPS Holding Limited		
Dividends paid	2,743	8,605
Proven Management Limited		
Management fees	2,462	1,893

21. Distribution to equity holders

	2021 $'000	2020 $'000
Distribution to ordinary Stockholder per stock unit at 0.66¢ (2020: 1.37¢)	5,036	8,581

22. Financial instruments - risk management

(a) Introduction and overview:

By their nature, the Company’s activities are principally related to the use of financial instruments. The Company’s activities therefore expose it to a variety of financial risks: credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate risk and price risk. 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 Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products, and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The Board has established committees for managing and monitoring risks, as follows:

(i) Investment Management Committee
(ii) Audit Committee

The Investment Management Committee oversees management’s compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company accepts investments from customers at both fixed and floating rates and for various periods and seeks to earn above-average interest margins by investing these funds in high quality assets.

The Company seeks to increase these margins by consolidating short-term funds and investing for longer periods at higher rates while maintaining sufficient liquidity to meet encashments as they fall due.

The Company also trades in financial instruments where it takes positions to take advantage of short-term market movements in bond prices and in foreign exchange and interest rates. To manage the associated risks, trading limits are placed on the level of exposure that can be taken.

22. Financial instruments - risk management (continued)

(a) Introduction and overview (continued):

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. In response to the pandemic, Management has adopted several measures specifically around financial risk management. These measures include:

i) The Investment Management Committee and the Asset and Liability Committee within the Company meets bi-weekly to discuss strategies and plans around managing the liquidity and the capital needs of the Company's.

ii) Implementation of a Liquidity Recovery Plan for securities dealers, which was recommended by the regulators. The key aspects of the plan include:

- Assessing the daily inflow and outflow of funds (liquidity forecasting);
- Identifying and assessing the adequacy of financial resources for contingent needs;
- Implementing measures geared at strengthening the Company's capital base; and
- A clear description of the escalation and decision-making process to ensure that the plan can be executed timely.

iii) The implementation of measures to assist external clients during this crisis, such as:

- Payment holidays on loans. It is not expected that there will be reclassification of loans from Stage 1 to Stage 2 as these payment holidays should not trigger a significant increase in the credit risk (SICR), unless other criteria indicating SICR [see note 22(b)] are identified.
- Special arrangements with clients, such as increasing their loan to value ratio, based on approval by the appropriate committee.

(b) Credit risk:

Management of credit risk attaching to key financial assets

Investment securities and loans receivable

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

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

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

The Company uses ECL models developed by independent service providers to determine the ECL allowances for its investments and loans receivable. The models measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The Company uses a provision matrix in applying the simplified model for trade receivables.

The maximum credit exposure, the total amount of loss the Company would suffer if every counterparty to the Company's financial assets were to default at once, is represented by the carrying amount of financial assets exposed to credit risk.

The COVID-19 pandemic has caused significant market volatility which has increased the Company's credit risk. The downgrading of credit ratings and/ or outlooks for investment securities held has resulted in an increase in the credit risk of some debt instruments and loans.

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

- Debt securities and other financial assets at amortised cost:

	2021 Stage 1 $'000	2020 Stage 1 $'000
Credit grade		
Cash and cash equivalents and resale agreements	6,989	1,883
Investment grade	17,446	3,732
Other assets	2,752	787
	27,187	6,402

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22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

- Debt securities at FVOCI:

	2021 Stage 1 $'000	2020 Stage 1 $'000
Credit grade		
Investment grade	1,025	18,144
Non-investment	5,878	7,213
	6,903	25,357
Expected credit losses	(39)	(116)

- Loans receivable at amortised cost:

	2021		
	Stage 1 $'000	Stage 3 $'000	Total $'000
Ageing of loans receivable			
Current	5,887	-	5,887
Over 90 days	23,743	88	23,831
	29,630	88	29,718
Loss allowance	(218)	(88)	(306)
Total	29,412	-	29,412

	2020		
	Stage 1 $'000	Stage 3 $'000	Total $'000
Ageing of loans receivable			
Current	478	-	478
Over 90 days	20,574	88	20,662
	21,052	88	21,140
Loss allowance	-	(88)	(88)
Total	21,052	-	21,052

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

The key judgements and assumptions adopted by the Company in addressing the requirements of IFRS 9 are discussed below:

Credit risk grades

The Company uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties and internal rating models tailored to the various categories of counterparty.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for personal exposures; and turnover and industry type for commercial exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models incorporate expert judgement from the Credit Risk Officers in determining the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the standard data inputs into the model.

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are monitored and regularly updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exemption to any other financial instruments.

Determining whether credit risk has been increased significantly (Stage 2)

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

- quantitative test based on movement in Probabilities of Default (PD). Credit risk is deemed to increase significantly where the probability of default on a security or a loan has moved by six (6) basis points.
- qualitative indicators; and
- a backstop of 30 days past due, determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

The key judgements and assumptions adopted by the Company in addressing the requirements of IFRS 9 are discussed below (continued):

Determining whether credit risk has been increased significantly (Stage 2) (continued)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Company determines a probation period during which the financial asset is required to demonstrate evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Incorporation of forward-looking information

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Company's Finance team and provide the best and worst estimate view of the economy.

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

In addition to the base economic scenario, the Company considers other possible scenarios and scenario weightings. The Company concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Incorporation of forward-looking information (continued)

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

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

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

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

Measurement of ECL

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

Lifetime PD models calculate probabilities of default at a minimum of an annual frequency for 20 years. Beyond 20 years, due to lack of available data and the challenge of predicting PDs this far into the future, the model assumes that the 20 year annual marginal PD holds constant from the 20 year mark until maturity.

LGD is the magnitude of the likely loss if there is a default. The recovery rate model provides transparent, timely (point-in-time), quantitative estimates of recovery rates of issues within different liability classes of a given counterparty.

The bond recovery rate model is based on historically realised recovery rates of defaulted bonds. Realised recovery rates are defined as the trading price of defaulted bonds approximately 30 days after default. Effectively, the model is a non-linear factor based model. Historical recovery rate data was compared to a variety of factors in order to determine correlations between these factors and the amount recovered (as defined above). These correlations were then used to determine the coefficients in a non-linear factor model which is used for projecting recovery rates and losses prospectively. The output from this model can be used either on a stand-alone basis to estimate recovery by specific liability class upon default, or as inputs to a more comprehensive portfolio credit risk management system.

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Measurement of ECL (continued))

EAD represents the expected exposure in the event of a default. The Company uses an established third party service provider to determine client-specific exposure at default ("EAD") amounts on a position-by position or lot-by-lot basis. In preparing the full lifetime ECL calculation, the EAD is calculated at annual intervals from the reporting date out to maturity. The reporting date, transaction date and transaction price are used to calculate the accounting exposure at default. If not provided, an accounting effective interest rate is calculated using the transaction date and price (see section below) and is applied to the future cash flows of the particular instrument to discount these cash flows. This is done on an annual basis from reporting date out to maturity.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

- Debt securities and loans receivable at amortised cost:

	2021	2020
	Stage 3	Stage 3
	$'000	$'000
Balance at April 1	88	173
Net re-measurement of loss allowance	218	(85)
Balance at March 31	306	88

- Debt securities at FVOCI:

	2021	2020
	Stage 1	Stage 1
	$'000	$'000
Balance at beginning of year	116	113
Net re-measurement of loss allowance	(77)	3
Balance at March 31	39	116

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Measurement of ECL (continued)

(i) Maximum exposure to credit risk:

The maximum credit exposure, the total amount of loss the Company would suffer if every counterparty to the Company's financial assets were to default at once, is represented by the carrying amount of financial assets exposed to credit risk.

The Company manages its credit risk exposure as follows:

- Cash and cash equivalents

  These are held with reputable, regulated financial institutions. Collateral is not required for such accounts, as management regards the institutions as strong.

- Investment securities

  The Company manages the level of risk it undertakes by investing substantially in sovereign debts and counterparties with acceptable credit ratings.

- Accounts receivable

  Exposure to credit risk is managed by regular analysis of the ability of the customers and other counterparties to meet repayment obligations and regular follow-ups.

- Loans receivable

  The Company's policy requires that proposed significant loans are approved by the Investment Committee prior to disbursement, with the Committee thereafter monitoring the performance of the credit.

(ii) Concentration of credit risk:

There is no significant concentration of credit risk.

22. Financial instruments - risk management (continued)

(c) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management procedures which the Company applies include maintaining sufficient cash and marketable securities and monitoring future cash flows and liquidity on a daily basis.

Due to the impact of the COVID-19 pandemic, which has resulted in customers withdrawing funds at a higher rate, the Company has implemented a Liquidity Risk Response Strategy (including stress testing scenarios) within the Company with portfolios that possess the largest liquidity risk implications.

(i) Liquidity risk management:

The Company's liquidity management process, as monitored by the Investment Management Committee, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can readily be liquidated as protection against any unforeseen interruption to cash flows;

(iii) Optimising cash returns on investment;

(iv) Monitoring liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

v) Managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

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22. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(i) Liquidity risk management (continued):

The table below presents the undiscounted cash flows of the Company's financial labilities (both interest and principal cash flows) based on contractual repayment obligations. The tables also reflect the expected maturities of the Company's liabilities at the reporting date.

	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
				2021			
Liabilities							
Owed to related parties	-	-	-	-	1,548	1,548	1,548
Notes payable	11,248	537	20,930	64,293	-	97,008	87,505
Preference shares	-	-	-	-	1	1	1
Other liabilities	-	-	-	-	1,527	1,527	1,527
Total financial liabilities	11,248	537	20,930	64,293	3,076	100,084	90,581
				2020			
Liabilities							
Owed to related parties	-	-	-	-	920	920	920
Notes payable	28	5,706	38,592	34,449	5,709	84,484	78,207
Preference shares	-	-	-	-	1	1	1
Other liabilities	-	-	-	-	1,289	1,289	1,289
Total financial liabilities	28	5,706	38,592	34,449	7,919	86,694	80,417

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

These arise mainly from changes in interest rate, foreign currency rates and equity prices and will affect the Company's income or the value of its holdings of financial instruments.

Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

The COVID-19 pandemic has caused significant market volatility which has increased the Company's market risk. The downgrading of credit ratings and/or outlooks for investment securities has resulted in increased funding and liquidity risks.

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22. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaica dollar (JMD), Great Britain Pound (GBP), Canadian Dollar (CAD), Euro (EUR) and the Australian Dollar (AUD). The Company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

At the reporting date, exposure to foreign currency risk was as follows:

	2021		2020
	JMD	GBP	JMD
	$'000	$'000	$'000
Assets			
Cash and cash equivalents	87,421	-	182,567
Loans receivable	1,184,618	-	-
Investment securities	433,237	-	500,000
Due from related party	41,060	-	-
Other	12,506	-	946,766
	1,758,842	-	1,629,333
Liabilities			
Owed to related parties	-	-	1,253
Notes payable	1,753,810	-	1,799,615
Other	26,590	8	21,679
	1,780,400	8	1,822,547
Net position	(21,558)	(8)	(193,214)

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23. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements:

The following indicates the sensitivity to changes in foreign currency exchange rates of the Company's profit and shareholders' equity. It is computed by applying a reasonably possible change in exchange rates to foreign currency denominated monetary assets and liabilities as assessed by management at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and was done on the same basis as 2020.

	2021		
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	2% Revaluation	4	-
GBP	4% Revaluation	-	-

	2020		
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	4% Revaluation	(30)	-
GBP	4% Revaluation	-	-

	2021		
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	6% Devaluation	11	-
GBP	6% Devaluation	1	-

	2020		
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	6% Devaluation	81	-
GBP	6% Devaluation	1	-

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23. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched with that of its financial liabilities; and where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

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

The Group's interest rate risk management policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-earning financial assets and interest-bearing financial liabilities. The Investment Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by management and reported monthly to the Committee.

The table below summarises exposure to interest rate risk. Included in the tables are the carrying amounts of financial assets and financial liabilities, categorised by the earlier of contractual repricing and maturity dates.

	2021						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	-	-	-	-	-	6,989	6,989
Investment securities	17,446	-	650	1,020	5,233	6,081	30,430
Loans receivable	5,887	-	2,518	20,106	901	-	29,412
Other assets	-	-	-	-	-	2,752	2,752
Owed by subsidiaries	-	-	-	-	-	549	549
Total assets	23,333	-	3,168	21,126	6,134	16,371	70,132
Liabilities							
Owed to related parties	-	-	-	-	-	1,548	1,548
Notes payable	11,183	-	19,996	56,138	-	188	87,505
Other liabilities	-	-	-	-	-	1,527	1,527
Preference shares	-	-	-	-	-	1	1
Total liabilities	11,183	-	19,996	56,138	-	3,264	90,581
Interest rate sensitivity gap	12,150	-	(16,828)	(35,012)	6,134	13,107	(20,449)
Cumulative interest rate sensitivity gap	12,150	-	(4,678)	(39,690)	(33,556)	(20,449)	-

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
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22. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	2020						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets:							
Cash and bank	-	-	-	-	-	1,883	1,883
Other assets	-	-	-	-	-	787	787
Investment securities	-	3,732	3,650	5,370	18,172	-	30,924
Loans receivable	-	2,872	7,370	10,810	-	-	21,052
Total assets	-	6,604	11,020	16,180	18,172	2,670	54,646
Liabilities:							
Owed to related parties	-	-	-	-	-	920	920
Notes payable	-	5,158	37,294	32,236	-	3,519	78,207
Other liabilities	-	-	-	-	-	1,289	1,289
Preference shares	-	-	-	-	-	1	1
Total liabilities	-	5,158	37,294	32,236	-	5,729	80,417
Total interest rate sensitivity gap	-	1,446	(26,274)	(16,056)	18,172	(3,059)	(25,771)
Cumulative interest rate sensitivity gap	-	(1,446)	(24,828)	(40,884)	(22,712)	(25,771)	-

The table below summarises the effective interest rate by major currencies for financial instruments at the reporting date.

	2021		2020	
	JMD %	USD %	JMD %	USD %
Assets				
Investment securities	0.40	6.83	4.80	6.28
Loans receivable	7.33	4.58	8.54	2.20
Liabilities				
Notes payable	4.04	3.20	3.49	3.40

Sensitivity interest rate movements

The following table indicates the sensitivity to interest rate movements in basis points (BPS) at the reporting date on the Company's profit or loss and shareholders' equity. The analysis assumes that all other variables, in particular foreign currency rates, remain constant and is done on the same basis as 2020.

	2021		2020	
J$ interest rates	Change by 100 bps		Change by 100 bps	
US$ interest rates	Change by 100 bps		Change by 100 bps	
	Effect on profit $'000	Effect on equity $'000	Effect on profit $'000	Effect on equity $'000
Change (in basis points):				
Increase in interest rates	-	-	(172)	(1,670)
Decrease in interest rates	-	-	198	1,830

22. Financial instruments - risk management (continued)

(d) Market risk (continued):

(iii) Price risk:

Sensitivity to equity price movements

Equity price risk arises from equity securities held by the Company as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Company's investment strategy is to maximize risk-adjusted investment returns.

The Company 's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of $5,026,000 (2020: $Nil) for the Company.

A 5% (2020: 5%) change in stock prices at March 31, 2021 would have impacted profit by $258,800 (2020: $Nil).

(e) Capital management:

The Company's objectives when managing capital are as follows:

(i) To comply with the capital requirements set by the Financial Services Regulatory Authority ('the Authority) in St. Lucia.

(ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on the guidelines developed by the Authority. The required information is filed with the Authority on a quarterly basis.

The Company complied with the capital requirements set by the regulators. There were no changes in how the Company measures and manages capital during the year.

23. Financial instruments – fair values

(a) Definition and measurement of fair values

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.

Where a quoted market price is available for an asset or liability, fair value is computed using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of observable data as far as possible.

23. Financial instruments – fair values (continued)

(a) Definition and measurement of fair values (continued)

Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data.

(b) Valuation techniques for investment securities classified as Level 2 (continued)

Type	**Valuation techniques**
Government of Jamaica securities:	
US$ denominated Securities	• Obtain bid price provided by a recognised independent source, namely, Bloomberg. • Apply price to estimate fair value.
J$ Denominated Securities	• Obtain bid price provided by a recognised industry source (which uses Jamaica-market source indicative bids). • Apply price to estimate fair value.
Global bonds	• Obtain bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Unit Trust	• Obtain prices quoted by unit trust managers. • Apply price to estimate fair value.
Corporate bonds	• Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.

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23. Financial instruments – fair values

(c) Accounting classifications and fair values:

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. The Company do not disclose the fair value of cash and cash equivalents, loans receivable, other assets, owed by subsidiaries, owed to related parties, notes payable, other liabilities and preference shares because the carrying amounts of these financial instruments are a reasonable approximation of fair values and are all considered to be within the level two and three of the fair value hierarchy.

	2021						
	Carrying amount				Fair value		
	Amortised Cost	FVOCI	Fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Global bonds	-	2,695	-	2,695	-	2,695	2,695
Corporate bonds	-	4,208	-	4,208	-	4,208	4,208
Certificate of deposits	17,446	-	-	17,446	-	17,446	17,446
Quoted equities	-	-	5,176	5,176	5,176	-	5,176
Private equity funds	-	-	405	405	-	405	405
Unit trust	-	-	500	500	-	500	500
	17,446	6,903	6,081	30,430	5,176	25,254	30,430

	2020						
	Carrying amount				Fair value		
	Amortised Cost	FVOCI	Fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Global bonds	-	5,341	-	5,341	-	5,341	5,341
Corporate bonds	-	20,016	1,492	21,508	-	21,508	21,508
Private equity notes	-	-	343	343	-	343	343
Certificate of deposits	3,732	-	-	3,732	-	3,732	3,732
	3,732	25,357	1,835	30,924	-	30,924	30,924

24. Prior year adjustments

The Company has determined that the gain recognised on the disposal of shares in Access Financial Services Limited in the prior year was overstated in its separate financial statements, as the residual interest was measured at fair value instead of cost, in accordance with the Company's accounting policy for the separate financial statements. The separate financial statements for 2020 have therefore been restated. There was no impact on the financial statements as of and for the year ended March 31, 2019 and therefore the comparative statement of financial position for that year has not been presented in these financial statements.

(i) The restatement had the following effect on the statement of financial position as at March 31, 2020:

	2020		
	As previously reported $'000	Adjustments $'000	As restated $'000
ASSETS			
Investment in associates	23,060	(17,241)	5,819
Other assets	156,399	-	156,399
Total assets	179,459	(17,241)	162,218
TOTAL LIABILITIES	80,605	-	80,605
STOCKHOLDERS' EQUITY			
Retained earnings/(accumulated deficit)	14,254	(17,241)	(2,987)
Other equity	84,600	-	84,600
Total stockholders' equity	98,854	(17,241)	81,613
Total liabilities and stockholders' equity	179,459	(17,241)	162,218

(ii) The restatement had the following effect on the statement of profit or loss and other comprehensive income for the year ended March 31, 2020:

	2020		
	As previously reported $'000	Adjustments $'000	As restated $'000
NET INTEREST INCOME AND OTHER REVENUE			
Gain on disposal of subsidiary	28,091	(17,241)	10,850
Interest expense	(2.536)	-	(2.536)
Interest income and other operating revenue	10,303	-	10,303
Operating revenue, net of interest expense	35,858	(17,241)	18,617
Operating expenses	(4,155)	-	(4,155)
Operating profit	31,703	(17,241)	14,462
Preference share dividend	(8,605)	-	(8,605)
Profit before income tax	23,098	(17,241)	5,857
Taxation	(254)	-	(254)
Profit for the year	22,844	(17,241)	5,603
Other comprehensive income for the year	(1,280)	-	(1,280)
Total comprehensive income	21,564	(17,241)	4,323

24. Prior year adjustments (continued)

(iii) There was no material impact on the Company's total operating, investing, or financing cash flows for the year ended March 31, 2020, except for the profit for the year and gain on disposal of subsidiary which were impacted by the adjustment of $17,241,000.

25. Subsequent events

(a) On December 30, 2020, the Company signed an agreement to purchase 5,806,495 common shares, representing a 50.5% interest in Roberts Manufacturing Company Limited (RMCL) from Massy Properties (Barbados) Limited for a consideration of $21,452,500. RMCL, located in Barbados, operates from a 21-acre industrial complex consisting of large manufacturing plants producing a variety of margarines, shortening, soyabean oils and animal feed products. The transaction is aligned with the Group's strategy to grow through acquisitions throughout the Caribbean and Latin American regions. The Company obtained the final regulatory approval on May 14, 2021. The initial computations and accounting for the business combination is incomplete at the time the financial statements are authorised for issue.

(b) On March 16, 2021, the Company initiated the purchases of 3,800,000 shares in Fidelity Bank & Trust International Limited. As at the date of the approval of the financial statements, the transaction had not been finalised.

(c) A dividend payment of $0.0014 (2020: $0.0028) per share was approved by the Board of Directors on June 16, 2021. This dividend payment will be made to all ordinary shareholders on record on July 1, 2021 and will be paid on July 9, 2021. Ordinary shareholders who request payment in Jamaica dollars will receive the equivalent of JA$0.208711 (2020: JA$0.393800) per share.

Stockholders' equity as at the reporting date does not reflect this distribution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.