PROVEN 2021

Annual Report

CORE VALUES

INTEGRITY • TEAMWORK
PERFORMANCE • RESPECT

VISION STATEMENT

PROVEN is the Caribbean's Premier "Income and Growth Strategy" Investment Holding Company.

Table of Contents

Directors Report

In an economic environment where few could have anticipated the extent of the pandemic on every individual, family, and industry across the world, Proven Investments Limited ("the Company") has successfully responded to the onslaught of COVID-19, delivering a solid performance and excellent financial results for its stakeholders. The experience of the financial year ended March 31,2021 has shown that the Company can rise to meet new challenges, traverse adversities, and emerge firm footed and poised for future growth.

The directors are pleased to present their Annual Report with the Consolidated Audited Financial Statements for the year ended March 31, 2021. In this year's Report we are highlighting many, though certainly not all, of the Company's accomplishments and activities for the financial year. With a strong capital base and a best-in-class leadership capabilities, these Annual Reports show the strength of the company's long-term partnership with its stakeholders.

Financial Highlights:

	March 2021 US$ '000	March 2020 US$ '000	March 2019 US$ '000
Operating revenue net of interest expense	23,267	56,841	32,879
Profit after Income tax and extraordinary Item	13,097	32,242	9,941
Profit attributable to equity holders of the parent after Income tax and extraordinary item	11,532	29,979	6,847
Shareholders' equity	161,681	99,010	90,725

**March 2020 includes extraordinary items

Details of these results along with a comparison of the previous years performance are set out in the Management Discussion and Analysis and the Financial Statements which are included as a part of the report.

Auditors:
In accordance with Sections 106 and 108 of the Company's Articles of Association, a resolution proposing the appointment of the auditors and for the directors to fix the auditor's remuneration will be put to the Annual General Meeting.

Directors:
The directors who served the Company since the last Annual General Meeting are:

Mr. Hugh Hart (Chairman)
Mr. Rhory McNamara (Company Secretary)
Mr. John Collins
Mr. Jeffrey Gellineau
Mr. Yvor Nassief
Mr. Avinash Persaud
Mr. Garfield Sinclair

The governance framework of the Company facilitates a balance between the Board's role of providing direction and oversight with accountability to support acceptable risk parameters, consistent compliance with regulations, standards, and codes relevant to the Group. At the same time the Board encourages entrepreneurship and innovation, which are recognized as key drivers of Group performance. The board is confident that its current composition provides an effective balance of diverse perspective, skills and experience which will ensure the continued effectiveness of the board's performance in its role. Each director has served impeccably and has outlined their commitment to continue to serve for the next financial year.

We are proud of the Company's robust response as the world shut down. Our clients have continued to experience the same high-quality, professional service that has characterized our Company. We are grateful for the oversight provided by the Company's management and proud of the efforts of our people, many of whom worked virtually to meet the Company's strategic deliverables as the year unfolded. PROVEN's excellent results in 2021 have been reached because of the dedication and commitment of our management and team members across all portfolio companies.

We use this opportunity to thank all our stakeholders for their continued support, especially our shareholders, clients, partners, and the communities in which we operate as we work together for the continued success of the Company.

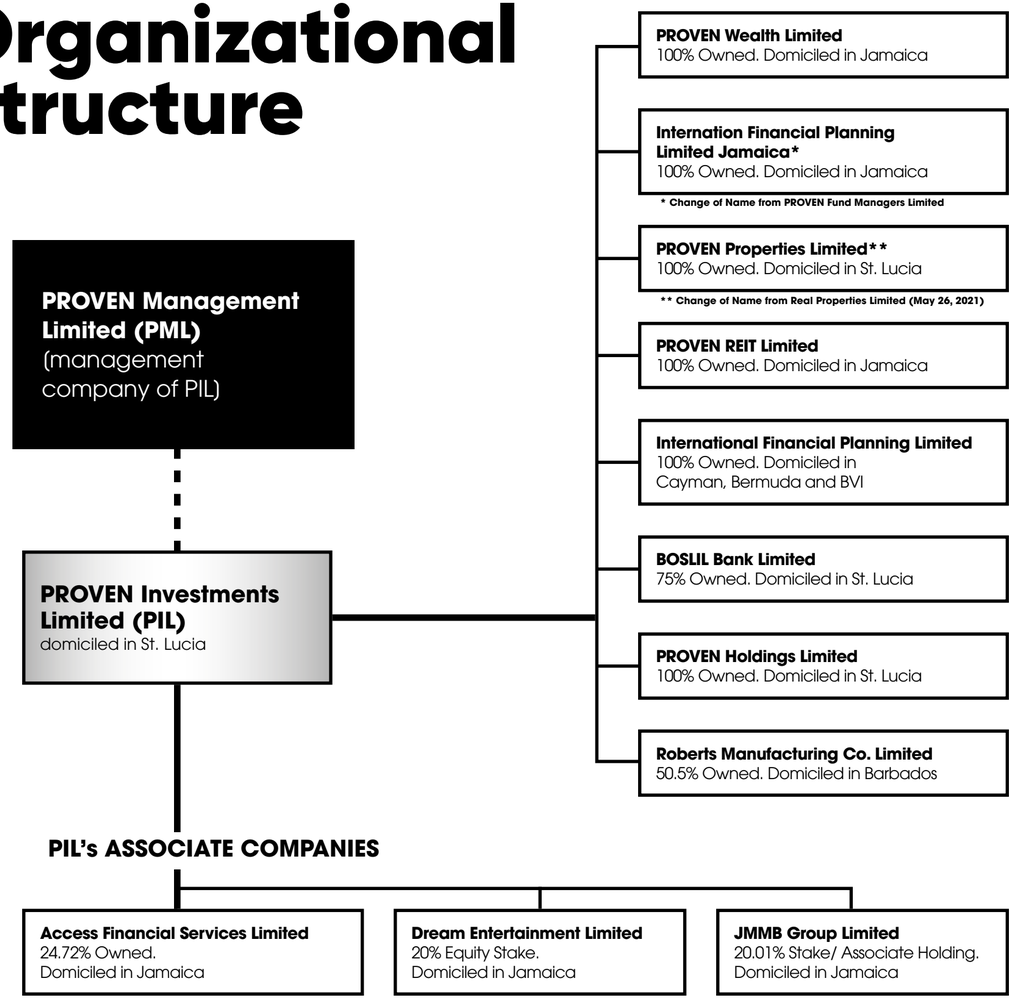
By order of the Board

Dated this July 9th, 2021

Rhory McNamara
Company Secretary

PROVEN GROUP

Organizational Structure



Company Profile

PROVEN We Are EXTENSIVE | We Are PROVEN

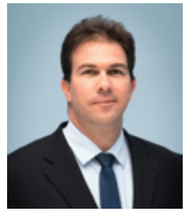
With a business strategy that is meticulously framed and relentlessly pursued, PROVEN Investments Limited (PIL/PROVEN) stands as the Caribbean's premier "Income & Growth Strategy" Investment Company, built on the solid reputation of providing investors with safe and consistent returns on their investments. Through a diversified portfolio of regional and international investments spread across three main investment segments, PROVEN continuously reviews and examines the environment and its performance to ensure it is relevantly positioned to deliver on its objectives.

With a PROVEN business model that focuses on three main segments, PROVEN has also created additional value and diversification for its shareholders by identifying and securing private and publicly traded, equity and debt positions in well established companies throughout the region and internationally which have the potential for enhanced levels of growth and return over the short to medium term. This allows for an EXTENSIVE presence in our key areas of:

1. **Core Banking & Wealth Division** - This segment comprises a portfolio of banking and wealth management companies with operations throughout the Caribbean, mainly in Jamaica, Cayman, St. Lucia, Bermuda and the British Virgin Islands.
2. **Real Estate** – This segment comprises all Real Estate Investments including the Development Sales and Recurrent Income model. PROVEN's Real Estate investments span both residential and commercial developments and are complimented by the consistent returns from our portfolio of commercial rental properties.
3. **Portfolio Holdings** – This segment comprises the portfolio of all other assets and will include investments in associated companies whether financial or real sector as well as majority owned investments in real sector companies, tradable securities, and any other opportunistic investments.

PROVEN'S EXTENSIVE presence is tangibly represented in its Subsidiaries & Associated Companies:

1. CORE BANKING & WEALTH DIVISION



Ryan Devaux
Chief Executive Officer
Boslil Bank Limited

Boslil Bank Limited (BOSLIL) - With a keen understanding of international payments, Boslil Bank Limited have built a Bank that caters to clients' international banking needs and is positioned in the top 3 banks in St. Lucia. Boslil is regulated by the Financial Services Regulatory Commission of Saint Lucia and conducts its business in accordance with internationally recognized principles of banking with correspondent banking relationships and financial/investment relationships with some of the safest and most reputable banks in the world. Therefore, the integrity of Boslil is well respected and maintained.

Operating in St. Lucia with representative offices in Panama and Uruguay; Boslil has an experienced and knowledgeable team armed with the right skillsets to serve clients with banking services needs in: Business Banking; Corporations ; Trust & Foundation as well as Personal Banking.

Key products and services are:

Demand and Term Deposits; Multi-currency accounts (14 operational currencies); Transactional banking services for international banking, including active trading and holding companies; Forex Exchange Services; Standing Order Payments; Credit Cards; Back-to-Back Loans; Business Term Loans; Online Banking; Personalized Service; Multilingual – English, Spanish and Portuguese; Formation of International Business Companies.

Focus and Commitment – As we continue to maintain our presence as Your International Bank of Choice and to always deliver International Banking through Personalized Service & Global Reach; we remain committed to give you the superior and relevant client experience ensuring what we do best; which will result in your receiving: Dedicated Client Service and Support; Robust Banking Platform; Experienced and dedicated Team and Continued Improvement by exploring new ways to improve our customer service and become more efficient and effective for you.

Mark Gumpright
Chief Executive Officer
IFP Group

International Financial Planning (Cayman) Limited (IFP) - was founded in 2000 and is a licensed securities dealer and independent financial planning company with offices in Bermuda, BVI and the Cayman Islands. With a team of highly qualified advisors that deliver tax efficient bespoke financial products tailored to the needs of its clients; IFP provides impartial, independent investment advice on a range of products and strategies best suited for individuals, corporates and trusts. With a scalable business model built on PROVEN infrastructure to drive future earnings; IFP can leverage Asset Management competence of the Group/product development for greater synergies and efficiency for the value of all stakeholders.

Focus and commitment (IFP) – will continue to retain and deliver on its brand promise of offering the best advice for its clients as well as being one of the leading offshore financial operations with an excellent corporate reputation. The strategic focus is set on meaningful improvement and expansion for the benefit and value of stakeholders and will include efficiencies through technology; product innovation and expansion; increased service options and advisors; and improvement in internal processes, client engagement and experience. These are deliberately earmarked as strategic enablers as we contend to realize and secure advantages from shifts and opportunities in the environment. We are aggressive about being successful for our stakeholders and making this year an impressively improved one.

Johann Heaven
President & CEO
PROVEN Wealth Limited

PROVEN Wealth Limited (PWL) – With a disciplined and experienced management team, PWL is an integrated wealth, asset and fund management company that offers its clients a wide range of financial solutions, including wealth management; investment banking; foreign exchange; financial advisory services; stock brokerage; pension fund management; pension fund administration and unit trust management.

Company Profile

As a licensed securities dealer with the Financial Services Commission (FSC), a licensed Cambio with the Bank of Jamaica (BOJ), as well as holding a Jamaica Stock Exchange (JSE) broker dealer license; PWL has successfully managed billions of dollars of investments on behalf of its individual and corporate clients, whilst delivering consistent returns and expert advice for over two decades.

PWL is optimally poised to deliver on its premium position in the financial services industry by providing innovative wealth and funds management solutions designed and tailored for its clients. On a quest for greater efficiency, PWL has also leveraged technology & FinTech capability to improve efficiency – realizing an Efficiency Ratio below 54%.

Focus and commitment – to pursue an unrelenting and continued effort to leverage innovation and the experience of its Team, through the use of cutting-edge technology and innovative financial solutions, to deliver to its clients a wealth management experience that is unmatched by competition. PWL continues to innovate, strongly compete and deliver superior service and returns to its clients through the implementation of its latest innovations, namely - The transition to a brand new Operating Platform that will significantly widen the company's offerings and service delivery options, while allowing seamless integration to the other tools which include; ❶ The PROVEN Wealth App a self-service and informational tool ❷ PROVEN Global Trading Platform which allows clients to execute international online trades instantly & effortlessly; ❸ IPOPRO.com – an integrated online platform for the seamless subscription of publicly offered securities to the market. ❸ PROVEN Plus managed portfolio, a discretionary managed diversified portfolio for accredited investors.

Ultimately as a differentiator, PWL aims to continue to offer personalized service and to develop our people to ensure that our experts continue to employ their skills, experience, and technical know-how to design and deliver on innovative and tailor-made solutions to support the strategy of each client and the business.

2. REAL ESTATE

Aisha Campbell
Chief Executive Officer
PROVEN REIT

PROVEN Real Estate Investment Trust (PROVEN REIT) - is the real estate investment and development arm of PIL focusing on both residential and commercial real estate locally and internationally. With an eye for lucrative real estate investment opportunities, PREIT is known for its successful execution of several iconic residential developments across Jamaica. These prime real estate assets are geographically diverse through residential and commercial development projects that will drive higher returns. Led by a team of highly trained and experienced real estate and project management experts, PREIT has also been able to expand and diversify its commercial real estate portfolio through forging meaningful partnerships that align with the overall goal of value creation for the company's stakeholders.

Focus and commitment –The real estate sector, like many other sectors, has felt the impact of the COVID-19 pandemic in various ways depending on the region and asset class. Business indicators and models, however, emphasize that great opportunities often present themselves in times like these. PROVEN REIT is uniquely positioned to take advantage of these opportunities and remains focused on growing the company's real estate portfolio by strategically investing in real estate prospects that will align with the way that people will live, work and use real estate in the future.

PREIT currently has a strong pipeline of residential, commercial and mixed-use projects across Jamaica and the wider Caribbean. The company stands firm in these turbulent times with solid commercial tenants and residential real estate products that continue to be well received in the market. PREIT will remain focused on optimizing the company's real estate portfolio and executing key initiatives that will unlock long-term value for our shareholders

3. PORTFOLIO HOLDINGS

JMMB Group Limited (JMMB) –is an associate company of PIL. JMMB is a Household Name and one of the leading financial groups in the Caribbean serving individual, business, corporate and institutional clients with financial services including: Investments; Banking; Remittances; Insurance Brokering.

With Operations in 24 countries across the Caribbean and Latin America; JMMB's expanding presence in the on-shore banking and insurance sub-industry withing the region is consistent with PIL's ongoing business strategy of diversification and expansion in the region to drive profit growth in the future

Marcus James
Chief Executive Officer
Access Financial Services Ltd.

Access Financial Services Limited (AFS) - with footprint across the island having operations in 18 locations island-wide, is the first company to list on the Junior Market of the Jamaica Stock Exchange (JSE). AFS offers an extensive range of personal and business loan products to the Microfinance Sector; a sector which contributes significantly to economic growth. The Company's micro business clients operate in the Service, Manufacturing, Trading and Agriculture sectors. Whilst continuing to identify and deliver enterprising products and services to hardworking Jamaicans, the company also offers auto equity loans through its subsidiary company Embassy Loans Inc., located in Florida, U.SA.

Focus and commitment: Access Financial Services has made and will continue to make significant investment in technology to enhance delivery channels and improve customer experience. The Company's mandate is to improve its internal processes to increase efficiencies at all levels of its operation, build resilience, increase compliance and risk management and remains committed to serving customers seeking to better their livelihoods and that of their families.

Real Sector

Scott Dunn
Managing Director
DREAM Entertainment Ltd.

Dream Entertainment Ltd. (DREAM) is the owner and producer of major music festivals, carnivals and other events. These owned properties include Dream Weekend Jamaica (the Caribbean's largest music festival), Xodus Carnival (Jamaica's biggest mas band), Dream Weekend Cruise, Bleu Weekend and EPIC Weekend. Incorporated in 2009, the company continues to develop new owned events and has maintained a loyal clientele of private and public sector clients that they produce events and perform other marketing related services for.

Focus and Commitment - Dream Entertainment through the guidance of PROVEN will continue to improve its structure, governance and efficiencies. Over the next year, Dream will create events and modify existing events to fit into the changing landscape. The company will also capitalize on global opportunities, such as Dream Weekend New York, Afro Nation Portugal and other partnerships with regional carnivals and festivals in Europe and Africa. These events will improve global recognition of the company's brands and provide new revenue streams.

Jason Sambrano
Managing Director
Roberts Manufacturing
Company Limited

Roberts Manufacturing Co. Limited, a family that cares!

The history of Roberts Manufacturing Co Limited which started in 1944, is one based on the entrepreneurial spirit of J.C. Roberts and Sir Kenneth Hunte, who were instrumental in laying the foundation for the company and setting it on a path to success. The vision these two gentlemen had for the company in its infancy really embodied the Motto of Barbados "Pride and Industry".

This principle was held by successive Boards of Directors and Management charged with ensuring the legacy of the company would stand the test of time and continue to evolve into the future. This principle has taken the company from a backyard operation to a company that today spans a 27-acre operational site, selling locally and to 13 territories regionally and internationally, with a staff compliment of 200 team members, and the accomplishment of achieving internationally recognized quality certifications.

Roberts Group of Companies offer a wide variety of consumer products comprising of spreads, margarines, shortenings, cooking oils, dog food and livestock feeds. The Group values the health and well-being of our employees, customers, business partners, community and environment. Thus, it is of utmost importance that we offer you healthy products at affordable prices. Every day we strive to enrich our products with the best quality ingredients, all vegetable based, ensuring that the highest food safety standards are met, so you are guaranteed a 100% high-quality, versatile and great tasting product.

Focus and Commitment - Although the challenges of the Covid-19 pandemic has impacted us all globally, Roberts Manufacturing Group of Companies continue to invest heavily not only in the bricks and mortar of the operation but also in technological advancement of its equipment to assist in driving efficiencies within our plants, research and development to ensure that that our existing portfolio of products meets the demands of our customers, and to look at new and exciting products that will keep our product offerings relevant to the modern day consumer. We also view the training and development of our team members as vital to our future as they are essential to us maintaining the legacy that has made Roberts Manufacturing Co Limited a household name.

The company looks to the future optimistically, knowing that there are many untapped opportunities for future growth, namely reaching out and securing new relationships with export customers, whilst harnessing innovative opportunities with existing customers.

Notice of Annual General Meeting

NOTICE is hereby given that an Annual General Meeting of Proven Investments Limited will be held at Cnr. Flamboyant Drive & Almond Road, Rodney Bay, Gros Islet, St. Lucia, on September 16, 2021 at 11:00 a.m. to consider and, if thought fit, pass the following resolutions:

1. **To receive the Audited Group Accounts for the year ended 31 March 2021 and the Reports of the Directors and Auditors circulated herewith**

   Resolution No. 1
   "THAT the Audited Group Accounts for the year ended 31 March 2021 and the Reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. **To ratify interim dividends and declare them final**

   Resolution No. 2
   "THAT the interim dividends paid on 20 July 2020, 26 August 2020, 3 December 2020 and 11 March 2021, be and they are hereby declared as final and no further dividend be paid in respect of the year under review."

3. **To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors**

   Resolution No. 3
   "THAT KPMG, with offices in St. Lucia, having agreed to continue in office as Auditors for the Company, be hereby appointed to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

4. **To fix the remuneration of the Directors**

   Resolution No. 4
   "THAT the amount shown in the Accounts of the Company for the year ended 31 March 2021 as remuneration of the Directors for their services as Directors be and is hereby approved."

Dated the 9th day of, July 2021

By Order of the Board

Rhory McNamara
Company Secretary

NB:
Members are reminded of the provisions of Regulations 37-38 of the Articles of Association of the Company, which provide as follows:

37. A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of the member.

38. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. A corporation may execute a form of proxy under the hand of a duly authorised officer of such corporation.

The instrument appointing a Proxy must be in writing and a Proxy Form is attached for your convenience.

Chairman's Report

Dear Shareholders,

In presenting our Report for the Financial Year 2020/2021, I am mindful that we have gone a full year and have all been impacted by the global pandemic that has brought on the twin threats to our lives and livelihoods. The losses and changes are vast, and I join in the concerted empathy for all the struggles of individuals – loss of lives and businesses - challenges in shutting down as well as economical losses. The pandemic has touched everyone and was a fierce teacher; however, the responses have been tremendous as we note the resilience of people with an increased and collective drive to not only survive but thrive.

Amidst the challenges and volatility beset by the pandemic, my sense of optimism is tempered with concerns over the ever-changing eco-system, uniqueness of social issues across the globe and what these represent as we aim to deliver on a new age of achievements and standards for all.

Amongst this backdrop, PROVEN's financial year under review truly characterised Resilience, as the business demonstrated its ability to weather crises, through being pre-emptive and taking consistent actions to emerge stronger. Immediately we focussed on our overall strategic outlook that involved – People, Technology and Processes; specifically being proactive about talent and sustainability; accelerated operational changes and stronger collaboration with new and improved ways of working that may outlast the pandemic; unearthing new growth opportunities; bolstering our investment approach; as well as identifying and adapting trends and technology.

The resilience demonstrated across the PROVEN portfolio of companies, made possible a commendable performance which in a challenging worldwide environment reflects the underlying and broad earning strength for the year ended March 31, 2021. This resulted in the impressive achievements in:

- Increased Investors' confidence through the successful take-up of our US$30M APO
- Significant attainment and surpassing of targets established in our 2022 Strategic Plan.
- Execution of three (3) new acquisitions during the year - two in the Banking and Wealth Management sector – Fidelity Bank (Cayman) Limited; Heritage Registered Education Savings Plan (RESP) and the other in the Manufacturing sector – Roberts Manufacturing Company Limited now approved.
- Strong real estate pipeline comprising three (3) rental income properties and six (6) developmental sales projects, both residential and commercial
- Continued business resilience and prosperity as evidenced in the performance of our core revenues as well as other key investor metrics as outlined to the right:

US$11.53m
Net Profit attributable to shareholders
Y/Y Increase of 4.45%

US$0.018
Earnings per Share

9.75%
Trailing 12 Months (TTM) Return on Average Equity

US$674.54m
Consolidated Total Assets

In planning ahead, as we contend with the global markets and environmental issues at play, we remain relentless in our pursuit to deliver on our promises to our stakeholders. We are mindful that exercising and building resilience across our business are mission critical to succeeding in these uncertain times. Therefore, to emerge stronger and to identify viable growth opportunities ahead, whilst positioning ourselves to benefit from the anticipated post-pandemic surge, our strategy will involve our redefining our business model. Our new model will be more linear for control and to yield meaningful results by concentrating on two (2) main strategic priorities:

1. Business-as-usual transformation and
2. Future Proofing.

These two themes will be underpinned by four (4) value levers aimed at enabling us to withstand disruptions, adapt quickly and thrive ensuring our business is not only stronger but suitably prepared for a wide range of unpredictable situations. These levers are:

1. **Business Model** – Through periodic assessments of our plans, we redefined our business model to reflect our evolution and will focus our resources to ensure that the necessary initiatives are undertaken to manage effectively to enable sustained growth in shareholders' value. Three additional value levers will aid in enabling this.
2. **Governance** – a continued disciplined approach to a solid regime of high standards of governance and risk management framework, with a built-out resilience across crucial dimensions of our business particularly in – Technology, Organisational and Operational
3. **Capital/Investors** - The company remains committed to executing on its vision through the most efficient capital structure and therefore focus on its investor/shareholder ethos. Enhancing investor relations is being treated as a critical value lever which PROVEN will seek to nurture.
4. **Talent/Culture** - The Company continues to implement an inclusive, diverse and high-performance culture that will continue to deliver enhanced shareholder value well into the future.

These points are all later expanded on in our Strategic Outlook and Direction.

A challenging and unprecedented business environment continues to characterise the current landscape. Countries are persistently working towards improvement and to return to pre-covid levels of business and daily life. From this perspective, we are very aware of our role in maintaining continued investor confidence and support. Our unwavering commitment continues to see us working to fulfil our vision and deliver on our stakeholder promises of success and performance.

On behalf of the Board of Directors, I extend an appreciation for the ongoing and extraordinary support we have received throughout this challenging year. Our shareholders, various business partners, and certainly our talented Teams; you have all worked with us to identify and implement viable solutions during a difficult time. For this we say THANK YOU. With certainty, we now look forward to more opportunities for PROVEN and you.

My parting words remain - Please continue to be safe as we responsibly do our part in overcoming and emerging triumphant at the end of this pandemic being physically, emotionally, mentally and financially healthier.

Dr. The Hon. Hugh Hart,
O.J., LLD (Hon), MA (Oxon.)
Chairman

Performance Snapshot

Business Activities for FY 2021

Robust deal execution delivering on **3 acquisitions** during a pandemic

4.45%

in **Organic Growth** in core earnings when compared to corresponding period last year

(*In the context of the Pandemic most companies experienced a decline.)

Technology and FINTECH advancement across our Portfolio Companies as evident by

Strong Real Estate Pipeline which includes (3) rental income properties and six (6) developmental sales projects (residential and commercial).

Website upgrades, securitization, data enhancements and features (PREIT, PWL, IFP, and BOSLIL and PIL (underway);

9.75%

Attractive **Return on Equity** to our shareholders

US$30m

Successful **APO**

APO is BACK!

Directors' Profile

DR. THE HON. HUGH HART, O.J., LLD (Hon), MA (Oxon.)
CHAIRMAN

Founding Partner, Hart Muirhead Fatta

Admitted to the Bar at Grays Inn, England in 1953 and as a Solicitor in Jamaica in April 1956, Dr. Hart is a former senior partner and consultant with Clinton Hart & Co. He practises commercial law at Hart Muirhead Fatta, specialising in taxation, real estate development, mining and corporate restructuring. He served as a member of the Jamaican Senate from 1980 1993, as Minister of Mining & Energy from 1983 1989 and as Minister of Tourism from 1984 1989. Due to his outstanding contributions to the legal profession and the bauxite and mining sectors, Dr. Hart was awarded the Order of Jamaica in 2011. In 2015, he was conferred by the University of the West Indies with the Honorary Degree of Doctor of Laws (LL. D), for his stellar contribution to Caribbean development.

Length of Directorship: **11 years**

RHORY MCNAMARA
DIRECTOR & COMPANY SECRETARY

Managing Director, McNamara Corporate Services Inc.

A UK-trained and qualified barrister who attended Bristol University and obtained an honours degree in law, followed by the successful completion of the bar exams at the Inns of Court School of Law in London, Mr. McNamara practised as an attorney at the family law firm of McNamara & Co. in Saint Lucia from 2000-2015 whereupon he set up and continues to practise as an attorney at RDM Chambers. His practice areas include corporate law and corporate/private conveyancing. He also is the managing director of McNamara Corporate Services Inc. a full service and licensed corporate / secretarial service provider in Saint Lucia. He presently represents on the board of several prominent private & public companies both in St. Lucia and abroad and has been the president of the St. Lucia Association for Persons with Developmental Disabilities since 2003.

Length of Directorship: **11 years**

YVOR NASSIEF
DIRECTOR

Managing Director and Owner, Archipelago Trading Ltd. - Dominica

Mr. Nassief is a Dominican businessman with interests in Dominica, St Lucia and St Vincent. Notably for his business interests and appointments, he is - Executive Director/shareholder of DCP Successors Ltd, a soap manufacturing entity; Director/shareholder of Fort Young Hotel Ltd.; Managing Director and shareholder of Archipelago Trading Ltd., Dominica, involved in money services, insurance, duty-free retail, real estate, shipping, food distribution and food retail.; Director/shareholder of Food Center St Lucia Ltd and Food Center St Vincent Ltd. Between 2005 and 2007, he served in the Dominican Senate as Minister of Tourism.

Length of Directorship: **11 years**

AVINASH PERSAUD
DIRECTOR

Chairman, Elara Capital PLC and Intelligence Capital Limited

An Emeritus Professor of Gresham College in London and a non-executive director for several companies with services in banking, insurance, education and the media, Mr. Persaud has expansive experience across companies such as J. P. Morgan, UBS, State Street and GAM London. He is ranked by experts as one of the top three public intellectuals in the world on the financial crisis and is a recipient of the Jacques de Larosiere Award in Global Finance from the Institute of International Finance.

Length of Directorship: **4 years 8 Months**

JOHN A. COLLINS
DIRECTOR

Fellow, Chartered Institute of Bankers

Mr. Collins has accomplished a distinguished career in Trust Banking, spanning over 40 years. He served in senior positions in Trust companies in England, Kenya and Jamaica, before moving to Cayman in 1966 to open and manage the Bank of Nova Scotia Trust Company (Cayman) Limited. In 1973, he moved to Ansbacher (Cayman) Limited where he retired as the Executive Director in 1995 but continued as a non-Executive Director until October 2000. Since then, he has acted as consultant and director to a private group of Trusts and Companies and is proud to be an appointed Member of the Most Excellent Order of the British Empire in Her Majesty the Queen's New Year's Honour Listing 1986. He is a Notary Public in and for the Cayman Islands.

Length of Directorship: **9 years**

JEFFREY GELLINEAU
DIRECTOR

Member, Institute of Chartered Accountants of Barbados

Member of the Barbados Revenue Appeals Tribunal.

Mr. Gellineau has over 28 years of extensive audit experience at KPMG, Barbados as an engagement partner in managing and providing audit and other advisory services to regional and international clients. He also served as the project coordinator for a World Bank-funded project, "Strengthening Institutional Capacity for Project Implementation", during the period January 2009 to November 2010, which addressed Capacity Building for Financial Management and Procurement for Capital Projects in the OECS Countries.

Length of Directorship: **8 years**

GARFIELD SINCLAIR
CO-FOUNDER & DIRECTOR

CEO BTC Bahamas & Vice President Northern Caribbean (Anguilla, Antigua, Bahamas, British Virgin Islands, Cayman, Montserrat, St Kitts & Nevis, Turks & Caicos Islands,)

Mr. Sinclair is the former President of the Caribbean for Cable and Wireless Communications where he had ownership of 14 Caribbean P&L's, ensuring business performance and exceeding the expectations of the stakeholders in the form of the Customers, Employees, Executive & Non-Exec Board, Shareholders & Bond Holders. He was also President & Chief Operating Officer of Dehring, Bunting & Golding Limited (DB&G) where he held responsibility for the overall performance of the operations, treasury and asset trading, brokerage, marketing and information technology units. Mr. Sinclair is a Certified Public Accountant (non-practicing) with a bachelor's degree in Business Administration from San Diego State University and executive certifications from the Massachusetts Institute of Technology (Sloan School of Management) and the University of Pennsylvania (Wharton).

Length of Directorship: **11 years**

Corporate Information

Board of Directors

NON-EXECUTIVE

Mr. Hugh Hart Chairman

Mr. Rhory McNamara
Company Secretary

Mr. Yvor Nassief

Mr. John Collins

Mr. Jeffrey Gellineau

Mr. Avinash Persaud

EXECUTIVE

Mr. Garfield Sinclair

REGISTERED OFFICE

PROVEN Investments Ltd.
20 Micoud Street
Castries, St. Lucia, W.I.

ATTORNEYS-AT-LAW

Hart Muirhead Fatta
Victoria Mutual Building, 2nd Floor,
53 Knutsford Boulevard
Kingston 5

REGISTRAR AGENT

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston
Jamaica

BANKERS

Sagicor Bank Jamaica Limited
17 Dominica Drive
Kingston 5

First Global Bank Jamaica Limited
2 St. Lucia Avenue
Kingston 5 | Jamaica

INTERNAL AUDITORS

PriceWaterhouseCoopers
ScotiaBank Centre
Duke Street
Kingston | Jamaica

EXTERNAL AUDITORS

KPMG
204 Johnsons Centre
#2 Bella Rosa Road
Gros Islet
St. Lucia

Contact Us

(876) 946-4091
(876) 978-3068
info@weareproven.com
www.weareproven.com
@weareproven

Mailing Address:

PROVEN Investments Ltd.
c/o PROVEN Management Ltd.
Suite #5
53 Lady Musgrave Road
Kingston 10, Jamaica, W.I.

Leadership Team

Peter Bunting
Co-Founder & Chairman,
PROVEN Management Limited

Peter Bunting plays a strategic advisory role in the company's development, and champions its values of Integrity, Respect, and Results. He built his reputation in the financial sector as a co-founder of one of Jamaica's most innovative and successful financial institutions – Dehring Bunting & Golding Limited (DB&G).

Peter contributes significantly to nation building and is currently the Leader of Opposition Business in the Senate, after previously serving four terms in the House of Representatives. He also served as Minister of National Security, General Secretary for the People's National Party, Chairman of the National Water Commission, Chairman of JAMPRO, and CEO of the National Investment Bank of Jamaica.

Christopher Williams
Co-Founder & CEO
PROVEN Management Limited

Christopher Williams provides executive leadership for the over US$1B portfolio companies' holdings and is responsible for overseeing the operations of PML and providing strategic direction and leadership towards the achievement of the organization's overall goals and objectives, as set by the Board of Directors. Mr. Williams has a M.B.A. in Strategic Marketing and Finance from York University. He currently chairs and serves as director for numerous boards with his chair appointments being: Chairman – Caribbean Alternative Investment Association (CARAIA); Branson Center of the Caribbean; PROVEN REIT Limited; Jamaica College Foundation; Jamaica Association for the Deaf; and Professional Football Jamaica Limited.

Garfield Sinclair
Co-Founder & Director
PROVEN Management Limited

Garfield Sinclair is the CEO BTC Bahamas & Vice President Northern Caribbean (Anguilla, Antigua, Bahamas, British Virgin Islands, Cayman, Montserrat, St Kitts & Nevis, Turks & Caicos Islands. He is the former President of the Caribbean for Cable and Wireless Communications where he had ownership of 14 Caribbean P&L's, ensuring business performance and exceeding the expectations of the stakeholders in the form of the Customers, Employees, Executive & Non-Exec Board, Shareholders & Bond Holders. Mr. Sinclair is a Certified Public Accountant (non-practicing) with a bachelor's degree in Business Administration from San Diego State University and executive certifications from the Massachusetts Institute of Technology (Sloan School of Management) and the University of Pennsylvania (Wharton).

Mark Golding
Co-Founder & Director
PROVEN Management Limited

Mark J. Golding is a leading Jamaican commercial attorney-at-law and a Partner in the law firm Hart Muirhead Fatta, where he specialises in capital markets, corporate finance and mergers and acquisitions. He was a founding shareholder and director of DB&G in 1993, and a founding shareholder and director of PROVEN Management Limited in 2010. He is the Chairman of the Mona Rehabilitation Foundation, a charity for persons with physical disabilities, and was a founding Director of Caribbean Information & Credit Rating Services Limited (CariCRIS), the first regional ratings agency for the Caribbean. Mr. Golding has also had an extensive career of public service, initially as a member of the Jamaican Senate from 2007 to 2017, serving with distinction as Jamaica's Minister of Justice from 2012 to 2016. He was elected the Member of Parliament for South St Andrew in November 2017, whereupon he was appointed the Opposition Spokesperson for Finance and Planning.

Christopher Bicknell
Director
PROVEN Management Limited

Christopher Bicknell is widely regarded as one of Jamaica's most successful entrepreneurs and is currently the Chairman and Group C.E.O. of Tankweld Metals Ltd. Mr. Bicknell is a Certified Public Accountant (CPA).

Johann Heaven
Director & Head of Banking
& Wealth Division
PROVEN Management Limited

Johann Heaven is responsible for overseeing the Banking and Wealth subsidiaries of the PROVEN Group of companies. He is also the President and Chief Executive Officer of PROVEN Wealth Limited, the Group's wealth management company, managing in excess of US$1.2 billion in funds under management on behalf of high net worth, corporate and institutional clients and pension funds. Mr. Heaven has over 20 years of experience in finance and banking, specializing in financial analysis, mergers and acquisitions, financial advisory, treasury and asset management, strategic planning and corporate finance. Over his career, he has played an integral role in the growth of numerous institutions particularly in his previous role as Vice President, Strategic Planning & Analysis at Dehring Bunting and Golding Limited and then Scotia Investments Jamaica Limited in a similar capacity. Mr. Heaven is a Chartered Financial Analyst (CFA) charter holder, and holds the Financial Risk Manager (FRM) certification, and has a Master's Degree in Finance from the University of London.

Leadership Team

Charmaine Boyd-Walker
Senior Vice President Finance,
Risk & Compliance
PROVEN Management Limited

Charmaine Boyd-Walker is currently Senior Vice President Finance, Risk & Compliance for Proven Management Limited and is responsible for directing Finance, Risk & Compliance to efficiently and effectively produce timely financial reports as guided by the accepted accounting standards across the group. She is a financial management professional having amassed over twenty years' experience in finance through a diverse career path. She holds a Master's Degree in Finance from Manchester Business School and a Certification in International Risk Management (CIRM). Mrs. Walker sits as a Director of PROVEN Wealth Ltd., International Financial Planning Jamaica Limited, PROVEN REIT Limited, International Financial Planning Cayman Limited and Access Financial Services Limited

Sherri Murray
Vice President, Operations/Human Resources & Company Secretary
PROVEN Management Limited

Sherri Murray is the Vice President, Operations & HR at PROVN Management Ltd. and is responsible for providing operational and board support along with strategic human resource management for the PROVEN Group of companies. She has over 20 years' experience in the Finance industry and has previously worked for Scotia DBG Investments Limited and PriceWaterhouseCoopers. Mrs. Murray has a B.Sc. (First Class Hons) from the University of the West Indies and an MBA in Finance & International Business from McGill University, Montreal, Canada. She is the Company Secretary for PROVEN Management Ltd, PROVEN Wealth Ltd, PROVEN REIT Ltd, and Access Financial Services Ltd.

Nerisha Farquharson
Vice President, Treasury & Private Equity
PROVEN Management Limited

Nerisha Farquharson is responsible for managing the Portfolio Holdings segment of the business. This includes all assets excluded from the Banking & Wealth Management and Real Estate segments. These include Private Equity portfolio companies whether financial or real sector, tradable securities, and any other opportunistic investments.

Nerisha has over 15 years of experience, spanning financial services regulation, treasury and trading, asset and liability management, portfolio risk management, and private equity. She was formerly employed with PIL's subsidiary, PROVEN Wealth Limited in the capacity of Senior Manager, Treasury & Investments.

Nerisha holds a BBA in Finance (honors) from the University of Technology, Jamaica along with an MBA in International Business with distinction, from at the University of the West Indies, Mona. She is a CFA Charter Holder since 2012 and is currently a Director of The CFA Society Jamaica and a member of the Market Technician Association (CMT).

Belinda N. Williams
Head of Marketing & Communications
PROVEN Management Limited

Belinda N. Williams is responsible for Investor Relations as well as overseeing and guiding the strategic planning, development, and execution of PROVEN's strategic marketing, communications and advertising initiatives across the portfolio of companies. She has extensive knowledge in strategic integrated marketing communications having served in senior management roles at NCB Group and the NCB Foundation; with over twenty-five years of experience in the field. She is a director on the Boards of Future Energy Source Company Limited (FESCO); the Jamaica Bobsleigh & Skeleton Federation Limited; the National Chorale of Jamaica (NCOJ) and a Commissioner on the Jamaica Cultural Development Commission (JCDC). She is a graduate of the Florida International University Chapman School of Business Studies where she received an Academic Certificate of Excellence for the Executive MBA Programme and she also holds an Honors BSc Administration from the University of Technology.

Our Top 10 Shareholders

Primary Account Holder	Volume	Percentage
Peter Bunting	31,695,228	4.1735%
Barita Investment Ltd-Long A/C (Trading)	31,265,399	4.1169%
Mabet Holdings	19,108,788	2.5162%
Marco Miret	16,309,146	2.1475%
Ozymandias Limited	15,085,706	1.9864%
Pelican Investment Company	14,172,821	1.8662%
Christopher C. Williams	13,936,626	1.8351%
Alydar Limited	13,500,011	1.7776%
Tajebe Limited	10,238,097	1.3481%
Winston Hepburn	10,046,344	1.3229%

Directors' Shareholdings

Primary Account Holder	Joint Holders	Volume	Percentage
Yvor Nassief	Nancy Nassief	0	0.00000%
John J. Collins	Catherine Collins	300,000	0.03950%
Rhory McNamara *		0	0.00000%
Hugh Cecil Hart **		0	0.00000%
Garfield Sinclair ***		0	0.00000%
Jeffrey Gellineau		0	0.00000%
Avinash Persaud		0	0.00000%
* Interest in Dorado Holdings Ltd.		363,966	0.04793%
** Interest in Pelican Investments		14,172,821	1.86624%
*** Interest in Platoon Limited		7,945,278	1.04621%

Management Discussion & Analysis

PROVEN INVESTMENTS LIMITED REPORTS AUDITED FINANCIAL RESULTS

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its Audited Financial Statements for the year ended March 31, 2021.

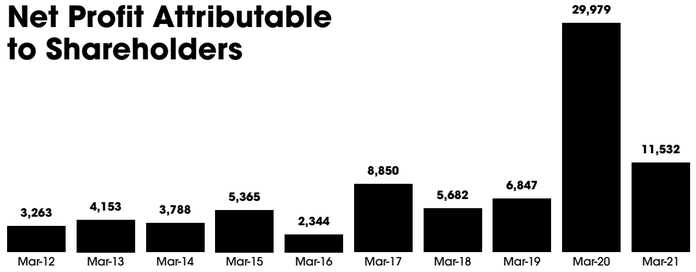
FINANCIAL HIGHLIGHTS

Net Profit attributable to shareholders	US$11.53m
Earnings per Share	US$0.018
Quarterly Approved Dividend	US$0.0014 per share
Trailing 12 Months (TTM) Return on Average Equity	9.75%
Consolidated Total Assets	US$674.54m
Efficiency	62.47%

REVIEW OF FINANCIAL PERFORMANCE

PIL registered a commendable and resilient performance for the year ended March 31, 2021, notwithstanding significant economic uncertainty and a broad range of potential outcomes. Net Profit attributable to Owners of the Company (NPAO) for the year ended March 2021 totalled US$11.53 million versus normalized Net Profit of US$11.04 million earned in the previous year, representing a year-over-year increase of 4.45%. In a challenging macro-economic environment this performance reflects underlying and broad earnings strength across the Portfolio Companies

Net Profit Attributable to Shareholders



The Company remained nimble and aggressive in the execution of its acquisitions throughout the pandemic. This posture resulted in the signing of three (3) new deals to acquire Portfolio Assets within the Caribbean Region while aggressively executing on new and existing Real Estate Projects. The Company also completed a fund-raising round via an Additional Public Offer in which approximately US$30 million was raised. The PROVEN Team remains humbled by investors continued vote of confidence in the PROVEN value proposition. The capital raised will further serve to augment the capital structure and position the balance sheet to absorb the new Portfolio Investments.

Subsequent to the year end on June 8, 2021, PIL officially closed on the purchase (50.5% interest) in Roberts Manufacturing Co Limited, a leading manufacturer of animal nutrition, edible fats, and oils in Barbados supplying diversified consumer goods to markets in the Caribbean. The Company continues to make significant endeavours to improve upon its diversified business model by taking advantage of opportunities available in a stressed market. Recently, PIL announced the acquisition of Heritage Education Funds and Fidelity Bank (Cayman) Limited with both transactions scheduled to close in the latter part of 2021. The company is well-positioned to continue its growth trajectory in an improving economy and maintain its commitment to execution of core growth strategies and the protection of our stakeholders.

PERFORMANCE DRIVERS
PIL operates under three distinct business strategies, namely, (1) Private Equity (Financial Services and Real Sector), (2) Real Estate and (3) Treasury/PIL Proprietary.

1. PRIVATE EQUITY

PROVEN Wealth Limited (PWL)
PWL reported Profit Attributable to Equity Holders of US$2.77 million, representing an increase of 10.3% from the prior year. Total Non-Net Interest Income accounted for 75% of Total Income, reflecting successful execution of the company's strategy to diversify revenue streams and reduce reliance on the repurchase agreement business. Pension Management Income, Fees and Commission and Interest Income were the top performing line items during the year. Total Administrative and General Expenses amounted to US$6.46 million, accounting for 32.2% of total Group Operating Expenses. Total Assets experienced a decline of 21.5% year over year to US$89.21 million as at March 31, 2021. The decline in assets was primarily attributed to declines in Investments and Loan Receivables, reflecting efforts to realise trading gains and boost liquidity.

PWL continues to focus on its strategy to grow its off-balance sheet wealth and advisory management business by offering innovative investment solutions to clients. PWL is also heavily focused on improving its operating efficiency aided by leveraging technology and FinTech such as its Proven Wealth App, IPO Pro, and Global Trading Platform.

BOSLIL Bank Limited (BOSLIL)
PIL currently owns 75.0% of the equity of BOSLIL Bank Limited. The Bank recorded an impressive performance despite the challenging operating environment. This Asset delivered Net Profit totalling US$6.38 million, a 34.60% increase over US$4.74 million earned in the previous year. This resulted in US$4.82 million in Profit Attributable to Equity Holders being realized for the 12-month period ended March 2021 versus US$3.53 million for the period ended March 31, 2021. The boost in Net Profit was predominantly driven by more than a three-fold increase in Securities Trading Income to US$3.85 million. This emanated primarily from efforts to balance the market risk and liquidity profile of the portfolio amidst the uncertainty and therefore is likely to be a one-off as focus shifts to building out sustainable net interest income over the 2021 Financial Year. Additionally, Net Interest Income and Other Income accounted for 38.7% and 61.3% of Revenues respectively, reflecting the company's success in diversifying earnings in the overarching low interest rate climate.

BOSLIL's Efficiency Ratio improved from 54.1% as at March 31, 2020 to 42.2% as at March 31, 2021 due mainly to a 16.6% decline in expenses and a 6.9% increase in revenue year-over-year. Total Administrative and General Expenses amounted to US$4.67 million, accounting for 23.2% of total Group Operating Expenses. Total Assets of the Bank increased by 15.0% year over year to US$316.24 million as at March 31 2021, mainly due to the 57.3% growth in the company's cash balance. BOSLIL's overall performance was mainly driven by growth in its core business, reflecting continued improvements in asset-liability management and cost synergies which continues to drive the company's performance. PIL remains focused on executing on its corporate strategy for this asset which will result in the implementation of initiatives to drive the expansion of the balance sheet and further diversify revenues while scaling the current operating platform.

International Financial Planning Limited (IFP)
IFP is a licensed independent investment advisor with offices in Cayman, Bermuda and the British Virgin Islands that caters to a variety of investors ranging from medium to high net-worth individuals. The company reported a Net Profit of US$0.41 million compared to US$0.73 million earned in the previous year. This decline in Net Profit is primarily due to a 24.3% decline in the company's revenue line-item Fees and Commission. This was due to a decline in client activity as a result of the challenging macroeconomic environment. As a result of this, Total Revenues experienced a decline of 22.3% to US$4.40 million compared to the previous year. PIL continues its process of re-engineering this business and anticipates revenue enhancement and cost synergy measures to bear fruit in the medium to long term. IFP operations are entirely focused on fees based on balance sheet activities, and as a result 97.5% of its revenue is derived from fees and commissions which contributed 60.2% to the overall Fees and Commission reported by the Group for the year ended March 31, 2021.

Access Financial Services Limited (AFSL)
AFSL is recognized as an associate company resulting in the recognition of a share of its profit, instead of a consolidation of its results into PIL's Consolidated performance. AFSL's contribution for the financial year ended March 31, 2021, amounted to US$0.45 million. Despite the pandemic the company remained resilient and achieved commendable results relative to budget. PIL's Corporate Strategy around this business is still undergoing transformation which is anticipated to provide incremental growth in the medium to long term.

JMMB Group Limited (JMMB)
JMMB is an associate company which contributed an estimated US$10.32 million in the form of Share of Profit for the year ended March 31, 2021, compared to US$10.35 million earned in the previous year. This Share of Profit represents the gross income which excludes interest costs associated with the investment. The investment in JMMB continues to provide incremental growth despite its below average cashflow yield relative to other Portfolio Assets; this was further impacted by the suspension of dividends throughout most of the year. JMMB's expanding presence in the onshore banking and insurance sub-industry within the region is consistent with PIL's ongoing strategy to diversify the portfolio of investments across the twenty-four (24) countries of the Caribbean and Latin America.

Dream Entertainment Limited (DREAM)
In February 2019, PIL acquired a 20.0% equity stake in DREAM. The greater part of 2020 was spent on restructuring the Dream organisational structure to improve operating efficiency while realising some level of integration into the PIL structure. During the year ended March 31, 2021, the focus shifted to managing cashflow as it navigated the COVID-19 pandemic realising the benefits of the restructuring initiatives undertaken in the prior year. The Management of Dream remains confident and looks forward to the reopening of the Entertainment Sector.

2. REAL ESTATE

Real Properties Limited (RPL)
RPL reported Profit Attributable to Equity Holders of US$2.09 million. This performance contributed 18.1% to the Group's Net Profit Attributable to Owners of the Company (NPAO) and represents a decline of 12.0% compared to the previous year. The decline in Net Proceeds from Sale, is primarily attributed to the fact that there were no development projects closing during the year. Revenues in this business segment are recognised only upon project completions. Projects are at various stages in the pipeline and PIL remains optimistic on the outlook for this Business.

Total assets stood at US$45.46 million as at March 31, 2021 compared to US$35.01 million reported at March 31, 2020, representing an increase of 29.9%. The Company continues to diversify its portfolio of real estate holdings which as at March 31, 2021, included five (5) rental income properties and seven (7) development sales projects, all at various stages of the development cycle. RPL continues to closely monitor the local and international real estate markets for new opportunities while making the requisite adjustment to successfully navigate the uncertainties associated with developments around COVID-19.

Real Properties Ltd

Residential Development	Location	Description	Status/Projected Completion Date
The César	21 Millsborough Avenue Kingston 6	6 Villas & 9 Apartments	September 2021
VIA at Braemar	19-21 Braemar Avenue Kingston 5	99 Apartments 51 Studios 30 One Bedrooms 18 Two Bedrooms	October 2021
Mystic Ridge	Milford Road, St. Ann	156 Apartments 144 Studios 12 Two Bedrooms	September 2023
AVISTA at Bloomfield	Bloomfield, Mandeville	78 Apartments 40 Studios 20 One Bedroom 18 Two Bedrooms	December 2022
Grove Park (52% stake)	Grove Park Avenue Kingston 8	76 Apartment 48 One Bedroom 28 Two Bedrooms	December 2022
Omega Drive (40% stake)	Omega Drive Grand Cayman	13 Townhouses 9 Two Bedroom 4 Three Bedroom	July 2022
Pimento Grove (49% stake)	Cardiff Hall, St. Ann	85 Villas, 73 Townhomes, 48 Condominiums	March 2024
RENT/LEASE	**Location**	**Description**	**Status/Projected Completion Date**
Real NPW	Newport West Kingston 13	29,680 SF of commercial space	100% Occupancy
Real Portmore Pine 1	Portmore Pines Plaza Greater Portmore	26,908 SF of commercial space	100% Occupancy
Real Portmore Pines 2 (51% stake)	Portmore Pines Plaza Greater Portmore	51,689 SF of commercial space	100% Occupancy
Gladstone Commercial (60% stake)	Gladstone Drive Kingston 5	41,872 SF of commercial space	March 2022
Bloomfield Commercial	Bloomfield, Mandeville	~100,000 SF of commercial space	Projected Completion 2023

3. TREASURY / PIL PROPRIETARY

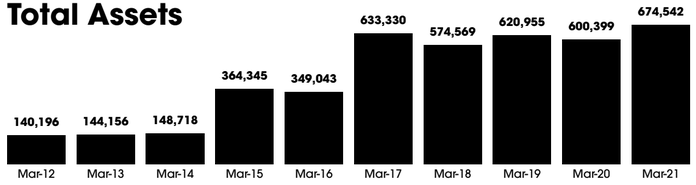
The Treasury segment of PIL's operations generated a gain of US$0.99 million (net of all intercompany income and charges) for the year ended March 31, 2021, compared to a gain of US$20.08 million reported in the same previous year. This decline was predominantly driven by the non-recurrence of gains on disposal captured in the prior year and to a lesser extent a decline in Net Interest Income due to a deliberate shift in strategy away from the carry trade to reflect optimal capital allocation. PIL continues to optimize the balance sheet mix and aggressively pursue growth opportunities consistent with our strategic focus. This is expected to reap benefits over the near to medium term.

Net Interest income (NII) registered a loss of US$3.65 million largely reflecting debt servicing obligations associated with wholesale funding of the JMMB share acquisition. Total Administrative and General Expenses amounted to US$4.87 million, accounting for 24.2% of total Group Operating Expenses while Preference Dividend charges totalled US$2.74 million.

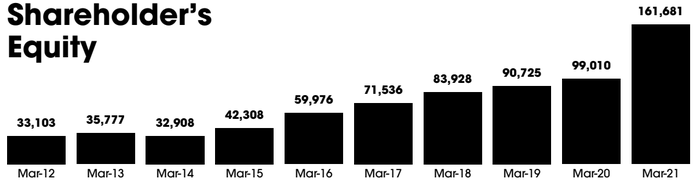
STATEMENT OF FINANCIAL POSITION

Total assets amounted to US$674.54 million as at March 31, 2021, which grew by 12.4% from US$600.39 million reported as at March 31, 2020. The shift in the composition of Total Assets mainly emanated from an increase in cash and Investment in Associates funded by a corresponding increase in customer deposits and equity raised in the APO. Liabilities increased by 2.05% to US$505.12 million as at March 31, 2021, from US$494.98 million as at March 31, 2020, mainly due to an increase in client liabilities.

Total Assets



Shareholder's Equity



SHAREHOLDERS' EQUITY

Shareholders' Equity Attributable to Owners of the Company increased by 63.3% to US$161.68 million as at March 31, 2021 from US$99.01 million as at March 31, 2020. This was as a result of the successful execution of the raise of US$30 million equity executed over the period and a 21.81% increase in Retained Earnings. There was also a positive change in the Foreign Exchange Translation line of 206.1%, moving from a loss of $2.62 million as at March 31, 2020, to a gain of $2.78 million as at March 31, 2021.

DIVIDEND PAYMENT

Subsequent to the year end on June 16, 2021, the Board of Directors approved a quarterly dividend of US$0.0014 per share to all Ordinary Shareholders on record as of July 1, 2021, to be paid on July 9, 2021. This represents a trailing twelve-month (TTM) tax-free dividend yield of 2.60% based on the average share price of US$0.25 for the twelve months ended March 31, 2021. Total dividends paid during the year amounted to $5.96 million, which represents a total pay-out ratio of 52% of overall Profits attributable to shareholders.

The Board of Directors takes this opportunity to thank all our stakeholders for their support and trust. Our continued success is a result of the dedication of Management and our Staff, and we thank them for their loyalty and commitment.

OPERATING & MACRO-ECONOMIC ENVIRONMENT

According to the International Monetary Fund (IMF), the global economy is projected to grow by 6% in 2021, its strongest post-recession pace in 80 years and then by a moderate 4.4% in 2022. Prospects of a stronger recovery have emerged due to additional fiscal stimulus, especially in the U.S., and the expectations of broader vaccination leading to faster herd immunity. However, this global recovery has been uneven and largely reflects sharp rebounds in some major economies as many emerging market and developing economies (EMDEs), continue to face obstacles as poor vaccination rollouts continue to weigh on activity. This is especially the case in the Latin America and the Caribbean (LAC) region, given that these countries do not produce vaccines and their strong reliance on tourism for growth.

Monetary policy in developed markets should remain accommodative until at least the end of 2022. Ten-year Treasury yields peaked at 1.74% on March 31st, a steep rise from 0.58% at the start of the year. The unprecedented size of the fiscal stimulus, which surpass US$3T remains a driver for expectations of higher bond yields. The temporary impact of an acceleration in recovery over the remainder of 2021 could push rates higher. The expected range is 1.5%-2% with a gradual retracement to the lower band during the latter quarters of 2021.

As a result of the forceful fiscal and monetary response since the onset of the COVID-19 crisis, the US economy has already recovered the output that was lost during the pandemic in nominal-dollar terms. However, there are still significant gaps in employment and in some sectors of the economy, but with more fiscal stimulus on the horizon, gross domestic product (GDP) growth is poised to move above the long-term trend of approximately 2% this year.

Global macro conditions and a shift in central bank frameworks have improved prospects for global growth and foreign demand. Thus, Emerging Market (EM) exports are expected to experience strong growth over 2021 due to the gradual recovery in the developed-market business activity. EM equities experienced a strong rebound as the MSCI Emerging Markets Index increased by 59.13% over the 12-month period ended March 2021. EM credit spreads have also tightened over the period as the Credit Suisse Emerging Market Index (an index that tracks the credit spread on EM corporates), ranged from 225bps to 530bps, ending at 269bps on March 31, 2021. However, financial stress amid high Emerging Market debt levels poses risks to the ongoing credit tightening amidst the economic expansion.

The recovery of Europe's economies remains tentative due to the new waves of COVID-19 infections and lockdowns. There is progression in vaccinations and therefore the GPD growth of Europe is forecasted by IMF to recover by 4.5% in 2021. Returning to pre-pandemic levels, forecasted European GDP for 2022 is 3.9% assuming availability of vaccinations in Summer 2021 and throughout 2022. The European market has also been supported by the positive progress in Brexit.

Commodity prices continue to improve and are currently above pre-pandemic prices. In the 1st Quarter, the price of oil increased along with the demand and growth expectations. The price of energy is therefore forecasted to increase more than one-third this year compared to 2020. WTI Crude Oil and Brent crude oil posted positive increases of 67.70% and 59.05% respectively over the 12-month period, supported by a rapid recovery in the global economy and continued reduction in production by OPEC. The United States Dollar Index, or DYX, which measures the U.S. dollar against the currencies of several other countries, ranged from a low of 89.43 to a high of 100.69, and ultimately closed the period at 93.23. With inflation expectations still elevated, the erosion of US real yields stands to be a risk to the US Dollar.

Economic growth is expected to continue to pick up as the vaccine rollout gains momentum and the government proposes another large fiscal aid package. Also, the Federal Reserve is pledging to keep its very easy monetary policy intact for the foreseeable future. Despite these positive developments, global outlook remains subject to downside risks as COVID-19 remains a key risk if mutations multiply and override current vaccine potencies. Another concern is the potential for central banks' failure to control the reflation narrative, thus making the rise in yields disruptive.

Regional

The Latin American and Caribbean region has been hit the hardest by the COVID-19 pandemic. The region has become an epicenter of the pandemic and now has one of the world's highest per capita mortality rate. Growth stagnated in the region to -7.0% in 2020 and is expected to recover by 4.1% in 2021. Primary risks for the region are lower levels of education and employment reducing future earnings and high levels of public and private debt which may strain the financial sector and slow the recovery process.

Monetary policy, as a tool, is limited due to already persistently low policy rates. Thus, a more robust fiscal stimulus plan is the key to ensure smoother and swifter recovery from this pandemic, however like most EM countries this is constrained by its already heavy indebtedness, causing a delicate balance between fiscal prudence and growth. Highly Indebted Caribbean countries could see the health crisis transition to a Debt crisis amidst limited fiscal space to simulate a timely recovery. A wave of credit rating downgrades was observed during the pandemic, therefore, the region remains particularly vulnerable to a lowering of credit rating if fiscal conditions fail to improve within a reasonable timeframe. This underscores the importance of vaccination as part of the region's near to medium

PROVEN

term growth trajectory, given that these economies rely disproportionately on service industries which require the movement of people.

The Pandemic resulted in escalating public debt ratios among regional governments who in the main borrowed to cushion the impact while artificially inflating Net International Reserves (NIRs). An emerging market debt crisis will likely have a profound global impact, derailing the best laid COVID-recovery plans. Upside to the outlook remains with success in vaccinations and containing the pandemic, to which most countries are strongly committed, as well as additional fiscal support that would create the conditions for a faster recovery. To prevent the health crisis from transforming into a financial crisis, a strategy is required focusing on decreasing debt, identifying new resources, increasing productivity and distinguishing private creditors alongside official creditors for middle-income to low-income countries.

Local

In 2021, Jamaica's economic activity and fiscal performance is expected to be significantly affected by the negative effects of the COVID-19 shock on the activities of tourism and local businesses. On the other hand, Jamaica experienced a more moderate impact than other regional markets highly dependent on tourism. In 2020, GDP severely contracted to 9.9% as a result of the COVID-19 impact. For the quarter ended March 31, 2021, GDP was estimated to have contracted between 5 to 7%, which was an improvement compared to the 8.3% contraction in Dec 2020 quarter. According to the Bank of Jamaica (BOJ), GDP is estimated to contract between 10% to 12% for FY2020/21 but partially recover in the next fiscal year FY 2021/2022 with growth in the range of 5% to 8%.

The IMF forecasts a 3.6% recovery in 2021 for the Jamaican Economy. The BOJ is projecting GDP in the range of 2-4% over the next 24 months. Recovery is currently being threatened by the pandemic's recent resurgence,the reintroduction of containment measures and public distrust of the vaccine also poses a threat. Jamaica is currently projected to return to its pre-COVID-19 level of output by fiscal year 2023/24.

Over the 12-month period from March 2020 to March 2021, the Jamaica Stock Exchange (JSE) Main market index moved 4.07% to close at 394,660 points. Highlights include a recovery in large capital market players including Seprod and GraceKennedy. Meanwhile, the Junior market index rose 29.46% to 2,983 points over the period. The major theme on the local market was an improvement in earnings for large food companies with strong balance sheets, robust cost controls and those that managed to increase their export footprint. Critically, financial institutions broadly resumed to paying dividends to all shareholders, reducing their expected credit losses, showing cost discipline and benefitted from improvements in financial market conditions which have erased fair value losses. Notably, higher remittance flows also provided a tailwind for these firms. Together, these factors have enhanced the outlook on the local market. Beyond this, further growth in Jamaica's equity market is expected, propelled by investor confidence on the back gains on the vaccine front, both locally and globally. The re-opening of business, especially those in services, and gradual normalization of travel and by extension, tourism activity should positively influence local equity market growth over the medium-term. Importantly, the return of postponed capital markets transactions should also enhance investor outlook, spanning capital raises to an expected uptick in cross-listings from the Trinidadian equity market. Also, underperformance will be driven by expected modest and/or transitory increase in interest rates via a vaccine driven recovery, heightened economic activity and investor optimism.

BOJ continues to maintain the historic low level benchmark interest rate of 0.50% as at March 31, 2021 amidst its expectation of inflation remaining within the targeted range of 4-6% over the next two years. This accommodative monetary policy is expected to be maintained to boost economic activity. BOJ's weighted average selling rate for USD depreciated 8.15% year-over-year closing at 144.87 as at March 31, 2021, compared to 133.95 as at March 31, 2020. Over the next year the rate of depreciation is anticipated to be contained, anchored by robust Net International Reserves (NIR) (3+ Billion) and the gradual return of tourism flows and Foreign Direct Investments (FDIs). The return to normalcy for the tourism sector is expected to take place over the medium term and thus improve USD Liquidity.

Ten-year Statistical Review

	2012 US$ $'000	2013 US$ $'000	2014 US$ $'000	2015 US$ $'000	2016 US$ $'000	2017 US$ $'000	2018 US$ $'000	2019 US$ $'000	2020 US$ $'000	2021 US$ $'000
Income Statement Summary										
OPERATING REVENUE NET OF INTEREST EXPENSE	7,199	9,884	8,251	10,837	19,448	23,816	32,483	32,879	31,911	23,267
OTHER INCOME	7	61	366	542	1,548	1,006	3,667	4,841	13,390	3,682
TOTAL OPERATING NET OF INTEREST EXPENSE & OTHER INCOME	7,206	9,945	8,617	11,379	20,996	24,822	36,150	37,720	45,301	26,949
TOTAL OPERATING EXPENSES	3,241	4,336	3,633	8,284	16,839	18,249	23,561	26,133	37,922	20,776
OPERATING PROFIT	3,965	5,609	4,984	3,095	4,157	6,573	12,589	11,587	7,379	6,173
PREFERENCE SHARE DIVIDEND	538	1,064	969	1,456	331	2,184	976	1,289	8,605	2,743
SHARE OF PROFITS OF ASSOCIATES	-	-	-	-	-	-	-	1,308	10,438	10,699
NET PROFIT (ATTRIBUTABLE TO OWNERS OF THE COMPANY)	3,263	4,153	3,788	5,365	2,344	8,850	5,682	6,847	29,979	11,532
Financial Position Summary										
TOTAL ASSETS	140,196	144,156	148,718	364,345	349,043	633,330	574,569	620,955	600,399	674,542
INVESTMENT SECURITIES	101,033	114,435	114,918	208,379	232,158	362,259	369,085	336,740	291,396	265,291
REPURCHASE AGREEMENT	35,344	31,370	44,075	183,811	159,830	142,999	93,709	88,625	77,609	68,318
NOTES PAYABLE	54,172	63,600	56,298	103,122	96,529	96,687	110,961	185,550	154,503	134,845
CUSTOMER DEPOSITS	-	-	-	-	-	270,055	240,829	221,051	250,432	286,293
TOTAL LIABILITIES	106,976	108,260	115,699	310,581	276,075	543,473	469,563	507,812	494,979	505,117
SHAREHOLDERS EQUITY (EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY)	33,103	35,777	32,908	42,308	59,976	71,536	83,928	90,725	99,010	161,681
Profitability Ratios										
RETURN ON AVERAGE EQUITY	9.69%	12.06%	11.03%	14.27%	4.58%	13.46%	7.31%	7.84%	31.60%	9.75%
RETURN ON AVERAGE ASSETS	2.32%	2.92%	2.59%	2.09%	0.66%	1.80%	0.94%	1.15%	4.91%	1.81%
EFFICIENCY RATIO	52.44%	54.30%	53.41%	62.22%	78.43%	62.20%	67.79%	70.26%	57.68%	62.47%
Stock Unit Information										
DIVIDENDS PAID ($'000)	2,745	2,628	2,651	3,650	3,980	4,360	6,383	6,820	9,681	5,964
DIVIDEND PAID PER SHARE	0.009	0.009	0.009	0.010	0.007	0.008	0.010	0.011	0.015	0.006
DIVIDEND YIELD %	8.46%	9.90%	6.91%	5.50%	3.44%	3.76%	4.25%	5.19%	5.73%	2.56%
AVERAGE SHARE PRICE FOR FINANCIAL YEAR	0.11	0.09	0.13	0.18	0.21	0.21	0.24	0.21	0.27	0.25
EARNINGS PER SHARE- cents	1.11	1.41	1.28	1.46	0.42	1.60	0.91	1.09	4.79	1.81
WEIGHTED AVERAGE NUMBER OF SHARES ISSUED	294,951,884	294,951,884	294,951,884	368,689,855	551,595,777	551,595,777	625,307,963	625,307,963	625,307,963	636,484,966

Strategy Outlook

A Resilient PROVEN
Financial year 2021 was a dynamic and catalytic one for PROVEN, which began with PIL embracing the impact of the COVID-19 outbreak on its overall business. The pandemic provided a unique opportunity for PROVEN to critically review its corporate strategy in order to ensure we would always be able to create value in an increasingly, volatile, uncertain, complex and ambiguous (VUCA) business environment. The overarching theme for managing its portfolio of assets was focused on maintaining adequate liquidity, delivering high levels of productivity and performance along with extracting opportunities from adversity. While there is still considerable uncertainty regarding the pandemic's evolution your Leadership Team's expectation is for a gradual recovery in regional economic activity throughout 2021.

We have positioned your Company as the Caribbean's premier Private Equity Company and the dislocation caused by the pandemic has resulted in an increased deal pipeline at relatively attractive pricing. This led to the execution of three (3) new acquisitions during the year, including two in the Banking and Wealth Management sector and the other in the Manufacturing sector.

Update on Strategic Direction – Vision 2022
The Management of PROVEN is happy to report to Shareholders that your business has not only remained resilient but has thrived, evident in the performance of core revenues. PROVEN has also significantly achieved and in some instances surpassed the targets that were established in its 2020 Strategic Plan. Deployment of the business model under the two main themes of Business-as-usual transformation and Future Proofing yielded meaningful results.

Business-as-usual Transformation
Our Management Team is happy to report the successful implementation of a core banking and wealth management system that we expect will optimize our Group operations and facilitate our inexorable transition to more and more digital customer interactions. Our strategic review has highlighted the need to accelerate our business-as-usual transformation in order to prepare for a massive shift in service delivery standards and the other demands of an emerging investor class of millennials. The emergence of complex alternative investment asset classes has also made value creation and extraction an even more critical focus of the Management Team and will require a comprehensive re-assessment of the assets already in the portfolio.

Future Proofing
Our robust transaction pipeline and execution framework resulted in the conclusion of three (3) major deals (with 2 pending regulatory approval). These new investments in the Banking & Wealth and Manufacturing sectors along with the implementation of new operations support systems will establish the commercial pillars that drive future capital allocation, performance management and efficiency requirements.

Strategy Refinement:

Vision 100
VERSION 2024

Looking ahead, PIL critically reassessed its corporate strategy in accordance with the Future Proofing and Business as Usual Transformation themes. This process led to a critical refinement of its Vision 2022 strategy, aimed at accelerating the strategic themes to which Vision 2022 was anchored. The strategy refinement is geared at leveraging the PROVEN brand equity and Investment Banking DNA to increase its foothold in desirable customer pools throughout the region.

PIL's vision of being the Caribbean's premium Private Equity firm has meant a pivot away from primarily investing in high quality marketable securities to truly becoming a Private Equity player with investments in portfolio companies. There has been a commensurate shift in our operational and governance framework to complement this evolution, which will focus on the entire Private Equity life cycle from deal sourcing, transaction execution and integration along with value creation to exit.

To this end the PROVEN redefined business model will transition to a focus on three main segments as defined below:

a. **Core Banking & Wealth Division** - This segment comprises the portfolio of majority owned banking and wealth management entities that will leverage the strong PROVEN Brand, adopt digital transformation technology and implement a centralized operations hub. The ultimate objective is to expand opportunities for scaling growth, extracting synergies, and delivering relevant products and services that will provide added value for customers and shareholders.

b. **Real Estate** – This Pillar comprises all Real Estate Investments including the Development Sales and Recurrent Income model. A keen focus will be on increasing the weighting of capital allocation into the rent/lease recurring revenue model.

c. **Portfolio Holdings** – This Pillar comprises the portfolio of all other assets not included in the first two segments, this will include investments in associated companies whether financial or real sector, majority owned investments in real sector companies, tradable securities, and any other opportunistic investments. The Pillar will be focused on maximizing returns to PIL through management of the entire investment process supported by clearly defined exit strategies from entry.

The redefined business model builds on the two foundations (Accelerated Business Transformation & Future Proofing), will be supported by three additional value levers, namely: Governance, Capital/ Investors and Talent/ Culture. Highlights of the value levers are presented below:

1. **Governance and Structure**
   Focus on current composition and succession planning, for the main PIL Board and the Boards of portfolio companies, is being targeted to ensure optimal alignment with PIL's corporate strategy. This will be complemented by a continued focus on enhanced operational monitoring and performance management of assets in addition to IT Governance and security by the IMC.

2. **Talent & Capability**
   Our human capital capability has played a critical role in our success over the last 11 years. A renewed focus on talent acquisition, continuing education, retention, flexible working environments and employee engagement are critical areas of focus moving forward. The Company continues to implement an inclusive, diverse and high performance culture that will continue to deliver enhanced shareholder value well into the future.

3. **Capital / Investors**
   Critical to PIL's continued success is its funding/investor base. The company remains committed to executing on its vision through the most efficient capital structure and therefore focus on its investor/ shareholder ethos. Enhancing investor relations is being treated as a critical value lever which PROVEN will seek to nurture.

LOOKING AHEAD
The Company expects to deliver on its vision, which is to be the Premier Caribbean and Latin American Private Equity Firm. We are well on track with the execution of key acquisitions and initiatives over the past year. In summary, we are excited about the overall outlook and anticipate that the investments made in future proofing will be realized by our stakeholders over the immediate to medium term. Despite the uncertainty presented by the COVID-19 Pandemic, PIL has performed well over the period and has positioned its portfolio investments to mitigate against future downside risk and are well-positioned to take advantage of the anticipated economic recovery.

Corporate Social Responsibility

Despite another year defined by a relentless pandemic and unpredictable changes to life as we know it, PROVEN's prowess in giving back to communities remained dominant. Finding power in the pandemic, PROVEN refocused resources to provide more targeted support for those most in need.

Proving once again that good business is driven by good corporate citizenship, we remained focused on Corporate Social Responsibility (CSR) efforts specifically designed to deliver on our strategic objectives. These objectives focus on enhancing the economic standing and well-being of PROVEN's stakeholders and citizens across the communities in which it operates. Our enduring belief in mirroring strong business performance with the strategic implementation of impactful CSR initiatives has proven over time to enable a more sustainable socio-economic structure for all.

The correlation between CSR and economic growth remains positive when practiced within a framework that partners and supports macro-economic agenda for nation building. Accordingly, PROVEN identified and undertakes measures to bridge the gap as a socially conscious corporate entity. Our team members remain a core resource for our community-building opportunities. We are beyond honoured to provide such varied options for their altruistic endeavours. Their contributions generate immeasurable personal and professional returns that consistently contribute to PROVEN's overall success.

Throughout the year under review, the world we know continued to transform in ways many never experienced before. Pivoting became the gold standard globally as we all worked to maintain some normality while adjusting to a new way of life and work. This response was also required in our CSR undertakings; and as a socially responsible company, we also aimed for normality by refocusing and strengthening our resources to maximise support for our charitable activities where needed the most.

PROVEN's CSR activities during the financial year ending March 31, 2021, remained focused within our three core areas but were intentionally targeted to respond meaningfully to the social priorities brought on by the pandemic. Prioritising the protection of lives and preserving livelihoods during this challenging time reflects the true meaning of nation building.

Over 80% of our CSR budget was dedicated to Community Development in response to the urgent Covid-19 response efforts and needs across the island. Our CSR portfolio response is highlighted below for the period under review:

To support these priorities, a total of **US$124,282 was dedicated to CSR** initiatives across our three focus areas:

US$110,473
Community Development
increased by 50%

US$9,113
Entrepreneurship

US$4,697
Education

Christopher Williams, Co-Founder & CEO PROVEN Management Limited presenting with a panel at the Development Bank of Jamaica. Given time and participating via presentations to groups was one way of giving back.

When our communities flourish,

Our nation stands strong

Johann Heaven - PIL Director & Head of Banking and Wealth Division; President & CEO PWL donating Portable Ultrasound Machine at Sir John Golding Center

PROVEN Wealth The Gift of Giving Christmas Drive

National Library Service handover

COMMUNITY DEVELOPMENT

Developing our communities is dependent on developing and maintaining our democratic process. This need became even more evident throughout the pandemic when the support and guidance of both political parties were critical to our citizens' safety and health. PROVEN maintains that transparent contributions must fund all political parties. As such, each major party in Jamaica received equal donations. Contributing to the political process is a position held strongly by the company to support democracy across the Caribbean.

PROVEN also served as one of three presenting sponsors for the Jamaica Debates Commission (JDC) National Debates for General Election 2020 in Jamaica. The national debates are designed to strengthen democracy by providing a platform for political parties to present their competing visions to the Jamaican electorate.

Additionally, support was provided through various community-based partnerships to offset the effects of the pandemic on a more personal level. Provisions were made to assist with healthcare needs and provide care packages to assist individuals with some of their basic social needs that became increasingly critical with the pandemic. Partnerships with entities such as Sagicor, Zion Care, Portland Charity, CVSS United Way, and the Lupus Foundation enabled the facilitation of these necessary collective interventions.

EDUCATION
Our commitment to education programmes helped sustain educational institutions, non-profit entities, and service organisations connected to various charities. We helped fund various costs, including tuition, residence hall fees, and administrative overheads on behalf of the University of the West Indies Grants and Funding, Caribbean Maritime Institute, Jamaica Association for the Deaf, and the Rotary and Kiwanis Clubs. Efforts were also started to support the Ministry of Education's "Tablet's in Schools" Project.

Education remains a foundational element of nation-building. Therefore, providing support for education programmes through grants and scholarships is a proven standard of good business with abundant returns for all of us.

ENTREPRENEURSHIP
PROVEN's partnership with the Branson Centre continued to persevere during this financial year. As a major partner, we remain confident in the Branson Centre's ability to deliver unique programmes and services that help to propel entrepreneurial ideas and ventures. Furthermore, the ongoing pandemic that disrupted the way we work has further strengthened the importance of supporting an entity such as the Branson Centre. An increasing number of persons are now relying on their business endeavours as a main source of income and through the Private Sector Organisation of Jamaica and other training and development entities, PROVEN's experts were leveraged to present on topics relevant to wealth management, business sustainability and managing risks.

While another year winds down with many successes to celebrate, we can never lose sight of what is to come. PROVEN's strategic business development and CSR efforts have seamlessly aligned throughout our past achievements. Our future targets require this same alignment as we forge ahead.

The COVID-19 pandemic derailed many lives and livelihoods. We appreciate the fact that we could expand our contributions through our CSR portfolio to serve in a more effective way where needed most. When our communities flourish, our nation stands strong, and we are encouraged to serve another day, month and year.

In all we do, PROVEN maintains the highest standards of Performance, Integrity, Respect, and most importantly, Teamwork. Together we stand, as we continue to expand and proactively impact social change from within our organisation to our surrounding communities.

Corporate Governance

The Board of Directors of PROVEN Investments Limited strive to govern the company in a manner that is prudent and transparent and have adopted a governance structure that aligns to best practice. The Board is committed to the improvement of investor confidence, through the promotion of good governance in the performance of its duties that will assist the Company and its subsidiaries deliver long- term value to its shareholders.

BOARD OF DIRECTORS

The Board of Directors has overall responsibility and accountability for the company's affairs by overseeing the strategic and operational direction of the Company. As stewards of the Company, the Board is ultimately responsible for ensuring that the Company and its subsidiaries applies the Corporate Governance policy. The Board provides the necessary oversite to the subsidiaries Board and their Committees to ensure that good corporate values are entrenched within the organization as a whole, enhancing stakeholder value.

The responsibilities of the Board are separate and distinct from those of Management and includes:

- Selecting individuals for Board membership and evaluating the performance of the Board, Board committees and individual directors
- Reviewing and monitoring implementation of strategic plans
- Reviewing and approving the annual operating plans and budgets
- Monitoring corporate performance and evaluating results compared to the strategic plans and other long-range goals
- Reviewing the financial controls and reporting systems
- Reviewing and approving the financial statements and financial reporting
- Reviewing the ethical standards and legal compliance programs and procedures
- Providing guidance and support to the management team

BOARD COMPOSITION

The board is currently comprised of seven directors and is chaired by Dr. the Hon. Hugh Hart O.J., LLD. Our Directors possess diverse skill sets, experience and backgrounds which includes local and international experience in banking, business, strategic management, accounting, law and academia and are recognized as strong leaders in their respective fields. This enables them to provide strategic guidance and visionary leadership to the company and remain balanced and independent in the decision-making process. The board consist of seven (7) directors, of which five (5) are independent directors.

A director is deemed independent where he /she:

- Has not been an employee of the Company or Group within the last five years;
- Has not, or has not had within the last three years, material business relationship with the Company, either directly, or as a partner, shareholder, Director or senior employee of a body that has such a relationship with the Company;
- Has not received or is receiving additional remuneration from the Company apart from Director's fee;
- Does not participate in the Company's share option plan or a performance-related pay scheme, or is not a member of the Company's pension scheme;
- Does not have close family ties with any of the Company's advisors, directors or senior employees;
- Does not hold cross-directorship or does not have significant links with other directors through involvement in other companies or bodies;
- Does not represent a significant shareholder; or
- Has not served on the board for more than nine years from the date of their first election.

A director is considered an executive director where the director is a member of the management team of the Company or its subsidiaries and affiliates. The Board consists of one (1) executive director.

Director	Executive	Independent
Hugh Hart	Non-executive	Not independent
Avinash Persaud	Non-executive	Independent
John Collins	Non-executive	Independent
Jeffrey Gellineau	Non-executive	Independent
Rhory McNamara	Non-executive	Independent
Garfield Sinclair	Executive	Not independent
Yvor Nassif	Non-executive	Independent

BOARD MEETINGS

In order to perform its responsibilities as custodian of the business, the Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate. Board members are required to attend board and assigned board committee meetings regularly and to prepare for and participate actively in those meetings. The contribution of their professional opinion and experience garners well for an environment that fosters open and effective debate. For the financial year ended March 2021, the board convened seven (7) times, which were all regularly scheduled meetings. The attendance record of each of the directors for the Board meetings and the board committee meetings is listed as follows.

PIL Board Meetings 2020/2021							
	June 2020	July 2020	Oct 2020	Nov 2020	Jan 2021	Feb 4 2021	Feb 11 2021
Hugh Hart	✔	✔	✔	✔	✔	✔	✔
Avinash Persaud	✖	✔	✖	✖	✖	✖	✔
John Collins	✔	✔	✔	✔	✖	✖	✔
Jeffrey Gellineau	✔	✔	✖	✔	✔	✖	✔
Rhory McNamara	✔	✔	✔	✔	✔	✔	✔
Garfield Sinclair	✔	✔	✔	✔	✔	✔	✔
Yvor Nassif	✔	✔	✔	✔	✔	✔	✔

PIL Audit Committee Meetings 2020/2021					
	June 2020	July 2020	Nov 5 2020	Nov 12 2020	Feb 2021
Jeffrey Gellineau	✔	✔	✔	✔	✔
Garfield Sinclair	✔	✔	✔	✔	✔
Yvor Nassif	✔	✔	✔	✔	✔
Rhory McNamara	✔	✔	✔	✔	✔

BOARD TRAINING

Directors are required to improve and maintain their knowledge and skills necessary to discharge their duties and responsibilities fully and effectively. During the financial year, most directors would have attended an AML/CFT training seminar.

BOARD EVALUATION

The Board Charter sets out the requirement for a formal review of the performance of the Board at least annually. A review of the Board's performance was conducted on November 12, 2020.

The Board assessed the effectiveness of its performance through an annual questionnaire-based evaluation. The key issues covered include the size, composition, and independence of the board; director orientation and development; understanding of the business, including risks, oversight of the financial reporting process including internal controls and oversight of audit activities. It was determined from the evaluation performed that the Board and its Committee continued to operate effectively, and that each director contributed well to the discussions and strategy considerations.

BOARD COMMITEE

The Board delegates its powers and authorities from time to time to committees in order to ensure that operational efficiency and specific issues are being handled with relevant expertise.

The directors have delegated specific functions to a sub-committee, the Audit and Compliance Committee, to assist the Board in ensuring that there is independent oversight of internal control and risk management. The Audit and Compliance Committee is governed by a charter that outlines its role and responsibilities. The Chairman of the Audit and Compliance Committee reports to the Board on matters discussed at Committee meetings.

AUDIT AND COMPLIANCE COMMITEE
The committee comprises two independent non-executive directors and one executive director; whose role includes ensuring compliance with statutory and any relevant requirements for any public financial statement made by the company.

The Audit committee continues to play a key oversight role on behalf of the Board. The committee's functions include oversight of the internal audit and external audit process, risk management and assessing the company's level of compliance with legal and regulatory requirements. Details of the committee's responsibilities are outlined in the Audit and Compliance Committee Report on pages 49 to 50 of this Annual Report.

SHAREHOLDER AND STAKEHOLDER ENGAGEMENT
The company is committed to maintaining and improving dialogue with shareholders. The Board continues to use the Annual General Meeting (AGM) as its principal opportunity to inform shareholders on the company's affairs. Participation and open discussion at the AGM are encouraged. Members of the Management company are required by the Board to attend the AGM to answer questions. Our shareholders and investors were updated on the Company's performance and plans at the Annual General Meeting (AGM) held on September 17, 2020.

SHAREHOLDER COMMUNICATION
The Board recognizes the importance of communication with the Company's shareholders and aim to engage with shareholders transparently and regularly in order to facilitate a mutual understanding of our respective objectives. The annual general meeting of the Company provides an opportunity for face-to-face communication between the Board and the shareholders of the Company and promotes effective and open communication with all shareholders. Minutes of the annual general meeting, including the questions asked by stakeholders, are available to shareholders on request or at the subsequent AGM. Shareholders may also submit a request for a copy of the minutes via email to info@weareproven.com and a copy will be emailed to them.

The Company makes extensive use of the Company's website to deliver up-to-date information to ensure that all shareholders have equal and timely access to important company information. The Company's website at weareproven.com includes the latest information regarding the activities and publications of the Group in order to provide comprehensive information on. The Company's Annual Report is available on our corporate website as well as quarterly Investor updates on our financial performance and business highlights which are provided in our Shareholders magazine.

DIRECTORS COMPENSATION
Our Corporate Governance Code, recognize that levels of remuneration of a company's executives and board members should be sufficient to attract, retain and motivate persons of the quality required to support the success of the business. Employees who serve on Boards do not receive additional compensation for service performed in this capacity. The emoluments paid to directors for the financial year of US$ 140,000 is shown in note 28 of the financial statements on page 109 of this Annual Report.

ETHICS
Underpinned by our core values of Integrity, Respect, Teamwork and Performance, PROVEN reinforces our commitment to ethical business conduct through our Code of Business ethics that is the hallmark of how we operate and do business. The policy ensures that:

OUR MANAGEMENT TEAM
- Leads by Example by protecting the company's reputation for integrity and professionalism and by inspiring confidence and trust in our clients, shareholders, employees, and the wider community.
- Practices Prudent Management based on sound economic sense in order to safeguard stakeholders' investments and to secure satisfactory returns.
- Is Accountable to all stakeholders.
- Values their Employees - they are treated fairly, with dignity and judged solely on their ability to meet the job requirements. They ensure that the company is where the best people want to work.

OUR EMPLOYEES
- Have a fundamental respect for each other irrespective of rank, social standing, or any other distinction.
- Have a duty to conduct and support their line manager in conducting business responsibly and in compliance with laws, regulations, codes, policies and procedures.
- Take their responsibilities seriously, are competent and honor their obligations to colleagues, clients and other business contacts.

OUR CLIENTS
- Are treated equally. We do not practice favoritism regardless of net worth, societal status, personal or political associations. All clients deserve the same attention and best service we can provide.
- Benefit from their Association with us. We recognize that the client is our reason for being and thus we maintain high standards of customer service and respond to and anticipate the customer's needs.

OUR SHAREHOLDERS
- Maximize their worth by providing competitive returns on their investment.
- Enhance the reputation of the company thereby creating value and strengthening the company's position in the market.
- Safeguard their assets using disciplined and informed management.

Our Code of Business Conduct can be viewed in its entirety on our website at **weareproven.com**

WE VALUE YOUR OPIONION
Your support and opinion are invaluable to us. We encourage you to share your suggestions and concerns with us. You can do so by emailing us at **info@weareproven.com**.

The Board's Corporate Governance policy can be viewed in its entirety on the company's website at **weareproven.com**

Audit & Compliance

2021 COMMITTEE REPORT

The Board has the ultimate authority for effective corporate governance, including the role of oversight of the management of the Company. The Audit and Compliance Committee continues to play a key role on behalf of the Board. The Audit Committee assists the Board in the oversight of the systems of internal controls, the Company's financial reporting processes and audit functions, as well as compliance with legal and regulatory requirements. The Committee reviews adherence to accounting policies and oversees the work of the internal and external auditors.

The Committee consists of four (4) members and is chaired by Mr. Jeffrey Gellineau, a non-executive director who is a financial expert i.e., a qualified accountant or has significant recent and relevant financial expertise. The other members are financially literate in accordance with the Terms of Reference for the Committee.

The Committee met five (5) times during the year and executed its role and responsibilities as outlined in the charter that has been adopted. The attendance of the members to the meetings of the Audit and Compliance Committee is indicated on page ___ of the Annual Report.

During the year, the Committee, amongst its other duties:

- Assessed the independence, performance, and scope of the annual audit plan of the external auditors and recommended their approval to the Board;
- Approved the scope of the annual audit plan, completed by Internal Auditors and the related budget and staffing;
- Reviewed internal audit reports covering financial investments and liabilities, information technology (IT) and corporate governance audits, in respect of which recommendations for improvements were made to management and the Board were accepted and are already either implemented or are in the process of being implemented;
- Reviewed the Financial, Compliance, Risk and Governance performance of the Company throughout the year.

The full mandate of the Audit and Compliance Committee as outlined in its Board-approved charter is reflected below:

PURPOSE

The purpose of the Audit and Compliance Committee of the Board of Directors (the "Committee") is to assist the Board of Directors of PROVEN Investments Limited (hereinafter referred to as either "PROVEN " or "the Company") in fulfilling its oversight responsibilities for:

1. The integrity of the Company's financial statements.
2. The Company's policies, programmes and procedures to ensure compliance with the relevant legal and regulatory requirements, the Company's Code of Ethics and Conduct, policies, other relevant standards and best practice.
3. The Company's efforts to implement legal obligations arising from material agreements and undertakings.
4. The qualifications and independence of the Company's external auditors.
5. The performance of PROVEN 's internal audit function and its external auditors.

MEMBERSHIP

1. The Committee will consist of at least three and no more than nine members of the Board of Directors. The majority will not be officers or employees of the Company or any of its affiliates.
2. The Committee shall be chaired by a member who is a non-executive director.
3. No members shall participate in any issue in which that member has a direct personal, financial or business interest.
4. The members of the Committee and the Chair of the Committee, shall be appointed annually by the Board on the recommendation of the Nomination Committee of the Board. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine.
5. Each Committee member will be financially literate. At least one member shall be designated as the "financial expert", i.e. a qualified accountant or shall have significant recent and relevant financial experience.

RESPONSIBILITIES

The Audit and Compliance Committee shall have the duty and responsibility to:

1. Financial Statements
   a. Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:
      - Complex or unusual transactions and highly judgmental areas.
      - Major issues regarding accounting principles and financial
      - statement presentations, including any significant changes in the
      - Company's selection or application of accounting principles.
      - The effect of regulatory and accounting initiatives, as well as off-balance
      - sheet structures, on the financial statements of the Company.

   b. Review analyses prepared by management and/or the external auditor, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative international Accounting Standard methods on the financial statements.

   c. Review with management and the external auditors the results of the audit including any difficulties encountered. This review will include any restrictions on the scope of the external auditor's activities, or on access to requested information, and any significant disagreements with management.

   d. Review the annual financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.

   e. Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement.

2. Internal Control
   a. Consider the effectiveness of the Company's internal control system.

   b. Understand the scope of the internal and external auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

3. Internal Audit
   a. Review the procedures established for the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters.

   b. Review the effectiveness of PROVEN 's internal audit function, including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

   c. Meet separately with internal auditors, to discuss any matters that the Committee or Group internal audit believes should be discussed privately.

4. External Audit
   a. Review the external auditors' proposed audit scope and approach including coordination of audit effort with internal audit.

   b. Review the performance of the external auditors, and exercise final approval on their appointment or discharge. In performing this review, the Committee will:
      - At least annually, obtain and review a report

by the external auditor describing the firm's internal quality-control procedures; any material issues raised by the most recent internal quality control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the external auditor and the Company.

- Take into account the opinions of management and the internal audit.
- Review and evaluate the lead partner of the external auditor.
- Present its conclusions with respect to the external auditor to the Board.

c. Consider the rotation of the lead audit partner every five years and other audit partners every seven years and consider whether there should be regular rotation of the audit firm itself.

d. On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or external auditors believe should be discussed privately.

5. Compliance

a. Review the Company's policies, programmes and procedures for ensuring compliance with relevant legal and regulatory requirements, the Company's Code of Ethics and Conduct, other relevant standards, best practice and legal obligations, including those imposed by material agreements and undertakings.

b. Review annually PROVEN 's Compliance Plan and assess the implementation of the plan during the period under review.

c. Review the findings of any examinations by regulatory agencies and any auditor observations.

d. Review the process for communicating the code of conduct to the Group's personnel and for monitoring compliance therewith.

e. Review PROVEN 's compliance risk assessment plan.

f. Investigate, or cause to be investigated, any significant instances of non-compliance or potential compliance violations that are reported to the Committee.

g. Review any legal matters that could have a significant impact on the Company's financial statements, compliance with applicable laws and regulations, as well as inquiries received from regulators and government agencies.

h. Meet separately with the Head of the Finance/Compliance Department to discuss compliance matters and to receive regular updates on compliance matters in relation to the Company's business and to discuss any matters that the Committee believes should be discussed privately.

6. Reporting Responsibilities

a. Report to the Board of Directors about the Committee's activities and issues that arise, with respect to the quality or integrity of the Company's financial statements; the Company's compliance with legal or regulatory requirements; its, policies, relevant standards and best practice; the performance and independence of the Company's external auditors and the performance of the PROVEN 's internal audit function.

b. Provide an open avenue of communication between internal auditors, the external auditors, and the Board of Directors and between PROVEN 's and the Company's compliance functions and the Board of Directors.

c. Review any other reports that relate to committee responsibilities.

d. Report to the Board of Directors any matter for which action or improvement is needed and make recommendations as to the steps to be taken.

7. Other Responsibilities

a. Discuss with management the Company's major policies with respect to risk assessment and risk management.

b. Perform other activities related to this charter as requested by the Board of Directors.

c. Institute and oversee special investigations as needed.

d. Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes and ensure appropriate disclosure as may be required by law or regulation.

e. Confirm (annually) that all responsibilities outlined in this charter have been carried out.

PROVEN INVESTMENTS LIMITED

Consolidated Financial Statements

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 consolidated financial statements of Proven Investments Limited ("the Company") and its subsidiaries ("the Group") set out on pages 61 to 140, which comprise the consolidated statement of financial position as at March 31, 2021, the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and the Group's consolidated financial performance and the Group's consolidated 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 Consolidated 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Measurement of Expected Credit Losses on Financial Assets*

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 apply significant judgement and make significant 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 involve increased judgment as a result of the economic impacts of Covid-19 on the Group'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 Group'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 Group's methodology for incorporating forward-looking information and management overlays, and the economic scenarios used along with the probability weightings applied to them.

Key Audit Matters (Continued)

1. *Measurement of Expected Credit Losses on Financial Assets (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(j) and 35(b) of the consolidated financial statements.*	• Assessed the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

2. *Impairment of intangible assets and investment in associates*

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the Group's intangible assets, including goodwill as well as its investment in associated companies, may not be recoverable due to changes in the business and economic environment in which the relevant subsidiaries operate. Additionally, the effects of Covid-19 on overall economic activity and deteriorating trading conditions adversely affected the prices of equity investments and increased the risk of impairment of the associated intangible assets and investment in associated companies.	Our audit response included: • Evaluating whether there were indicators of impairment of the investments, considering market prices, the economic environment and business performance of each subsidiary and associate. • Testing the reasonableness of the Group's forecasts and discounted cash flow calculations, including use of our enterprise valuation specialists to evaluate the assumptions and methodologies used by management and to test the mathematical accuracy of the calculations.

Key Audit Matters (Continued)

2. *Impairment of intangible assets and investment in 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 notes 11 and 13 of the consolidated financial statements.*	• Comparing the Group'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 the investees' market capitalisation, where applicable and our understanding of the market conditions, to assess the reasonableness of those cash flows. • Assessing the adequacy of the Group's disclosures about the key assumptions and the sensitivity of the impairment assessments to changes in key assumptions.

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 Group'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 5 and 36 of the consolidated 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. • Reviewed management's assessment and considered whether impairment is appropriately considered and reflected in the measurement of investments. • Assessed the adequacy of the Group'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 consolidated 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.

To the Members of
PROVEN INVESTMENTS LIMITED

Other Information (Continued)

Our opinion on the consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix of this auditors' report. This description, which is located at pages 59–60, 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

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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

Consolidated Statement of Financial Position

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

	Notes	2021 $'000	2020 $'000 (Restated, Note 37)	2019 $'000 (Restated, Note 37)
ASSETS				
Cash and cash equivalents	3(c)(ii)	151,859	94,629	69,108
Resale agreements	4	6,458	5,742	10,056
Investment securities	5	265,291	291,396	336,740
Loans receivable	6	31,962	28,855	51,334
Other assets	7	13,994	12,993	9,307
Property development in progress	8	23,087	11,869	10,597
Income tax recoverable		235	-	66
Assets held for sale		266	-	-
Property, plant and equipment	9	4,014	3,057	1,355
Investment property	10	10,678	12,270	14,229
Intangible assets	11	20,441	19,376	35,423
Investment in associates	13	146,174	118,988	80,972
Deferred tax asset	20	83	1,224	1,768
Total assets		674,542	600,399	620,955
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities				
Repurchase agreements	14	68,318	77,609	88,625
Owed to related parties	15	1,548	932	423
Notes payable	16	134,845	154,503	185,550
Current income tax payable		792	1,210	688
Other liabilities	17	6,877	6,807	8,098
Due to banks		520	420	522
Due to customers	18	286,293	250,432	221,051
Deferred income		3,910	1,813	2,854
Lease liabilities	19	2,013	1,252	-
Preference shares	21	1	1	1
Total liabilities		505,117	494,979	507,812
Stockholders' equity				
Share capital	22	115,754	86,716	86,716
Fair value reserve	23	6,867	(14,865)	2,689
Foreign exchange translation reserve	24	2,783	(2,622)	(7,063)
Retained earnings		36,277	29,781	8,383
Equity attributable to owners of the Company		161,681	99,010	90,725
Non-controlling interest	25	7,744	6,410	22,418
Total stockholders' equity		169,425	105,420	113,143
Total liabilities and stockholders' equity		674,542	600,399	620,955

The financial statements on pages 61 to 140 were approved for issue by the Board of Directors on June 29, 2021 and signed on its behalf by:

Rhory McNamara Director

Jeffrey Gellineau Director

The accompanying notes form an integral part of the financial statements

Consolidated 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
Net interest income and other revenue			
Interest income, calculated using the effective interest method	26	10,582	20,285
Interest expense	26	(7,545)	(9,107)
		3,037	11,178
Dividends		42	34
Fees and commissions		7,802	11,572
Net fair value adjustments and realised gains	27	7,332	3,783
Net foreign exchange gains		1,880	1,910
Gain on disposal of subsidiary	12(c)	-	24,930
Pension management income		3,174	3,434
Operating revenue, net of interest expense		23,267	56,841
Other income		3,682	13,390
Total		26,949	70,231
Operating expenses			
Staff costs	28	9,581	12,876
Depreciation and amortisation	9,11	1,868	1,996
Impairment (reversal)/loss on loans and other assets		(21)	1,462
Impairment (reversal)/loss on investments		(396)	362
Property expenses		1,146	9,359
Other operating expenses	29	8,598	11,867
Total		20,776	37,922
Operating profit		6,173	32,309
Preference share dividend	31(f)	(2,743)	(8,605)
Share of profit of associates	13	10,699	10,438
Profit before income tax		14,129	34,142
Income tax charge	30	(1,032)	(1,900)
Profit for the year		13,097	32,242
Profit attributable to:			
Owners of the company		11,532	29,979
Non-controlling interest	25	1,565	2,263
Profit for the year		13,097	32,242
Earnings per stock unit	32	1.81¢	4.79¢

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

Year ended March 31, 2021 *(Presented in United States dollars, except as otherwise stated)*

	2021 $'000	2020 $'000
Profit for the year	13,097	32,242
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Realised gains on securities at FVOCI	4,770	1,013
Unrealised gains/(losses) on securities at FVOCI	2,872	(7,914)
Deferred tax on fair value adjustment on securities at FVOCI and ECL	(935)	773
Exchange differences on translation of foreign operations	3,947	4,441
Share of other comprehensive income/(loss) in associates (note 13)	17,180	(12,236)
Total other comprehensive income/(loss)	27,834	(13,923)
Total comprehensive income for the year	40,931	18,319
Total comprehensive income attributable to:		
Owners of the Company	38,669	16,866
Non-controlling interests	2,262	1,453
Total comprehensive income for the year	40,931	18,319

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity

Year ended March 31, 2021 *(Presented in United States dollars, except as otherwise stated)*

	Share capital $'000 (Note 22)	Fair value reserve $'000 (Note 23)	Foreign exchange translation reserve $'000 (Note 24)	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interest $'000 (Note 25)	Total $'000
Balances at March 31, 2019, as restated	**86,716**	**2,689**	**(7,063)**	**8,383**	**90,725**	**22,418**	**113,143**
Total comprehensive income for 2020							
Profit for the year	-	-	-	29,979	29,979	2,263	32,242
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	4,441	-	4,441	-	4,441
Realised gain on securities at FVOCI	-	1,013	-	-	1,013	-	1,013
Unrealised loss on debt securities at FVOCI	-	(7,104)	-	-	(7,104)	(810)	(7,914)
Deferred tax credit on fair value adjustments	-	773	-	-	773	-	773
Share of associates' other comprehensive loss	-	(12,236)	-	-	(12,236)	-	(12,236)
Other comprehensive loss for year, net of tax	-	(17,554)	4,441	-	(13,113)	(810)	(13,923)
Total comprehensive income	-	(17,554)	4,441	29,979	16,866	1,453	18,319
Transactions with owners recorded directly in equity							
Disposal of subsidiary with NCI	-	-	-	-	-	(16,361)	(16,361)
Dividends to equity holders (Note 33)	-	-	-	(8,581)	(8,581)	(1,100)	(9,681)
Balances at March 31, 2020	**86,716**	**(14,865)**	**(2,622)**	**29,781**	**99,010**	**6,410**	**105,420**
Total comprehensive income for 2021							
Profit for the year	-	-	-	11,532	11,532	1,565	13,097
Other comprehensive income for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	3,947	-	3,947	-	3,947
Realised gain on securities at FVOCI	-	4,770	-	-	4,770	-	4,770
Unrealised loss on debt securities at FVOCI	-	2,175	-	-	2,175	697	2,872
Deferred tax credit on fair value adjustments	-	(935)	-	-	(935)	-	(935)
Share of associates' other comprehensive income	-	15,722	1,458	-	17,180	-	17,180
Other comprehensive income for year, net of tax	-	21,732	5,405	-	27,137	697	27,834
Total comprehensive income for the year	-	21,732	5,405	11,532	38,669	2,262	40,931
Transactions with owners recorded directly in equity							
Issue at new shares [Note 22 (a)]	29,038	-	-	-	29,038	-	29,038
Dividends to equity holders (Note 33)	-	-	-	(5,036)	(5,036)	(928)	(5,964)
Balances at March 31, 2021	**115,754**	**6,867**	**2,783**	**36,277**	**161,681**	**7,744**	**169,425**

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

Year ended March 31, 2021 *(Presented in United States dollars, except as otherwise stated)*

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit for the year		13,097	32,242
Adjustments for:			
Depreciation	9	752	667
Amortisation	11	1,116	1,329
Interest income	26	(10,582)	(20,285)
Interest expense	26	7,545	9,107
Dividend income		(42)	(34)
Impairment (reversal)/loss in loans and other assets		(21)	1,462
Impairment (reversal)/loss on investments		(396)	362
Share of profit of associates	13	(10,699)	(10,438)
Fair value adjustment on investment property	27	(951)	(952)
Unrealised fair value on investments		(1,254)	-
Gain on disposal of subsidiary	12(b)	-	(24,930)
Unrealised foreign exchange gain		(1,880)	(1,910)
Income tax charge	30	1,032	1,900
		(2,283)	(11,480)
Change in operating assets and liabilities			
Investment securities		37,278	39,960
Loans receivable		(3,086)	(6,371)
Other assets		(1,087)	(4,400)
Other liabilities		488	(2,944)
Due to customers		35,861	29,381
Due to other banks		100	(102)
Repurchase agreements		(9,291)	(11,016)
Resale agreements		(716)	4,314
Owed to related party		616	509
Deferred income		2,097	(1,041)
Development in progress		(8,039)	2,942
		51,938	39,752
Interest received		11,255	20,675
Dividend received		42	34
Interest paid		(7,810)	(8,868)
Income tax paid		(1,479)	(1,143)
Net cash provided by operating activities		53,946	50,450
Cash flows from investing activities			
Acquisition of associate, net of dividends		-	(17,324)
Proceeds from disposal of property, plant and equipment		69	13
Proceeds from disposal of subsidiary		-	16,245
Purchase of investment property		(930)	(1,161)
Purchase of property, plant and equipment		(767)	(1,254)
Purchase of intangible asset	11	(2,321)	(1,630)
Net cash used by investing activities		(3,949)	(5,111)
Net cash flows provided by operating and investing activities (carried forward to page 66)		49,997	45,339

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows (continued)

Year ended March 31, 2021 *(Presented in United States dollars, except as otherwise stated)*

	Notes	2021 $'000	2020 $'000
Net cash flows provided by operating and investing activities (brought forward from page 65)		49,997	45,339
Cash flows from financing activities			
Proceeds from issue of ordinary shares	22 (a)	29,038	-
Translation adjustment in respect of foreign subsidiaries		4,261	3,497
Notes payable		(19,658)	(13,318)
Payment of lease liabilities	19	(444)	(316)
Dividends paid	33	(5,964)	(9,681)
Net cash provided/(used) by financing activities		7,233	(19,818)
Net increase in cash and cash equivalents		57,230	25,521
Cash and cash equivalents at beginning of year		94,629	69,108
Cash and cash equivalents at end of year		151,859	94,629

The accompanying notes form an integral part of the financial statements

Notes to the Consolidated 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 investments.

The Company has the following subsidiaries and associated companies:

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2021	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

1. Identification (continued)

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 12(c)]	Jamaica	Retail lending	24.72	24.72

2. 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, and comply with the relevant provisions of the Jamaican Companies Act.

New and amended standards and interpretations that became effective during the year:

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

New and amended standards and interpretations that are not yet effective:

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

2. Basis of preparation

(a) Statement of compliance

(i) Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to make appropriate disclosures.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

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

(ii) 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.

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

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

(ii) Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and* Measurement, IFRS 7 *Financial Instruments (continued):*

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

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

(iii) Amendments to IAS 37 *Provision*, *Contingent Liabilities and Contingent Assets* is effective for annual 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 Group does not expect the amendment to have a significant impact on its 2023 financial statements.

(iv) 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 periods beginning on or after January 1, 2022.

1) 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.

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

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

2. Basis of preparation (continued)

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the inclusion of financial assets and investment property at fair value.

(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. The financial statements of those subsidiaries which have other functional currencies, are translated into USD in the manner set out in note 3(h)(ii).

(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.

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 Group in the above areas is set out in notes 3(i) and 35(b).

2. 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)

(2) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets. Accordingly, fair values of such assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach; the fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 5 and 36).

(3) Impairment of goodwill, other intangible assets and investment in associates

Impairment of goodwill, other intangibles and investment in associates is dependent upon management's internal assessment of future cash flows from the cash-generating units that gave rise to the goodwill and intangible assets or for the purposes of determining the value in use of the associate. Those internal assessments determine the amount recoverable from the cash generating units and are sensitive to the discount rates used, as well as the economic assumptions of growth (see notes 11 and 13).

(ii) Critical judgements in applying the Group'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 in IFRS.

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

- Whether the criteria for classifying financial assets are appropriately applied. 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 5) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 36) requires judgement as to whether a market is active [see note 3(b)].
- In determining whether the Group 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(a), 12 and 13].

3. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

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

(ii) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees' identifiable net assets at the date of acquisition, plus accumulated share of changes in equity of the relevant subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

3. Significant accounting policies

(a) Basis of consolidation (continued):

(iv) Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating decisions. Interest in associates is accounted for using the equity method.

They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to Nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of an associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of accumulated losses not recognised.

(v) Loss of control

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

(vi) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

3. Significant accounting policies (continued)

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

(i) Classification of financial assets

In applying IFRS 9, the Group 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.

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

Debt instruments

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

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

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

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 35(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 Group 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 (continued)

(b) 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 Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's 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 the statement of profit or loss.

Business model assessment

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

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

1. Past experience on how the cash flows for these assets were collected;
2. How the 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 Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

3. Significant accounting policies (continued)

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

(i) Classification of financial assets (continued)

Business model assessment (continued)

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

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

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

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

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

The Group 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 Group 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 Group is recognised as a separate asset or liability.

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

(iii) Financial liabilities

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

3. Significant accounting policies (continued)

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

(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 calculated 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.

(c) 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 Group makes use of derivatives to manage its own exposure to foreign exchange and interest rate risk.

The Group 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.

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.

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(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) Guarantees and letters of credit

A financial guarantee is a contract that contingently requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor failed to make payment when due in accordance with the terms of a debt instrument. Guarantees include standby letters of credit, letters of guarantee, indemnifications, or other similar contracts.

Financial guarantees are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Management has determined that the amounts initially recognised is immaterial to the financial statements.

The Group's commitments under acceptances, guarantees and letters of credit as at March 31, 2021, total $8,178,000 (2020: $12,583,000). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

(v) Other liabilities

Other liabilities are measured at amortised cost.

(vi) Resale and repurchase agreements

Resale agreements are accounted for as short-term collateralised lending and are classified at amortised cost. On initial recognition they are measured at fair value. Subsequent to initial recognition they are measured at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income using the effective interest method.

Repurchase agreements are accounted for as short-term collateralised borrowing, and are classified as other liabilities. On initial recognition and subsequently, the securities given as collateral are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. The difference between the sale consideration and the repurchase cost is recognised in profit or loss over the life of each agreement as interest expense using the effective interest method.

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(vii) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Preference share capital 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.

(viii) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are measured at amortised cost less impairment allowances, see note 3(j).

(ix) Accounts payable

Accounts payable are measured at amortised cost.

(x) 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.

(xi) Offsetting

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

(xii) 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.

3. Significant accounting policies (continued)

(d) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. These costs comprise the value of land contributed to the development, direct costs related to property development activities and indirect costs that are attributable to the development activities.

(e) Investment property

Investment property, comprising principally land and buildings, is held for rental yields and capital appreciation, and is treated as long-term investments. It is measured initially at cost, including related transaction costs, and subsequently measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, expected cash outflows in respect of the property. Fair value is determined every three years by an independent registered valuer, and in each of the two intervening years by the directors. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(f) Property, plant and equipment

(i) Cost

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an asset if it is probable that the future economic benefits embodied in the part will flow to the Group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

(ii) Depreciation

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Computers	25% - 33⅓%
Furniture, fixtures and equipment	10% - 20%
Leasehold improvements	10% - 20%
Motor vehicles	20% - 25%

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

(g) Intangible assets

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (note 11) and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the equity accounted investee as a whole.

(ii) Customer relationships and non-compete agreements that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Trade names, licences and other intangible assets that have indefinite useful lives are measured at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

(iii) Software

Acquired computer software licenses as well as third party and internal costs directly associated with the development of software are capitalised as intangible assets on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives (three to eight years). Internal costs associated with developing or maintaining computer software programs are recognised as expense as incurred.

(iv) Subsequent expenditure

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

3. Significant accounting policies (continued)

(g) Intangible assets (continued)

(v) Amortisation

Intangible assets with finite asset lives, are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

- Customer relationships 6 to 20 years
- Non-compete agreement 2-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Foreign currency translation

(i) Transactions and balances

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

Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and presented in fair value reserve. Translation differences on non-monetary items, such as equities classified as FVOCI financial assets, are recognised in other comprehensive income and presented in the fair value reserve in stockholders' equity.

(ii) Foreign operations

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

3. Significant accounting policies (continued)

(i) 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.

(i) Current income tax

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

(ii) Deferred income tax

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

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

(j) Impairment of financial assets

The Group 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 Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. See below for a description of how the Group determines when a significant increase in credit risk has occurred.
- 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).

3. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Framework (continued)

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

- 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 35(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 35(b) for an explanation of how the Group has incorporated this in its ECL models.

Credit-impaired financial assets

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

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

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group 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.

3. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

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 Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Measurement of ECL

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

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

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

3. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Measurement of ECL (continued)

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 Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive;
- trade and lease receivables: Loss allowances for trade and lease receivables, measured at an amount equal to lifetime ECL.

Presentation of allowance for ECL in the statement of financial position

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

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

(k) Impairment of non-financial assets

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

(l) Investment in subsidiaries

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

3. Significant accounting policies (continued)

(m) Leases

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

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contracts to each lease component on the basis of its relative stand-alone prices. Non-lease components have been separated for leases of properties.

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

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3. Significant accounting policies (continued)

(m) Leases (continued)

(a) As a lessee (continued)

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method.

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities as such in the statement of financial position.

Short-term leases

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

(n) Revenue recognition

Revenue comprises interest income, fees and commissions, dividends, 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).

3. Significant accounting policies (continued)

(n) Revenue recognition (continued)

(ii) Fee and commission income

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

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised as the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(iii) Dividends

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

(iv) Gains or losses on holding and trading securities

Gains or loss on securities trading are recognised when the Group 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.

(o) 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.

(p) Employee benefits

Employee benefits comprise all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, insurance contributions, annual vacation leave, and non-monetary benefits, such as medical care and housing; post-employment benefits, such as pensions and medical care; other long-term employee benefits, such as long service awards; and termination benefits.

3. Significant accounting policies (continued)

(p) Employee benefits (continued)

(i) General benefits

Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

Post-employment benefits are accounted for as described in (ii) below. Other long-term benefits, including termination benefits, which arise when either (1) the employer decides to terminate an employee's employment before the normal retirement date or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned and charged as an expense, unless not considered material, in which case they are charged when they fall due.

(ii) Share-based payment transaction

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is recognised as staff costs.

4. Resale agreements

The Group purchases government and corporate securities and agrees to resell them at specified dates and prices [see note 3(c)(vi)].

Resale agreements result in credit exposure, as the counterparty to the transaction may be unable to fulfill its contractual obligations. At the reporting date, the fair value of the securities held as collateral for resale agreements was $7,585,000 (2020: $6,399,000). Certain securities have been pledged to third parties in repurchase agreements (note 14).

5. Investment securities

	2021 $'000	2020 $'000
Financial assets at fair value through profit or loss		
Quoted equities	7,547	1,857
Unit Trust	5,913	5,392
Foreign sovereign debt	4,792	4,921
Corporate bonds	-	1,492
Private equity funds	405	343
Principal Protected Note warrant asset [see (a) below]	-	330
Financial assets at fair value through profit or loss, carried forward to page 92	18,657	14,335

5. Investment securities (continued)

	2021 $'000	2020 $'000
Financial assets at fair value through profit or loss brought forward from page 91	18,657	14,335
Financial assets at fair value through other comprehensive income		
Global bonds	148,252	167,978
Government of Jamaica securities	26,853	40,285
Corporate bonds	17,581	32,567
Certificate of deposits	2,000	-
Foreign sovereign debt	7,114	7,250
	201,800	248,080
Amortised cost		
Global bonds	18,585	19,801
Corporate bonds	8,956	5,579
Certificate of deposit	17,446	3,732
	44,987	29,112
Less allowance for expected credit losses	(153)	(131)
	44,834	28,981
Total investment securities	265,291	291,396

(a) The Group purchased a call option from an independent third party to cover the interest charges due to maturity on the principal protected note [see note 16(ii)] issued by the Group.

(b) As at March 31, 2021, $186,501,000 (2020: $245,209,000) of investment securities is expected to be recovered after 12 months from the reporting date.

(c) The carrying value of debt securities pledged to third parties in repurchase agreements see (note 14) was $60,042,000 (2020: $68,073,000). These transactions are conducted under terms that are usual and customary for standard lending and securities borrowing and lending activities, as well as requirements determined by exchanges where the Group acts as an intermediary.

6. Loans receivable

	2021 $'000	2020 $'000
Loans and advances to customers [see (a) below]	6,875	9,767
Margin loans [see (a) below]	367	1,087
Corporate notes	24,648	15,296
Other loans	398	2,914
	32,288	29,064
Less allowance for expected credit losses [see (b)]	(326)	(209)
	31,962	28,855

6. Loans receivable (continued)

(a) Loans and advances to customers and margin loans represent advances made by the Group to facilitate the purchase of securities by its clients. The securities purchased are pledged as collateral for the outstanding advances. Certain of these securities have been re-pledged by the Group. At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was $2,878,000 (2020: $2,853,000).

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

	2021				
	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
Loans and advances to customers	6,875	-	-	-	6,875
Margin loans	-	356	-	-	356
Corporate notes	807	2,518	20,107	901	24,333
Other loans	-	57	341	-	398
	7,682	2,931	20,447	901	31,962

	2020				
	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
Loans and advances to customers	-	9,646	-	-	9,646
Margin loans	-	1,087	-	-	1,087
Corporate notes	2,040	2,400	10,768	-	15,208
Other loans	590	2,312	12	-	2,914
	2,630	15,445	10,780	-	28,855

(i) The ageing of loans receivable and related impairment allowance are as follow:

	2021		2020	
	Gross $'000	Allowance for impairment $'000	Gross $'000	Allowance for impairment $'000
Not past due and not impaired	14,583	20	14,246	121
More than 90 days past due and impaired	17,705	306	14,818	88
	32,288	326	29,064	209

6. Loans receivable (continued)

(b) Expected credit losses (continued)

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

	2021 $'000	2020 $'000
Balance at the beginning of the year	209	3,588
Impairment allowances recognised/(reversed)	127	(33)
Movement on ECL as a result of disposal of subsidiary	-	(3,341)
Effect of exchange rate movements	(10)	(5)
Balance at the end of the year	326	209

7. Other assets

	2021 $'000	2020 $'000
Withholding tax recoverable	2,796	2,751
Interest receivable	1,167	1,738
Due from client	812	1,403
Prepayments	295	371
Pre-construction activity	3,333	2,816
Real estate sale receivable	1,340	2,981
Other income receivable	618	-
Deposit on capital acquisition	2,145	-
Other	1,718	1,185
	14,224	13,245
Less allowance for expected credit losses	(230)	(252)
	13,994	12,993

The movement in expected credit losses is as follows:

	2021 $'000	2020 $'000
Balance at beginning of year	252	295
Expected credit losses reversed	(8)	(24)
Effect of exchange rate movements	(14)	(19)
Balance at end of year	230	252

8. Property development in progress

This comprises land and associated costs on several projects to develop residential and commercial property, including an amount of $1,308,000 (2020: $1,308,000) in settlement of variable consideration on the purchase of a property.

Of this amount, $3,179,000 (2020: $4,214,000) was transferred from investment property during the year (note 10).

9. Property, plant and equipment

	Right-of-use on leasehold properties $'000	Leasehold improvements $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Work in progress $'000	Art-work $'000	Total $'000
Cost:								
March 31, 2019	-	732	1,387	225	1,328	422	5	4,099
Recognition of right-of-use assets on initial application of IFRS 16	262	-	-	-	-	-	-	262
Additions	1,221	540	188	31	442	53	-	2,475
Transfers	-	422	-	-	-	(422)	-	-
Disposal of subsidiary	-	(512)	(325)	(24)	(443)	-	-	(1,304)
Disposals	-	(25)	(19)	-	(167)	-	-	(211)
Translation adjustment	-	(11)	(11)	-	(52)	-	-	(74)
March 31, 2020	1,483	1,146	1,220	232	1,108	53	5	5,247
Additions	1,052	358	73	-	183	153	-	1,819
Transfers	-	49	-	-	4	(53)	-	-
Disposals	-	(122)	-	-	(28)	-	-	(150)
Translation adjustment	(20)	(13)	(13)	-	(59)	-	-	(105)
March 31, 2021	2,515	1,418	1,280	232	1,208	153	5	6,811
Depreciation:								
March 31, 2019	-	412	933	145	1,254	-	-	2,744
Charge for the year	273	106	59	9	220	-	-	667
Disposal of subsidiary	-	(315)	(209)	(51)	(395)	-	-	(970)
Eliminated on disposal	-	(25)	(14)	-	(159)	-	-	(198)
Translation adjustment	-	(4)	(4)	-	(45)	-	-	(53)
March 31, 2020	273	174	765	103	875	-	-	2,190
Charge for the year	354	128	65	8	197	-	-	752
Eliminated on disposal	-	(53)	-	-	(28)	-	-	(81)
Translation adjustment	(10)	(6)	(6)	-	(42)	-	-	(64)
March 31, 2021	617	243	824	111	1,002	-	-	2,797
Net book values:								
March 31, 2021	1,898	1,175	456	121	206	153	5	4,014
March 31, 2020	1,210	972	455	129	233	53	5	3,057
March 31, 2019	-	320	454	80	74	422	5	1,355

10. Investment property

	2021 $'000	2020 $'000
At beginning of year	12,270	14,229
Investment property acquired	930	1,161
Fair value adjustment (note 27)	951	952
Transfer to property development in progress (note 8)	(3,179)	(4,214)
Transfer to asset held for sale	(266)	-
Foreign exchange translation adjustment	(28)	142
	10,678	12,270

The Group's properties were last revalued in March 2021 and March 2020 by independent valuators, DC Tavares Finson Realty Company Limited. The valuations were done on the basis of open market value. The fair value of the investment property is categorised as Level 3 in the fair value hierarchy.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach This model takes into account: • The fact that the intention is to dispose of the property in an open market transaction. • The expected sale would take place on the basis of a willing seller and willing buyer. • A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market. • Values are expected to remain stable throughout the period of market exposure and disposal by sale (hypothetical). • The property will be freely exposed to the market; and • The potential rental value of the property in the current investment climate.	• Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. • The strength of demand for the property, given its condition, location and range of potential uses. • The potential rental value of the property in the current investment climate.	The estimated fair value would increase/(decrease) if: • The level of current and future economic activity in the location and the impact on the strength of the demand is greater/(less) than judged. • The potential rental income from the property is greater /(less) than judged.

11. Intangible assets

	Customer relationships $'000	Non-compete agreements $'000	Trade name $'000	Goodwill $'000	License $'000	Computer software $'000	Work-in-progress $'000	Total $'000
Cost:								
March 31, 2019	15,124	1,669	2,860	19,806	452	1,348	-	41,259
Additions	-	-	-	-	-	174	1,456	1,630
Disposal of subsidiary	(2,411)	-	(2,404)	(13,198)	-	(586)	-	(18,599)
Translation adjustment	-	-	-	-	(30)	(5)	-	(35)
March 31, 2020	12,713	1,669	456	6,608	422	931	1,456	24,255
Additions	-	-	-	-	-	289	2,032	2,321
Transfers	-	-	-	-	-	272	(272)	-
Translation adjustment	-	-	-	-	(32)	(5)	(110)	(147)
	12,713	1,669	456	6,608	390	1,487	3,106	26,429
Amortisation:								
March 31, 2019	3,630	1,292	-	-	-	914	-	5,836
Amortisation for the year	1,067	206	-	-	-	56	-	1,329
Disposal of subsidiary	(1,903)	-	-	-	-	(359)	-	(2,262)
Translation adjustment	-	-	-	-	-	(24)	-	(24)
March 31, 2020	2,794	1,498	-	-	-	587	-	4,879
Amortisation for the year	959	31	-	-	-	126	-	1,116
Translation adjustment	-	-	-	-	-	(7)	-	(7)
	3,753	1,529	-	-	-	706	-	5,988
Net book values:								
March 31, 2021	8,960	140	456	6,608	390	781	3,106	20,441
March 31, 2020	9,919	171	456	6,608	422	344	1,456	19,376
March 31, 2019	11,494	377	2,860	19,806	452	434	-	35,423

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the countries in which the businesses operate.

Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over 5 years and the long-term growth rate is applied following the projection period, with a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill. Key assumptions are set out below:

	2021	2020
Retail lending cash generating units (CGUs)		
Discount rate	16.5%	16.9%
Growth rate	2.2%	2.5%

The fair value of the International Financial Planning Limited (IFP) trade name was calculated using the relief from royalty method and compared to the carrying value of the trade name as at March 31, 2021.

12. Investment in subsidiaries

(a) Proven Holdings Limited

Capital injection of $25,163,000 (2020: $20,500,000) cash was made in Proven Holdings Limited.

(b) Real Properties Limited

During the financial year, capital injection of $2,855,000 cash was made, in order to maintain 100% interest in Real Properties Limited.

(c) Disposal of shares in Access Financial Services Limited

Effective September 27, 2019, the Company disposed of shares in Access Financial Services Limited, 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. The amounts recognised in profit for the Group of $24,930,000 represent the gain on the disposal of shares and a fair value increase on the remaining shares recognised as investment in associate.

13. Investment in associates

	2021 $`000	2020 $`000
Carrying amount of interest in associate:		
JMMB Group Limited	122,587	95,917
Dream Entertainment Limited	503	570
Access Financial Services Limited [see note 12(c)]	23,084	22,501
	146,174	118,988

Group's share of profit/(loss) is broken out as follows:

	2021 $'000	2020 $'000
JMMB Group Limited	10,316	10,347
Access Financial Services Limited	451	91
	10,767	10,438
Dream Entertainment Limited	(68)	-
	10,699	10,438

(i) Investment in Access Financial Services Limited

The Company disposed of shares in Access Financial Services Limited effective September 27, 2019, which resulted 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. As at March 31, 2021, the market value of the investment was $10,380,000 (2020: $11,687,000).

13. Investment in associates (continued)

(i) Investment in Access Financial Services Limited (continued)

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.

(ii) Investment in JMMB Group Limited

This represents an indirect holding of 391,310,526 shares or 20% shareholding in JMMB Group Limited (JMMBGL).

The principal activities of JMMBGL are investment management and banking services. The purpose of the acquisition is to generate dividend income. JMMBGL is listed on Jamaica Stock Exchange. As at March 31, 2021 the market value of the investment was $88,781,000 (2020: $111,032,000).

13. Investment in associates (continued)

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

	2021			2020		
	JMMBGL	Access	Total	JMMBGL	Access	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Percentage ownership interest	20%	24.72%		20%	24.72%	
Statement of financial position:						
Intangible assets	20,020	3,317	23,337	16,464	10,797	27,261
Assets	3,525,789	34,583	3,560,372	2,971,181	41,094	3,012,273
Liabilities	(3,123,303)	(20,982)	3,144,285	(2,680,245)	(28,304)	(2,708,549)
Net assets attributable to equity holders (100%)	422,506	16,918	439,424	307,401	23,587	330,988
Non-controlling interests	(10,789)	-	(10,789)	(7,108)	-	(7,108)
Adjusted net assets	411,717	16,918	428,635	300,293	23,587	323,880
Group's share of net assets	82,344	4,182	86,526	60,059	5,831	65,890
Goodwill	35,964	16,276	52,240	35,964	16,276	52,240
Foreign exchange adjustment	4,279	2,626	6,905	(106)	394	288
Carrying amount of investment	122,587	23,084	145,671	95,917	22,501	118,418
Revenue	235,424	14,258	249,682	238,469	17,806	256,275
Profit from continuing operations	51,552	1,825	53,377	51,707	2,067	53,774
Other comprehensive income, net of tax	85,197	534	85,731	(60,750)	293	(60,457)
Total comprehensive income	136,749	2,359	139,108	(9,043)	2,360	(6,683)
Share of total comprehensive income since date of investment:						
Profit from continuing operations	10,316	451	10,767	10,347	91	10,438
Other comprehensive income	17,048	132	17,180	(12,156)	(80)	(12,236)
	27,364	583	27,947	(1,809)	11	(1,798)

14. Repurchase agreements

The Group sells Government and corporate securities and agrees to repurchase them on specified dates and at specified prices. Investment securities and resale agreements have been pledged by the Group as collateral for repurchase agreements (see note 4 and 5).

	2021	2020
	$'000	$'000
Denominated in Jamaica Dollars	17,131	22,115
Denominated in United States Dollars	50,976	55,407
Denominated in Pound Sterling	198	66
Denominated in Canadian Dollars	5	10
Denominated in Euro Dollars	8	11
	68,318	77,609

15. Owed to related parties

	2021	2020
	$'000	$'000
Owed to other related parties		
Current accounts	204	(254)
Dividend payable	1,344	1,186
	1,548	932

Current accounts represent accrued management fees and amounts payable to Proven Management Limited.

16. Notes payable

	2021	2020
	$'000	$'000
Structured notes [see (i) below]	79,916	74,688
Principal protected notes [see (ii) below]	-	1,547
Margin loans payable [see (iii) below]	188	3,519
Long-term loan [see (iv) below]	44,202	69,424
Other	10,539	5,325
	134,845	154,503

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

16. Notes payable (continued)

(ii) The principal protected notes comprise coupon-rated bonds (the principal) issued and guaranteed by the Group. The returns on these notes are based on the movement in the prices of certain underlying indices (a call warrant purchased by the Group) for which the obligor is an independent third party.

Accordingly, the Group recognises a liability in relation to the principal on its statement of financial position and an asset in relation to the call warrant (see note 5). The note is for a period of 1 year and matured on September 30, 2020, with an interest rate of 1% per annum payable quarterly in arrears up to and including the maturity date.

(iii) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Group to:

- acquire securities on its own account. The facilities are collateralised by the securities held with the brokerage firms.
- Fund facilities offered to its clients. The clients have agreed with the Group that the securities purchased may be re-pledged or otherwise offered by the Group as collateral for the margin facility extended to the Group by the brokerage firm [note 6(a)].

(iv) The Group issued a Jamaica dollar Corporate Bond of J$10.5 billion through NCB Capital Markets Limited to assist with the acquisition of ordinary shares in JMMB Group Limited. The bond was issued in two facilities (A and B) with maturity of ten (10) years and six (6) years respectively. As at the reporting date, facility C was not yet been drawn down.

- Facility A represents J$6.4 billion, matures in 10 years, bears fixed interest of 5% per annum for years 1-3, fixed interest of 6.5% per annum for years 4-6, and fixed interest of 7.5% thereafter.
- Facility B represents J$2.9 billion, matures in 6 years, bears fixed interest of 6% per annum for years 1-3 and fixed interest of 7.5% thereafter. The Group opted to repay this facility early on March 11, 2021.
- Facility C represents J$1.2 billion, which will be drawn down for a maximum period of 2 years and bears fixed interest of 6% per annum.

All coupon payments are required to be paid semi-annually.

17. Other liabilities

	2021 $'000	2020 $'000
Interest payable	1,060	1,478
Payable to clients	69	131
Statutory payments	-	79
Accrued charges	996	857
Other	4,752	4,262
	6,877	6,807

18. Due to customers

	2021 $'000	2020 $'000
Time deposits	15,627	16,498
Interest bearing accounts	1,621	1,883
Non-interest bearing accounts	269,045	232,051
	286,293	250,432

19. Lease liabilities

The Group occupies office spaces on leases that typically run for a period of 5 years, with options to renew. Lease payments are renegotiated to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local market conditions.

The office space leases were negotiated as combined leases of land and buildings and previously were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below.

Leases as lessee (IFRS 16)

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see note 9).

	Leasehold properties $'000
Balance at April 1, 2020	1,483
Additions	1,052
Translation adjustment	(20)
	2,515
Accumulated depreciation	(617)
Balance at March 31, 2021	1,898

(ii) Lease liabilities:

Undiscounted cashflows of lease liabilities

	2021 $'000	2020 $'000
Less than one year	388	195
One to five years	1,373	500
More than five years	426	565
	2,187	1,260
Less future interest	(174)	(8)
Carrying amount of lease liabilities	2,013	1,252

19. Lease liabilities (continued)

(iii) Lease liabilities (continued):

Undiscounted cashflows of lease liabilities (continued)

	2021 $'000	2020 $'000
Current	327	189
Non-current	1,686	1,063
	2,013	1,252

(iv) Amounts recognised in profit or loss

	2021 $'000	2020 $'000
Leases under IFRS 16		
Interest on lease liabilities	153	101
Operating leases under IAS 17	-	26

(v) Amounts recognised in statement of cash flows

	2021 $'000	2020 $'000
Total cash outflow for leases	444	316

(vi) Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that if it exercises the extension options, the potential future lease payments would increase the lease liability by $Nil (2020: $107,000).

20. Deferred tax asset

	2021			
	Balance at March 31, 2020 $'000	Recognised in profit or loss $'000 (note 30)	Recognised in equity $'000	Balance at March 31, 2021 $'000
Property, plant and equipment	23	(9)	-	14
Loans receivable	(27)	-	-	(27)
Other receivables	(423)	54	-	(369)
Unrealised foreign exchange losses, net	465	(246)	-	219
Investment property	(9)	(9)	-	(18)
Investment at FVOCI	1,080	-	(906)	174
Investment at FVPTL	(9)	(2)	-	(11)
Impairment loss on instruments at FVOCI	2	(65)	65	2
Other liabilities	64	2	-	66
Lease liabilities, net	2	14	-	16
Tax losses	24	-	-	24
Exchange difference on translation	11	1	(94)	(82)
Other	21	54	-	75
	1,224	(206)	(935)	83

	2020				
	Balance at March 31, 2019 $'000	Disposal of subsidiary $'000	Recognised in profit or loss $'000 (note 30)	Recognised in other comprehensive income $'000	Balance at March 31, 2020 $'000
Property, plant and equipment	19	-	4	-	23
Loans receivable	1,060	(1,087)	-	-	(27)
Other receivables	(417)	-	(6)	-	(423)
Unrealised foreign exchange losses, net	499	-	(34)	-	465
Investment property	(9)	-	-	-	(9)
Investment at FVOCI	411	-	-	669	1,080
Investment at FVPTL	80	-	(89)	-	(9)
Impairment loss on instruments at FVOCI	-	-	(110)	112	2
Other liabilities	81	(33)	16	-	64
Lease liabilities, net	-	-	2	-	2
Tax losses	24	-	-	-	24
Exchange difference on translation	21	(2)	-	(8)	11
Other	(1)	(26)	48	-	21
	1,768	(1,148)	(169)	773	1,224

21. Preference shares

	2021 $'000	2020 $'000
Manager's preference shares [see (i)]	1	1
8.25% Cumulative redeemable preference shares [see (ii)]		

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

(i) the manager's preference shares rank *pari passu* as between and among themselves;

(ii) each manager's preference share is entitled to a cumulative annual preference dividend in the sum which is equal to:

(1) 25% of the profits and gains of the Group 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 equity of the Company during such financial year.

(iii) Apart from the right to the cumulative annual preference dividend, the manager's preference 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.

22. Share capital

	2021 $	2020 $
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

22. Share capital (continued)

	2021 Units	2020 Units	2021 $'000	2020 $'000
Issued and fully paid:				
Ordinary shares	759,432,000	625,307,963	115,754	86,716
Manager's Preference Shares	10,000	10,000	1	1
			115,755	86,717
Less: Preference shares classified as liability (see note 21)			(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.

(b) 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.

(c) The rights and entitlements of the holders of the preference shares are set out in note 21.

23. 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.

24. Foreign exchange translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

25. Non-controlling interest

The following table summarises information relating to each of the Group's subsidiaries that has material non-controlling interest (NCI), before any intra-group eliminations.

	2021		
	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
NCI percentage	**25%**		
Total assets	316,240		
Total liabilities	(288,571)		
Net assets	27,669		
Carrying amount of NCI	6,917	827	7,744
Revenue	7,211		
Profit for the year	6,258		
Profit allocated to NCI	1,565	-	1,565

25. Non-controlling interest (continued)

	2021		
	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
OCI for the year	2,789	-	2,789
OCI allocated to NCI	697	-	697
Cash flows from operating activities	52,768		
Cash flows from investment activities	(500)		
Cash flows from financing activities	(3,826)		
Net decrease in cash and cash equivalents	48,442		

	2020		
	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
NCI percentage	**25%**		
Total assets	274,981		
Total liabilities	(252,649)		
Net assets	22,332		
Carrying amount of NCI	5,583	827	6,410
Revenue	9,559		
Profit for the year	4,847		
Profit allocated to NCI	1,212	1,051	2,263
OCI for the year	(3,240)	-	(3,240)
OCI allocated to NCI	(810)	-	(810)
Cash flows from operating activities	28,777		
Cash flows from investment activities	(1,351)		
Cash flows from financing activities	(2,482)		
Net decrease in cash and cash equivalents	24,944		

26. Net interest income

	2021 $'000	2020 $'000
Interest income, calculated using the effective interest method:		
GOJ benchmark investment notes	842	950
Regional and corporate bonds	3,999	7,059
Global bonds	3,063	3,283
Resale agreements	11	252
Corporate notes	405	271
Other loans receivable	934	6,885
Other	1,328	1,585
	10,582	20,285

26. Net interest income (continued)

	2021 $'000	2020 $'000
Interest expense, calculated using the effective interest method:		
Interest on margin loans	3	245
Repurchase agreements	1,208	1,552
Notes payable	5,428	5,756
Finance cost	72	101
Other	834	1,453
	7,545	9,107
Net interest income	3,037	11,178

27. Net fair value adjustments and realised gains

	2021 $'000	2020 $'000
Fair value adjustment for investment property (note 10)	951	952
Fair value gains on fixed income securities	5,138	2,760
Fair value (losses)/gains on equity securities	(11)	16
Unrealised fair value gains on investments	1,254	55
	7,332	3,783

28. Staff costs

	2021 $'000	2020 $'000
Salaries, wages and related costs	6,459	9,944
Bonus and ex-gratia payments	864	855
Statutory payroll contributions	812	712
Pension costs - defined contribution plan	94	81
Staff welfare	133	173
Other	1,219	1,111
	9,581	12,876

Included in staff costs are the following directors' and key management's emoluments:

Fees	140	326
Management remuneration	1,454	1,667

29. Other operating expenses

	2021 $'000	2020 $'000
Audit fees	275	318
Bad debt recovery, net	23	-
Irrecoverable GCT	270	507
Insurance	52	117
Legal and other professional fees	1,294	1,836
Licenses and permits	481	561
Marketing and advertising	372	919
Miscellaneous	142	335
Management fees [note 31(f)]	2,462	1,893
Irrecoverable income tax withheld	53	68
Office rent	317	669
Commission expenses and fees	650	830
Printing and stationery	89	166
Repairs and maintenance	1,080	1,053
Subscriptions and donations	78	105
Travelling	40	368
Utilities	182	370
Other operating expenses	738	1,752
	8,598	11,867

30. Taxation

(a) Depending on the jurisdiction and nature of business, income tax is computed at 1% and 33⅓% of profit for the year as adjusted for tax purposes, and is made up as follows:

	2021 $'000	2020 $'000
(i) Current tax charge:		
Charge on current period's profits:		
Income tax at 1%	-	254
Income tax at 2.74%	113	287
Income tax at 33⅓%	1,130	1,213
	1,243	1,754
(ii) Deferred tax (note 20):		
Origination and reversal of temporary differences	206	169
(iii) Prior year over-provision	(417)	(23)
Total income tax charge	1,032	1,900

30. Taxation (continued)

(b) Reconciliation of actual tax expense:

The tax rate for a subsidiary is 33⅓% of profit before income tax adjusted for tax purposes, while 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	5,458	34,142
Computed "expected" tax expense at 1%	47	231
Computed "expected" tax expense at 2.74%	-	1
Computed "expected" tax expense at 33⅓%	1,653	1,576
	1,700	1,808
Difference between profits for financial statements and tax reporting purposes on:		
Depreciation charge and capital allowances	(26)	47
Income exempt from income tax	(373)	(394)
Financial asset at fair value	(5)	(39)
Provision for loan loss	(15)	86
Prior period over accrual	(417)	(23)
Other	168	415
Actual tax expense	1,032	1,900

31. 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.

31. Related party transactions (continued)

(a) Definition of related party (continued)

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

(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 Group.

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

(b) Identity of related parties

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

(c) The Group 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 Group, for a fee. The fee is charged at 2% of the Group's Average Net Asset Value in the financial year [see note 31(f)].

	2021 $'000	2020 $'000
Investment management fees paid for the year	2,259	2,173
Fees under /(over) 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 Group, directly or indirectly. Such persons comprise the directors and executive officers. Key management compensation for the year is included in staff costs (note 28).

(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
Loan receivable	1,671	1,467
Other receivables	-	8
Interest Payable	1	-

Other amounts with related parties are disclosed in note 16.

31. Related party transactions (continued)

(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
MPS Holding Limited		
Dividends paid	2,743	8,605
Proven Management Limited		
Management fees	2,462	1,893

32. Earnings per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent, of $11,532,000 (2020: $29,979,000), by the weighted average number of ordinary stock units in issue during the year, numbering 759,432,000 (2020: 625,307,963).

33. Distribution to equity holders

	2021 $'000	2020 $'000
Distribution to ordinary shareholders of		
at 0.66¢ (2020: 1.37¢) per stock unit - parent	5,036	8,581
- non-controlling interest	928	1,100
	5,964	9,681

34. Segment financial information

The Group is organised into four main business segments:

(a) Wealth Management - this incorporates financial and related services such as securities brokering, stock brokering, portfolio planning and funds management.

(b) Retail Lending - this incorporates personal and non-personal banking services.

(c) Private Banking - This incorporates banking services, deposit accounts, credit and debit cards and cash-collaterised lending.

(d) Real Estate and Other – this incorporates real estate investment, real estate development for residential and commercial purposes and other non-trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions.

34. Segment financial information (continued)

Segment assets and liabilities comprise operating assets and liabilities, being the majority of items on the statement of financial position, but exclude items such as taxation, share of profit of associate and preference share. Eliminations comprise intercompany transactions and balances.

	2021					
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Eliminations $'000	Group $'000
Gross revenue	32,041	11,107	-	4,524	-	47,672
Inter-segment revenue	(11,635)	(209)	-	(1,334)	-	(13,178)
Revenue from external customers	20,406	10,898	-	3,190	-	34,494
Segment results	13,209	6,258	-	(1,331)	(11,963)	6,173
Preference share dividend						(2,743)
Share of profit of associates	10,316	-	451	(68)	-	10,699
Profit before income tax						14,129
Taxation						(1,032)
Profit for the year						13,097
Total segment assets	295,371	316,240	-	140,600	(77,669)	674,542
Total segment liabilities	163,892	288,571	-	68,040	(15,386)	505,117
Interest income	6,958	4,334	-	63	(773)	10,582
Interest expense	(4,581)	(59)	-	(3,678)	773	(7,545)
Depreciation and amortisation	338	521	-	19	990	1,868

	2020					
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Eliminations $'000	Group $'000
Gross revenue	53,146	10,538	9,080	12,997	-	85,761
Inter-segment revenue	(2,487)	(3,800)	-	(136)	-	(6,423)
Revenue from external customers	50,659	6,738	9,080	12,861	-	79,338
Segment results	37,303	4,847	2,141	(629)	(11,353)	32,309
Preference share dividend						(8,605)
Share of profit of associates	10,347	-	91	-	-	10,438
Profit before income tax						34,142
Taxation						(1,900)
Profit for the year						32,242
Total segment assets	282,814	274,981	-	129,743	(87,139)	600,399
Total segment liabilities	164,063	252,649	-	87,326	(9,059)	494,979
Interest income	7,501	6,714	6,212	80	(222)	20,285
Interest expense	(4,284)	(291)	(772)	(3,982)	222	(9,107)
Depreciation and amortisation	214	370	121	18	1,273	1,996

34. Segment financial information (continued)

The geographic information analyses the Group's external revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information below, segment revenue is based on the geographic location of the customers and segment assets are based on the geographic location of the assets.

	2021					
	St. Lucia $'000	Jamaica $'000	Cayman $'000	Other $'000	Eliminations $'000	Total $'000
External revenues	18,111	11,989	4,394	-	-	34,494
Non-current assets	146,320	98,267	19	-	(62,934)	181,672

	2020					
	St. Lucia $'000	Jamaica $'000	Cayman $'000	Other $'000	Eliminations $'000	Total $'000
External revenues	51,513	19,977	5,669	2,179	-	79,338
Non-current assets	135,408	96,634	30	1,544	(78,458)	155,158

35. Financial instruments - risk management

(a) Introduction and overview:

By their nature, the Group's activities are principally related to the use of financial instruments. The Group'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 Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group'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 Group 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 Group'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 Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

35. Financial instruments - risk management

(a) Introduction and overview:

The Group 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 Group 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 Group 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.

Impact of Covid 19

In March 2020, the World Health Organization (WHO) declared the Coronavirus (COVID-19) a pandemic. The pandemic has resulted in a significant downturn in economic activity as the measures recommended to manage the contagion have triggered significant disruptions to businesses worldwide, resulting in economic slowdown. Global stock markets also experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Measures Adopted

For Proven, the appropriate measures were taken by management to mitigate any impact of the pandemic. These included but are not limited to:

1. The implementation of a Group Liquidity Assessment and Strategy Response, which included a Liquidity Recovery Plan for all subsidiaries and related entities guided by the recommendations of the regulators. The key aspects of the Plan are aimed at:
   - 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 entity's capital base
   - Clear description of the escalation and decision-making process in place to ensure that the Plan is executed timely.
2. The Investment Management Committee and Asset & Liabilities Committee within the Group meet frequently to remain current in the monitoring and management of liquidity and capital issues that might arise.
3. The implementation of Group-wide policies and technological infrastructural changes, designed to position the organisation to work from home.

35. Financial instruments - risk management (continued)

(a) Introduction (continued):

Measures Adopted

4. Implementing measures to assist clients during the crisis, including:
   - Considerations for payments moratorium where required.
   - Endorsing and encouraging the use of digital mediums for transactions and where possible, waiving associated fees.
   - Revisiting loan terms to facilitate revisions where possible.

(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.

The Group 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 Group uses a provision matrix in applying the simplified model for trade receivables.

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

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

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

The maximum credit exposure, the total amount of loss the Group would suffer if every counterparty to the Group'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 Group's credit risk exposure. The downgrading of credit ratings and falling market prices resulted in an increase in the ECL due to the changes occurring in market conditions. The repositioning of the financial assets portfolio across the Group has served to significantly reduced the negative market impacts on the ECL position during the financial year.

35. 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 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	Stage 2	Total
	$'000	$'000	$'000
Credit grade			
Cash and cash equivalents and resale agreements	158,316	-	158,316
Other assets	13,850	-	13,850
Investment grade securities	19,669	-	19,669
Non-investment grade securities	19,767	5,551	25,318
	211,602	5,551	217,153
Allowance for impairment losses	(346)	(28)	(374)
	211,256	5,523	216,779

	2020		
	Stage 1	Stage 2	Total
	$'000	$'000	$'000
Credit grade			
Cash and cash equivalents and resale agreements	100,371	-	100,371
Other assets	12,993	-	12,993
Investment grade securities	7,386	4,802	12,188
Non-investment grade securities	16,924	-	16,924
	137,674	4,802	142,476
Allowance for impairment losses	(306)	(77)	(383)
	137,368	4,725	142,093

- Debt securities at FVOCI:

	2021			2020		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Credit grade						
Investment grade	143,734	-	143,734	191,324	4,276	195,600
Non-investment grade	58,066	-	58,066	52,480	-	52,480
	201,800	-	201,800	243,804	4,276	248,080
ECL charge	(463)	-	(463)	(802)	(146)	(948)

35. 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)

- Loans receivable at amortised cost:

	2021		
	Stage 1	Stage 3	Total
	$'000	$'000	$'000
Ageing of loans receivable			
Current	14,583	-	14,583
Over 90 days	17,630	75	17,705
	32,213	75	32,288
Loss allowance	(251)	(75)	(326)
Total	31,962	-	31,962
Guarantees and letters of credit			
Loss allowance	(279)	-	(279)

	2020		
	Stage 1	Stage 3	Total
	$'000	$'000	$'000
Ageing of loans receivable			
Current	14,246	-	14,246
Over 90 days	14,730	88	14,818
	28,976	88	29,064
Loss allowance	(121)	(88)	(209)
Total	28,855	-	28,855
Guarantees and letters of credit			
Loss allowance	(380)	-	(380)

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

Credit risk grades

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

35. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

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

Credit risk grades (continued)

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 Group 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 Group does not apply the low credit risk exemption to any other financial instruments.

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

The Group 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.

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 Group 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.

35. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

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 Group's Finance team and provide the best and worst estimate view of the economy.

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

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. The Group 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.

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

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.

35. Financial instruments - risk management

(b) Credit risk (continued):

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

Measurement of ECL

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

Life time PD models calculate probabilities of default at a minimum of an annual frequency all the way out 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.

EAD represents the expected exposure in the event of a default. The Group 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.

35. Financial instruments - risk management

(b) Credit risk (continued):

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

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, loans receivable and resale agreements at amortised cost:

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at March 31, 2019	(1,623)	(211)	(1,799)	(3,633)
Net re-measurement of loss allowance	(473)	(76)	85	(464)
Movement on ECL as a result of disposal of subsidiary	3,341	-	-	3,341
Adjustments	(1,836)	210	1,626	-
Foreign currency adjustment	(216)	-	-	(216)
Balance at March 31, 2020	(807)	(77)	(88)	(972)
Net re-measurement of loss allowance	(8)	49	13	54
Foreign currency adjustment	(61)	-	-	(61)
Balance at March 31, 2021	(876)	(28)	(75)	(979)

- Debt securities at FVOCI:

	Stage 1 $'000	Stage 2 $'000	Total $'000
Balance at March 31, 2019	(1,132)	(8)	(1,140)
Net re-measurement of loss allowance	199	(131)	68
Foreign currency adjustment	124	-	124
Balance at March 31, 2020	(809)	(139)	(948)
Net re-measurement of loss allowance	320	139	459
Foreign currency adjustment	26	-	26
Balance at March 31, 2021	(463)	-	(463)

35. Financial instruments - risk management

(b) Credit risk (continued):

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

Loss allowance (continued)

(i) Maximum exposure to credit risk:

The Group 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.

- Resale agreements

  Collateral is held for resale agreements in amounts that secure the collection of both principal and interest.

- Investment securities

  The Group manages the level of risk it undertakes by investing substantially in sovereign debt instruments and with other counterparties that have 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.

- Loans receivable

  The Group'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.

(b) Credit risk (continued):

(ii) Concentration of credit risk:

The Group holds significant amounts of debt securities issued by Government of Jamaica and Bank of Jamaica. There is no other significant concentration of credit risk.

35. Financial instruments - risk management (continued)

(c) Liquidity risk:

Liquidity risk is the risk that the Group 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 Group'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 Group applies include maintaining sufficient cash and marketable securities and monitoring future cash flows and liquidity daily.

Impact of COVID 19 on the Group's Liquidity:

- PROVEN Investments Limited – the Company has implemented contingency funding arrangements at premium cost of funding and repositioned its portfolio to strengthen the liquidity position. Strategic focus was shifted to pivot around the effects of the pandemic to strengthen the revenue generating lines of the Company.

- BOSLIL Bank Limited –The contractual obligations of the Customer deposits held by the company requires a significant cash resource which was threatened by the liquidity challenges posed by the pandemic. The company took active steps at the beginning of the year to manage large client exposures thus reducing the potential impact of withdrawals, reposition its investment portfolio to strengthen its liquidity position and received as a capital buffer, injection from the parent company to prevent any erosion in the capital base from falling market prices on the company's capital position. During the financial year there was recovery in the financial markets, which has positively impacted the investment portfolio of the Bank.

- PROVEN Wealth Limited – the company has implemented liquidity enhancement measures as part of its Liquidity Recovery Plan. These – included, as required:

  - Utilizing the provisions put in place by the Central Bank through deposit taking institutions to increase liquidity.
  - Access the overdraft facilities in place with its main banking provider.
  - Sale of securities to the market.

- Access Financial Services Limited – The impact of COVID-19 on AFSL loan portfolios resulted in increased credit risk due to higher delinquency levels, and increased liquidity risk due to lower cash inflows from customer loan repayments and/or deferral of loan payments. The increased exposures from these risks were managed by the Crisis Management Team throughout the year.

35. Financial instruments - risk management (continued)

(c) Liquidity risk:

Impact of COVID 19 on the Group's Liquidity (continued):

The liquidity position of the company remains strong and as such these provisions have not been utilised. During the year the company observed a general recovery in fair value of its investment portfolio. Management has performed various assessments and stress testing of its business plans under multiple scenarios, as part of its business continuity and contingency planning. The risks of the proprietary and investment portfolio have also been examined by the management team particularly with respect to market and liquidity risks exposures and no deterioration is noted.

International Financial Planning Ltd. – The company's future earnings could be affected, should there be a change in consumer sentiment as it relates to how they choose to invest their disposable income, which could be threatened through job losses from business curtailments due to the pandemic. As it relates to existing business the contractual terms provide a deterrent towards withdrawals so significant erosion in current written business is not anticipated.

(i) Liquidity risk management:

The Group'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.

35. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(i) Liquidity risk management (continued):

(v) Managing the concentration and profile of debt maturities (continued).

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

	2021						
	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
Liabilities							
Repurchase agreements	33,483	29,013	5,244	881	-	68,621	68,318
Owed to related parties	-	-	-	-	1,548	1,548	1,548
Notes payable	11,248	537	28,330	132,989	-	173,104	134,845
Other liabilities	2,550	-	-	-	4,330	6,880	6,877
Due to banks	420	-	100	-	-	520	520
Due to customers	279,630	2,029	4,647	-	-	286,306	286,293
Deferred income	-	-	-	3,910	-	3,910	3,910
Preference shares	-	-	-	-	1	1	1
Lease liabilities	22	46	320	1,373	-	1,761	2,013
Total financial liabilities	327,353	31,625	38,641	139,153	5,879	542,651	504,325

	2020						
	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
Liabilities							
Repurchase agreements	46,365	25,218	5,567	900	-	78,050	77,609
Owed to related parties	-	-	-	-	932	932	932
Notes payable	28	5,706	35,168	157,435	5,709	204,046	154,503
Other liabilities	2,278	-	-	13	4,516	6,807	6,807
Due to banks	420	-	-	-	-	420	420
Due to customers	242,876	3,166	4,222	204	-	250,468	250,432
Deferred income	-	-	-	1,813	-	1,813	1,813
Preference shares	-	-	-	-	1	1	1
Lease liabilities	13	31	242	410	565	1,261	1,252
Total financial liabilities	291,980	34,121	45,199	160,775	11,723	543,798	493,769

(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 Group'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.

35. Financial instruments - risk management (continued)

(d) Market risk (continued):

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 Group'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.

The COVID-19 pandemic has caused significant market volatility which has increased the Group's market risk exposure. The downgrading of credit ratings and/or outlooks for investment securities has increased the cost of funding to manage liquidity risk. Falling prices have also impacted the value of securities held and contributed to a decline in net interest income. The reposition of the financial assets portfolio across the Group has served to significantly reduced the negative market risk impacts during the financial year.

(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 Group 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					
	JMD	GBP	CAD	EUR	AUD	Other
	$'000	£'000	$'000	€'000	$'000	$'000
Assets						
Cash and cash equivalents	416,739	5,963	2,501	11,995	9,351	4,232
Resale agreements	790,702	-	-	-	-	-
Investment securities	3,567,772	6,791	-	16,838	772	719
Loans receivable	2,111,514	-	-	-	-	163
Other	1,494,430	-	-	-	-	1,022
	8,381,157	12,754	2,501	28,833	10,123	6,136
Liabilities						
Repurchase agreements	2,502,322	-	-	-	-	-
Owed to related parties		144	10	-	-	-
Notes payable	8,153,810	-	-	-	-	-
Deposits from other banks	-	12,390	2,291	28,622	10,104	4,813
Due to customers	-	-	-	-	-	-
Other	610,142	8	-	4	-	1,459
	11,266,274	12,542	2,301	28,626	10,104	6,272
Net position	(2,885,117)	212	200	207	19	(136)

35. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

	2020					
	JMD	GBP	CAD	EUR	AUD	Other
	$'000	£'000	$'000	€'000	$'000	$'000
Assets						
Cash and cash equivalents	609,710	6,511	3,035	3,804	8,854	2,872
Resale agreements	574,092	-	-	-	-	-
Investment securities	3,459,645	5,778	-	15,513	588	161
Loans receivable	1,180,927	-	-	-	-	-
Other	2,492,457	-	2	-	1	20
	8,316,831	12,289	3,037	19,317	9,443	3,053
Liabilities						
Repurchase agreements	3,019,841	53	15	-	-	-
Owed to related parties	1,253	-	-	-	-	-
Notes payable	11,099,664	-	-	-	-	-
Due to customers	-	12,409	2,968	19,688	9,423	2,975
Other	1,408,871	12	-	1	-	1,452
	15,529,629	12,474	2,983	19,689	9,423	4,427
Net position	(7,212,798)	(185)	54	(372)	20	(1,374)

Sensitivity to exchange rate movements:

The following indicates the sensitivity to changes in foreign currency exchange rates of the Group'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.

35. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements (continued):

	2021					
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:						
JMD	2% Revaluation	(407)	-	6% Devaluation	1,127	-
GBP	2% Revaluation	3	-	6% Devaluation	(8)	-
CAD	2% Revaluation	5	-	6% Devaluation	(14)	-
AUD	2% Revaluation	-	-	6% Devaluation	-	-
EUR	2% Revaluation	3	-	6% Devaluation	(10)	-

	2020					
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:						
JMD	2% Revaluation	(1,099)	-	6% Devaluation	3,047	-
GBP	2% Revaluation	(3)	-	6% Devaluation	9	-
CAD	2% Revaluation	2	-	6% Devaluation	(4)	-
AUD	2% Revaluation	1	-	6% Devaluation	(1)	-
EUR	2% Revaluation	(7)	-	6% Devaluation	19	-

35. 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 Group 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 by that of its financial liabilities; 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 Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest 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	74,199	27,090	-	-	-	50,570	151,859
Resale agreements	3,623	1,035	-	-	-	1,800	6,458
Investment securities	27,860	18,702	22,620	116,314	73,335	6,460	265,291
Loans receivable	9,772	3,939	2,930	14,420	901	-	31,962
Other assets	6,444	-	4	-	-	7,546	13,994
Total assets	121,898	50,766	25,554	130,734	74,236	66,376	469,564
Liabilities							
Repurchase agreements	33,428	28,871	5,161	858	-	-	68,318
Owed to related parties	-	-	-	-	-	1,548	1,548
Notes payable	28,582	-	12,596	49,304	44,175	188	134,845
Other liabilities	-	-	-	-	786	6,091	6,877
Deposits from other banks	-	-	100	-	-	420	520
Due to customers	10,961	2,028	4,549	-	-	268,755	286,293
Deferred income	-	-	-	-	-	3,910	3,910
Lease liabilities	25	53	248	1,261	426	-	2,013
Preference shares	-	-	-	-	-	1	1
Total liabilities	72,996	30,952	22,654	51,423	45,387	280,913	504,325

35. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	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
Interest rate sensitivity gap	48,902	19,814	2,900	79,311	28,849	(214,537)	(34,761)
Cumulative interest rate sensitivity gap	48,902	68,716	71,616	150,927	179,776	(34,761)	-

	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 cash equivalents	22,841	14,922	-	-	-	56,866	94,629
Resale agreements	1,457	-	2,389	-	-	1,896	5,742
Investment securities	10,489	9,880	37,080	155,018	78,906	23	291,396
Loans receivable	7,847	4,600	3,100	13,306	-	2	28,855
Other assets	6,678	-	-	-	-	6,315	12,993
Total assets	49,312	29,402	42,569	168,324	78,906	65,102	433,615
Liabilities							
Repurchase agreements	37,643	25,081	5,483	878	-	8,524	77,609
Owed to related parties	10	-	-	-	-	922	932
Notes payable	10,336	5,158	33,863	32,195	69,424	3,527	154,503
Other liabilities	-	-	-	-	585	6,222	6,807
Deposits from other banks	-	-	-	-	-	420	420
Due to customers	10,819	3,162	4,200	200	-	232,051	250,432
Deferred income	-	-	-	-	-	1,813	1,813
Lease liabilities	13	30	144	500	565	-	1,252
Preference shares	-	-	-	-	-	1	1
Total liabilities	58,821	33,431	43,690	33,773	70,574	253,480	493,769
Interest rate sensitivity gap	(9,509)	(4,029)	(1,121)	134,551	8,332	(188,378)	(60,154)
Cumulative interest rate sensitivity gap	(9,509)	(13,538)	(14,659)	119,892	128,224	(60,154)	-

35. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

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				
Resale agreements	2.33	2.20	3.23	3.15
Investment securities	3.15	6.45	4.65	6.23
Loans receivable	6.78	4.68	7.49	3.61
Liabilities				
Repurchase agreements	1.78	2.17	2.11	2.09
Notes payable	4.04	2.38	3.49	2.95
Preference shares	16.27	-	16.27	-

Sensitivity to interest rate movements

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

	2021	2020
J$ interest rates	Increase by 100 bps	Increase by 100 bps
US$ interest rates	Decrease by 100 bps	Decrease by 100 bps
US$ interest rates	Increase by 100 bps	Increase by 100 bps
	Decrease by 100 bps	Decrease by 100 bps

	2021		2020	
	Effect on profit $'000	Effect on equity $'000	Effect on profit $'000	Effect on equity $'000
Direction of change in basis points:				
Increase in interest rates	(9)	1,006	(240)	1,272
Decrease in interest rates	9	(2,173)	266	(3,321)

35. 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 Group 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 Group's investment strategy is to maximize risk-adjusted investment returns.

The Group's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of $7,547,000 (2020: $1,857,400).

A 5% (2020: 5%) increase in stock prices at March 31, 2021 would have increased profit by $377,300 (2020: $92,800); a 5% (2020: 10%) decrease in stock prices as at the reporting date would result in a decrease in profit by $377,300 (2020: $185,700.

(e) Capital management:

The Group's objectives when managing capital, as it applies to the regulated subsidiaries, are as follows:

(i) To comply with the capital requirements set by the Financial Services Commission ("the FSC") in Jamaica and Financial Services Regulatory Authority ('the FSA) in St. Lucia;

(ii) To safeguard the Group'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 FSC and the FSA. The required information is filed with the FSC on a monthly basis and with the FSA on a quarterly basis.

The FSC requires each securities dealer to:

(i) Hold the level of the regulatory capital at no less than 50% of Tier 1 Capital; and

(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets at or above 10%.

35. Financial instruments - risk management (continued)

(e) Capital management (continued):

The Jamaican subsidiary's regulatory capital is managed by its compliance officer and is divided into two tiers:

- Tier 1 capital: issued and fully paid-up capital in the form of ordinary shares, retained earnings and reserves; and
- Tier 2 capital: redeemable cumulative preference shares.

The risk-weighted assets are measured by means of stipulated weights applied to the risk-based assets and other risk exposures as determined by the FSC.

St. Lucia regulator, (the FSA) requires each bank or banking group to:

(i) hold the minimum level of the regulatory capital of $1,000,000, and

(ii) maintain a ratio of total regulatory capital to risk-weighted assets (the "Basel capital ratio") at or above the prescribed regulatory minimum and maintain a ratio of total regulatory Tier 1 capital to risk-weighted assets (the "Basel capital adequacy ratio") at or above the prescribed regulatory minimum.

Investments in associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

The table below summarises the composition of regulatory capital and the ratios of the Company's subsidiaries that are regulated by the FSC and the FSA. These ratios were in compliance with the requirements of the FSC and FSA throughout the year.

	Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Tier 1 capital:						
Ordinary shares	460	498	4,713	5,098	8,277	8,277
Retained earnings and reserves	14,443	16,461	(3,391)	(3,719)	19,843	17,295
Total qualifying tier 1 capital	14,903	16,959	1,322	1,379	28,120	25,572
Tier 2 capital:						
Unrealised losses	-	-	-	-	(451)	(3,240)
Redeemable preference shares, being total qualifying tier 2 capital	230	249	-	-	-	-
Total regulatory capital	15,133	17,208	1,322	1,379	27,669	22,332
Total risk-weighted assets	69,608	84,869	1,313	1,462	238,064	220,480

35. Financial instruments - risk management (continued)

(e) Capital management (continued):

The Commission and the Authority require the subsidiaries to maintain certain specific ratios, as follows:

	Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
(i) Tier 1 capital to total regulatory capital:						
Minimum required	50.00%	50.00%	50.00%	50.00%	-	-
Actual	98.48%	99.00%	100.00%	100.00%	-	-
(ii) Regulatory capital to total assets:						
Minimum required	6.00%	6.00%	6.00%	6.00%	-	-
Actual	14.20%	14.00%	95.27%	91.64%	-	-
(iii) Regulatory capital to risk-weighted assets:						
Minimum required	10.00%	10.00%	10.00%	10.00%	-	-
Actual	21.74%	20.28%	100.00%	94.31%	-	-
(iv) Basel capital ratio:						
Minimum required					4.00%	4.00%
Actual					11.8%	11.42%
(v) Basel capital adequacy ratio:						
Minimum required					8.50%	8.00%
Actual					11.62%	9.97%

36. 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.

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.

36. Financial instruments – fair values (continued)

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

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

Type	Valuation techniques
Foreign currency forward contracts	• Obtain last traded price of the forward on the date of valuation, provided by the recognised broker/dealer through which the forward contract is obtained. • Apply price to estimate fair value.
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.
Mutual funds	• 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.

36. Financial instruments – fair values (continued)

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

Type	Valuation techniques
Credit-linked notes	• Obtain price based on the quoted price of the underlying credit default swap which is derived from Bloomberg on the valuation date, plus the valuation of the underlying note. • Apply price to estimate fair value.

(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 Group does not disclose the fair values of cash and cash equivalents, loans receivable and notes payable because the carrying amounts of these financial instruments are a reasonable approximation of their fair values and are all considered to be within the level two fair value hierarchy.

	2021						
	Carrying amount				Fair value		
	Amortised cost $'000	Financial assets at FVOCI $'000	Financial assets at FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Quoted equities	-	-	7,547	7,547	6,557	990	7,547
Global bonds	18,538	148,252	-	166,790	145,518	21,405	166,923
Government of Jamaica securities	-	26,853	-	26,853	-	26,853	26,853
Corporate bonds	8,850	17,581	-	26,431	-	26,431	26,431
Certificate of deposit	17,446	2,000	-	19,446	-	19,446	19,446
Foreign sovereign debt	-	7,114	4,792	11,906	3,048	8,858	11,906
Private equity funds	-	-	405	405	-	405	405
Investments in unit trust	-	-	5,913	5,913	-	5,913	5,913
	44,834	201,800	18,657	265,291	155,123	110,301	265,424

36. Financial instruments – fair values (continued)

(c) Accounting classifications and fair values (continued):

	2020						
	Carrying amount				Fair value		
	Amortised cost $'000	Financial assets at FVOCI $'000	Financial assets at FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Quoted equities	-	-	1,857	1,857	945	912	1,857
Global bonds	19,713	167,978	-	187,691	160,962	46,514	207,476
Government of Jamaica securities	-	40,285	-	40,285	-	40,285	40,285
Corporate bonds	5,536	32,567	1,492	39,595	-	39,560	39,560
Certificate of deposit	3,732	-	-	3,732	-	3,732	3,732
Foreign sovereign debt	-	7,250	4,921	12,171	1,555	10,616	12,171
Investments in unit trust	-	-	5,392	5,392	4,575	817	5,392
Principal protected note warrant asset	-	-	673	673	-	673	673
	28,981	248,080	14,335	291,396	168,037	143,109	311,146

37. Prior year adjustments

The Group has determined that guarantees and letters of credit recognized in the prior year were not appropriately measured and that total assets and total liabilities were overstated as a consequence.

The following tables summarise the impact of the prior year adjustment on the Group's financial statements.

	March 31, 2020		
	As previously reported $'000	Adjustments $'000	As restated $'000
ASSETS			
Guarantees and letters of credit	12,583	(12,583)	-
Other assets	600,399	-	600,399
Total assets	612,982	(12,583)	600,399
LIABILITIES AND STOCKHOLDERS' EQUITY			
Guarantees and letters of credit	12,963	(12,963)	-
Other assets	6,427	380	6,807
Other assets	488,172	-	488,172
Total liabilities	507,562	(12,583)	494,979
Stockholders' equity			
Total stockholders' equity	105,420	-	105,420
Total liabilities and stockholders' equity	612,982	(12,583)	600,399

37. Prior year adjustments (continued)

	March 31, 2019		
	As previously reported $'000	Adjustments $'000	As restated $'000
ASSETS			
Guarantees and letters of credit	2,366	(2,366)	-
Other assets	620,955	-	620,955
Total assets	623,321	(2,366)	620,955
LIABILITIES AND STOCKHOLDERS' EQUITY			
Guarantees and letters of credit	2,382	(2,382)	-
Other liabilities	8,082	16	8,098
Others	499,714	-	499,714
Total liabilities	510,178	(2,366)	507,812
Stockholders' equity			
Total stockholders' equity	113,143	-	113,143
Total liabilities and stockholders' equity	623,321	(2,366)	620,955

(i) There was no material impact on the Group's earnings per share and no impact on the total operating, investing, or financing cash flow activities for the year's ended March 31, 2020 and March 31, 2019.

38. 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 Group 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 purchase of 3,800,000 shares in Fidelity Bank & Trust International Limited. As at approval date of the financial statements, the transaction had not obtained regulatory approval and had therefore, 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.

PROVEN INVESTMENTS LIMITED

Company Financial Statements

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 151 to 201, 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.

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.

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.

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.

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.

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 149–150, 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

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.

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 151 to 201 were approved for issue by the Board of Directors on June 29, 2021 and signed on its behalf by:

Rhory McNamara Director

Jeffrey Gellineau Director

* See note 24

The accompanying notes form an integral part of the financial statements

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

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**

The accompanying notes form an integral part of the financial statements

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

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	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

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*, *Contingent 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.

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.

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)]

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).

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.

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

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.

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.

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

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

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 Stage 3 $'000	2020 Stage 3 $'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 Stage 1 $'000	2020 Stage 1 $'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.

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.

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 $'000	GBP $'000	JMD $'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)

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	-

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)	-

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.

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.

Form of Proxy

PROVEN INVESTMENTS LIMITED

I/We _____ of ___
_____ being a Member of the above Company, hereby appoint _____ of _____ as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting to be held at Cnr. Flamboyant Drive & Almond Road, Rodney Bay, Gros Islet, St. Lucia on September 16, 2021 and at any adjournment thereof.

Please indicate by inserting a cross in the appropriate box how you wish your votes to be cast.

Unless otherwise instructed, the Proxy will vote as he/she thinks fit.

RESOLUTION	FOR	AGAINST
NO. 1		
NO. 2		
NO. 3		
NO. 4		

IN WITNESS WHEREOF I set my hand this _____ day of _____ , 2021.

_____
Signature

The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. A corporation may execute a form of proxy under the hand of a duly authorised officer of such corporation.