1834 INVESTMENTS LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2021

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 1834 Investments Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 10 to 68, which comprise the group's and the company's statements of financial position as at March 31, 2021, the group's and the company's income statements, 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 financial statements give a true and fair view of the financial position of the group and the company as at March 31, 2021, and of the group's and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

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 separate opinion on these matters.

1. *Valuation of investment properties*

Key audit matter	*How the matter was addressed in our audit*
The valuation of the group's investment properties requires significant estimation, which is affected by uncertainty of market factors, pricing assumptions and general business and economic conditions. *See note 4 of the financial statements.*	Our audit procedures in this area included the following: • Evaluating the reasonableness of the valuation methodologies used by the property appraiser engaged by management and the fair value conclusions for the properties at the valuation date. • Inspecting the investment properties to evaluate their physical condition and consideration of evidence of damage or impairment that might affect the fair value measurements. • Assessing the adequacy and appropriateness of the group's investment property disclosures, including the valuation techniques and significant unobservable inputs in accordance with IFRS 13, *Fair Value Measurement.*

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

1. *Valuation of investment properties (continued)*

Key audit matter	*How the matter was addressed in our audit*
	Our audit procedures in this area included the following (continued): • Involving our own valuation specialist to: - Assess the suitability of the report prepared by the property appraiser employed by management for financial reporting purposes; - Assess whether the report prepared by the property appraiser employed by management meets International Valuation Standards Council standards for valuation reports; - Assess the appropriateness of the qualifications and experience of the property appraiser employed by management; and - Challenging the appraiser's key assumptions, including the state of the current real estate market conditions, for appropriateness.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

2. Valuation of investments

Key audit matter	*How the matter was addressed in our audit*
The group's investments measured at fair value include corporate and municipal bonds. These investments are classified as fair value through other comprehensive income and categorised as Level 2 in the fair value hierarchy. Valuation of these instruments, although based on observable inputs, involves the exercise of judgement and the use of assumptions. Management used valuation techniques which required inputs such as market yields obtained from established yield curves. *See note 21(d) of the financial statements.*	Our audit procedures in this area included the following: • Challenging the reasonableness of yields/prices by comparison to independent third-party pricing sources. • Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these to those used by management; and • Challenging the adequacy of disclosures including the degree of estimation involved in determining fair values.

3. Expected credit loss 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 make significant judgement and estimates. We therefore determined that the impairment of other receivables and investments has a high degree of estimation uncertainty.	Our audit procedures in this area included the following: • Obtaining an understanding of the models used by management for the calculation of expected credit losses, including governance over the determination of key judgements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

3. Expected credit loss on financial assets (continued)

Key audit matters	*How the matter was addressed in our audit*
The key areas requiring greater management judgement include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information. 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. These estimates involve increased judgment as a result of the economic impact 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. *See note 21(a) of the financial statements.*	Our audit procedures in this area included the following (continued): • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of: - the group's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default; and - the group's methodology for determining the economic scenarios used and the probability weightings applied to them. We also tested to external sources, a sample of economic variables used. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended March 31, 2021, 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.

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

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. 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 7 to 8, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is R. Tarun Handa.

KPMG

Chartered Accountants
Kingston, Jamaica

July 15, 2021

To the Members of
1834 INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's/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 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
1834 INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also (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, related safeguards.

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.

1834 INVESTMENTS LIMITED
MARCH 31, 2021

Statements of Financial Position

	NOTES	GROUP 2021 $'000	GROUP 2020 $'000	COMPANY 2021 $'000	COMPANY 2020 $'000
Assets					
Property, plant and equipment	3	784	2,139	784	2,139
Investment properties	4	492,500	437,097	492,500	437,097
Long-term receivables	5	16,887	18,658	16,887	18,658
Interest in associate	6	333,261	344,623	54,448	53,235
Investments	7	435,194	279,154	435,194	279,154
Total non-current assets		1,278,626	1,081,671	999,813	790,283
Cash and cash equivalents	8	34,272	110,576	25,794	104,183
Securities purchased under resale agreements	9	302,895	269,281	302,895	269,281
Other receivables	10	28,945	24,650	41,834	37,750
Taxation recoverable		15,678	11,920	15,678	11,920
Total current assets		381,790	416,427	386,201	423,134
Total assets		**1,660,416**	**1,498,098**	**1,386,014**	**1,213,417**
Equity					
Share capital	11	605,622	605,622	605,622	605,622
Reserves	12	904,612	832,317	628,296	545,721
Total equity attributable to equity holders of parent		1,510,234	1,437,939	1,233,918	1,151,343
Liabilities					
Deferred tax liability, being total non-current liability	13	2,353	4,245	2,353	4,245
Accounts payable	14	39,169	55,914	41,083	57,829
Note payable	15	108,660	-	108,660	-
Total current liabilities		147,829	55,914	149,743	57,829
Total liabilities		150,182	60,159	152,096	62,074
Total equity and liabilities		**1,660,416**	**1,498,098**	**1,386,014**	**1,213,417**

The financial statements on pages 10 to 68 were approved for issue by the Board of Directors on July 15, 2021 and signed on its behalf by:

_______________ Chairman
Joseph M. Matalon, C.D.

_______________ Director
Elizabeth A. Jones, C.D.

1834 INVESTMENTS LIMITED
MARCH 31, 2021

Income Statements

	NOTES	GROUP 2021 $'000	GROUP 2020 $'000	COMPANY 2021 $'000	COMPANY 2020 $'000
Revenue					
Operating income	16(a)	21,091	25,075*	45,504	25,075*
Fair value gain on investment property	4	55,403	22,747	55,403	22,747
Other gains	16(b)	53,532	47,701*	53,532	47,701*
		130,026	95,523	154,439	95,523
Administration expenses		(28,417)	(19,623)	(28,417)	(19,623)
Other operating expenses		(33,232)	(63,573)	(33,232)	(59,318)
Impairment gain/(loss)		1,204	(5,097)	1,204	(5,097)
	17	(60,445)	(88,293)	(60,445)	(84,038)
Profit from operations		**69,581**	**7,230**	**93,994**	**11,485**
Finance costs		(956)	(373)	(945)	(340)
Loss on liquidation of subsidiaries	22	-	(1,896)	-	(5,604)
Share of profit from interest in associate	6	18,143	46,561	-	-
Profit before taxation		**86,768**	**51,522**	**93,049**	**5,541**
Taxation charge	18	(5,686)	(10,932)	(280)	(3,533)
Profit for the year		**81,082**	**40,590**	**92,769**	**2,008**
Dealt with in the financial statements of:					
Parent company		92,769	2,008		
Subsidiaries		-	(580)		
Associate	6	12,737	39,162		
Intra-group dividends and distributions		(24,424)	-		
		81,082	**40,590**		
Earnings per stock unit:					
Based on stock units in issue	19	6.69¢	3.35¢		
Excluding stock units in GCLEIT	19	6.89¢	3.45¢		

* Reclassified to conform with current year presentation (see note 16).

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

1834 INVESTMENTS LIMITED
MARCH 31, 2021

Statements of Profit or Loss and Other Comprehensive Income

	NOTES	GROUP 2021 $'000	GROUP 2020 $'000	COMPANY 2021 $'000	COMPANY 2020 $'000
Profit for the year		**81,082**	**40,590**	**92,769**	**2,008**
Other comprehensive income (OCI):					
Item that will never be reclassified to profit or loss					
Net gains/(losses) on investments in equity securities designated at fair value through OCI (FVOCI)		25,125	(11,481)	25,125	(11,481)
Items that may be reclassified to profit or loss					
Fair value adjustments on debt securities at fair value through OCI (FVOCI)		13,131	10,659	13,131	10,659
Other comprehensive income/(loss) for the year, net of taxation		38,256	(822)	38,256	(822)
Total comprehensive income for the year		**119,338**	**39,768**	**131,025**	**1,186**
Dealt with in the financial statements of:					
The company		131,025	1,186		
Subsidiaries		-	(580)		
Associate	6	12,737	39,162		
Intra-group dividends and distributions		(24,424)	-		
		119,338	**39,768**		

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

Group Statement of Changes in Equity

	Share capital $'000	Capital reserves $'000	Fair value reserves $'000	Reserve for own shares $'000	Retained profits $'000	Total equity $'000
Balances as at March 31, 2019	605,622	540,244	4,825	(34,873)	376,495	1,492,313
Total comprehensive income for the year						
Profit for the year	-	-	-	-	40,590	40,590
Other comprehensive loss for the year:						
Fair value adjustments on debt securities at FVOCI	-	-	10,659	-	-	10,659
Net losses on investments in equity securities designated at fair value through OCI	-	-	(11,481)	-	-	(11,481)
Total other comprehensive loss for the year, net of taxation	-	-	(822)	-	-	(822)
Total comprehensive profit for the year, net of taxation	-	-	(822)	-	40,590	39,768
Transfer on liquidation of wholly owned subsidiaries	-	(157)	-	-	157	-
Transfers	-	(18,002)	-	-	18,002	-
	-	(18,159)	-	-	18,159	-
Transactions with owners, recorded directly in equity:						
Total distributions to owners (note 20)	-	(94,142)	-	-	-	(94,142)
Balances as at March 31, 2020	605,622	427,943	4,003	(34,873)	435,244	1,437,939
Total comprehensive income for the year						
Profit for the year	-	-	-	-	81,082	81,082
Other comprehensive income for the year:						
Fair value adjustments on debt securities at FVOCI	-	-	13,131	-	-	13,131
Net losses on investments in equity securities designated at fair value through OCI	-	-	25,125	-	-	25,125
Total other comprehensive income for the year, net of taxation	-	-	38,256	-	-	38,256
Total comprehensive income for the year, net of taxation	-	-	38,256	-	81,082	119,338
Transactions with owners, recorded directly in equity:						
Total distributions to owners (note 20)	-	-	-	-	(47,043)	(47,043)
Balances as at March 31, 2021	**605,622**	**427,943**	**42,259**	**(34,873)**	**469,283**	**1,510,234**

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

1834 INVESTMENTS LIMITED
MARCH 31, 2021

Company Statement of Changes in Equity

	Share capital $'000	Capital reserves $'000	Fair value reserves $'000	Retained profits $'000	Total equity $'000
Balances at March 31, 2019	605,622	540,244	4,825	96,366	1,247,057
Total comprehensive income for the year					
Profit for the year	-	-	-	2,008	2,008
Other comprehensive loss:					
Fair value adjustments on debt securities at FVOCI	-	-	10,659	-	10,659
Net losses on investments in equity securities designated at fair value through OCI	-	-	(11,481)	-	(11,481)
Total other comprehensive loss for the year, net of taxation	-	-	(822)	-	(822)
Total comprehensive income/(loss) for the year, net of taxation	-	-	(822)	2,008	1,186
Transfers	-	(15,244)	-	15,244	-
Transactions with owners, recorded directly in equity					
Total distributions to owners (note 20)	-	(96,900)	-	-	(96,900)
Balances at March 31, 2020	605,622	428,100	4,003	113,618	1,151,343
Total comprehensive income for the year					
Profit for the year	-	-	-	92,769	92,769
Other comprehensive gain:					
Fair value adjustments on debt securities at FVOCI	-	-	13,131	-	13,131
Net gains on investments in equity securities designated at fair value through OCI	-	-	25,125	-	25,125
Total other comprehensive income for the year, net of taxation	-	-	38,256	-	38,256
Total comprehensive profit for the year, net of taxation	-	-	38,256	92,769	131,025
Transactions with owners, recorded directly in equity					
Total distributions to owners (note 20)	-	-	-	(48,450)	(48,450)
Balances at March 31, 2021	**605,622**	**428,100**	**42,259**	**157,937**	**1,233,918**

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

1834 INVESTMENTS LIMITED
MARCH 31, 2021

Statements of Cash Flows

	NOTES	Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash flows from operating activities					
Profit for the year		81,082	40,590	92,769	2,008
Adjustments to reconcile profit/(loss) to net cash provided/(used)by operating activities:					
Depreciation	3	1,355	3,961	1,355	3,961
Income tax	18(ai)	7,578	24,182	2,172	16,783
Deferred taxation	18(aii)	(1,892)	(13,250)	(1,892)	(13,250)
Interest income	16(a)	(16,529)	(18,908)	(16,529)	(18,908)
Interest expense		956	373	945	340
Increase in fair value of investment properties		(55,403)	(22,747)	(55,403)	(22,747)
Impairment (gain)/loss	17	(1,204)	5,097	(1,204)	5,097
Share of profit of associate, net of tax	6	(12,737)	(39,162)	-	-
Gain on disposal of assets held for sale		-	(5,999)	-	(5,999)
Loss on sale of bond		11,126	2,852	11,126	2,852
Gain on sale of pension assets		-	(19,466)	-	(19,466)
Loss on liquidation of subsidiaries		-	1,896	-	5,604
Increase in the fair value of units		(2,588)	(369)	(2,588)	(369)
		11,744	(40,950)	30,751	(44,094)
Tax paid		(11,335)	(13,140)	(5,930)	(5,741)
Interest paid		(956)	(373)	(945)	(340)
Dividend received, net		27,672	-	26,773	-
Other receivables		(4,493)	(2,839)	(4,282)	(7,082)
Accounts payable		(16,745)	17,542	(16,745)	17,561
Net cash used in operating activities		5,887	(39,760)	29,622	(39,696)
Cash flows from investing activities					
Interest received		16,699	17,787	16,699	17,787
Interest in associates		(1,213)	-	(1,213)	-
Additions to property, plant and equipment		-	(39)	-	(39)
Proceeds from sale of assets held for sale		-	101,812	-	101,812
Proceeds from sale of bonds		31,540	68,233	31,540	68,233
Securities purchased under agreement for resale		(33,597)	(76,052)	(33,597)	(76,052)
Proceeds from settlement of pension units		-	59,173	-	59,173
Investments, net		(156,679)	(19,766)	(156,679)	(19,765)
Long-term receivable		1,802	3,083	1,802	3,083
Dividends income		(2,360)	-	(26,773)	-
Net cash (used in)/provided by investing activities		(143,808)	154,231	(168,221)	154,232
Cash flows from financing activity					
Distributions	20	(47,043)	(94,142)	(48,450)	(96,900)
Proceeds of note payable		108,660	-	108,660	-
Net cash provided by/(used in) financing activities		61,617	(94,142)	60,210	(96,900)
Net (decrease)/increase in cash and cash equivalents		(76,304)	20,329	(78,389)	17,636
Cash and cash equivalents at beginning of the year		110,576	90,247	104,183	86,547
Cash and cash equivalents at end of the year		34,272	110,576	25,794	104,183

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

1834 INVESTMENTS LIMITED

Notes to the Financial Statements
March 31, 2021

1. Identification

1834 Investments Limited, formerly The Gleaner Company Limited ("company" or "parent company"), is incorporated under the laws of, and is domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange and has its registered office at 7 North Street, Kingston.

"Group" refers collectively to the company, its associate and special purpose entity which are as follows:

	Principal activity	Country of registration	% Ownership by Group
Associate:			
Jamaica Joint Venture Investment Company Limited (JJVI)	Real estate investment	Jamaica	50% Joint venture
Special purpose entity:			
Gleaner Company Limited Employee Investment Trust (GCLEIT)	Trust instituted to acquire shares for the benefit of employees	Jamaica	100%

JJVI has a 100% shareholding in Manhart Properties Limited and City Properties Limited both of which own commercial properties (see also note 6).

The group's principal activities are the management of real estate and other investments.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act (Act).

Details of the group's accounting policies, including changes during the year are included in note 25.

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

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis, except for investment properties and certain debt and equity securities which are measured at fair value.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the group. Financial information presented is shown in thousands of Jamaica dollars, unless otherwise stated.

(d) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next financial year are discussed below:

(i) Critical accounting 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 principles set out in IFRS.

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

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

(d) Use of estimates and judgements (continued):

(i) Critical accounting judgements in applying the group's accounting policies (continued)

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(3) Treatment of joint arrangements

Establishing whether the application of equity accounting is the appropriate method of measuring and disclosing the group's interest in Jamaica Joint Venture Investment Company Limited [See note 25 (a) (iv)].

(ii) Key assumptions and other 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 note 21(a).

(2) Determination of fair values:

The group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – Inputs that are quoted market prices (unadjusted) in an active market for an identical asset or liability.

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

(d) Use of estimates and judgements (continued):

(ii) Key assumptions and other sources of estimation uncertainty (continued)

(2) Determination of fair values (continued):

- Level 2 – Inputs that are other quoted prices included within level 1 that are observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(3) Investment properties:

Investment properties reflect fair value amounts, based on market information, including valuations done by independent property appraisers. On the instructions of management, the appraisers have used valuation techniques such as the direct sales comparison approach and income approach to determine fair value as detailed in note 4.

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

(d) Use of estimates and judgements (continued):

(ii) Key assumptions and other sources of estimation uncertainty (continued)

(4) Income taxes:

In the ordinary course of the group's business, it undertakes transactions, and is subject to events, the tax effects of which are uncertain. In the face of such uncertainty, the group makes estimates and judgements in determining the provision for income taxes.

The final tax outcome attributable to matters subject to such estimates and judgements may be materially different from that which is initially recognised. Any such difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(e) Prior year comparative information has been reclassified to accord with current year presentation.

(f) Impact of Covid-19

The preparation of the financial statements in accordance with IFRS assumes that the company will continue for the foreseeable future. This means, in part, that the statement of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis. Companies are required to assess and disclose material uncertainties related to events or conditions that may cast significant doubt on their ability to continue as a going concern. In addition, disclosure is required when management concludes that there are no material uncertainties but reaching that conclusion involved significant judgement.

The Covid-19 outbreak is evolving rapidly, having already seen a number of significant developments within a relatively short timeframe. These developments have significant business implications for many entities, as well as related financial statement effects.

Because the spread of Covid-19 has triggered a series of events rather than a one-off event, the assessment of the severity of the effects on an entity can vary significantly depending on the sector and markets that an entity operates in, as well as the specific conditions at the time when the assessment is made. As indicated in note 21(a)(ii), management has considered the impact of the Covid-19 outbreak on its financial assets. These estimates involve increased judgment as a result of the economic impacts of Covid-19 on the group's financial assets. Inter alia, management has considered qualitative factors that create Covid-19 related changes to significant increase in credit risk (SICR) and increased uncertainty about potential future economic scenarios and their impact on credit losses. Management, supported by its external property appraiser, also considered the impact of Covid-19 related economic scenarios on its investment properties and concluded that the going concern basis continues to be appropriate in the preparation of the financial statements.

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Notes to the Financial Statements (Continued)
March 31, 2021

3. Property, plant and equipment

	Group and Company		
	Machinery and equipment $'000	**Fixtures and fittings $'000**	**Total $'000**
Cost			
Balances as at March 31, 2019	59,271	-	59,271
Additions	-	39	39
Balances as at March 31, 2020	59,271	39	59,310
Additions	-	-	-
Balances as at March 31, 2021	59,271	39	59,310
Depreciation			
Balances at March 31, 2019	53,210	-	53,210
Charge for the year	3,958	3	3,961
Balances at March 31, 2020	57,168	3	57,171
Charge for the year	1,351	4	1,355
Balances at March 31, 2021	58,519	7	58,526
Carrying amounts			
March 31, 2021	752	32	784
March 31, 2020	2,103	36	2,139

4. Investment properties

Group and Company

2021

	Building 7 North Street Level 3 $'000	Land 103 East Street Level 2 $'000	Land 105 East Street Level 2 $'000	Land 101A East Street Level 2 $'000	Land 66C John's Lane Level 2 $'000	Land 66D John's Lane Level 2 $'000	Total $'000
At April 1	424,672	1,993	5,285	1,871	1,405	1,871	437,097
Fair value gain	53,328	333	883	312	235	312	55,403
At March 31	478,000	2,326	6,168	2,183	1,640	2,183	492,500

2020

	Building 7 North Street Level 3 $'000	Land 103 East Street Level 2 $'000	Land 105 East Street Level 2 $'000	Land 101A East Street Level 2 $'000	Land 66C John's Lane Level 2 $'000	Land 66D John's Lane Level 2 $'000	Total $'000
At April 1	402,650	1,876	4,977	1,762	1,323	1,762	414,350
Fair value gain	22,022	116	309	109	82	109	22,747
At March 31	424,672	1,992	5,286	1,871	1,405	1,871	437,097

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Notes to the Financial Statements (Continued)
March 31, 2021

4. Investment properties (continued)

During the year, investment properties generated income and incurred expenses as follows:

	Group and Company	
	2021	2020
	$'000	$'000
Income earned from investment properties	2,202	4,413
Expenses incurred on investment properties	498	968

Investment properties with a value of $492,500,000 (2020: $437,097,000) are based on fair values as at March 31, 2021, determined by professional independent valuators, Allison, Pitter & Company, who are accredited independent valuators with recognised and relevant professional qualifications and with recent experience in the locations and categories of the investment properties being valued. The valuation models, in accordance with those recommended by the Royal Institution of Chartered Surveyors, have been applied and are consistent with IFRS 13.

The fair values of land and buildings are categorised as level 2 and level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

Class of property	Fair value 2021 $'000	Fair value 2020 $'000	Valuation technique	Key unobservable inputs
Building 7 North Street	478,000	424,672	Income based approach	• Rental growth (p.a.) • Voids & letting delays • Discount rate • Net rental value • Capitalisation rate
Land 103 East Street	2,326	1,992	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.
Land 105 East Street	6,168	5,286	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.

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Notes to the Financial Statements (Continued)
March 31, 2021

4. Investment properties (continued)

Class of property	Fair value 2021 $'000	Fair value 2020 $'000	Valuation technique	Key unobservable inputs
Land 101A East Street	2,183	1,871	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.
Land 66C John's Lane	1,640	1,405	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.
Land 66D John's Lane	2,183	1,871	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.

5. Long-term receivables

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Loan receivable [US$179,583 (2020: US$179,583)]	26,018	24,057
Less: Current portion [see other receivables (note 10)]	(8,451)	(4,688)
Less: Allowance for impairment losses	(680)	(711)
	16,887	18,658

Loan receivable represents the balance on a loan due to the company. This loan, which bears interest of 4% per annum, is secured by real estate. Under the repayment arrangement, the final payment is due August 2021. However due to the impact of Covid-19 a twelve-month moratorium was granted to the borrower, with the revised repayment date being August 2022.

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Notes to the Financial Statements (Continued)
March 31, 2021

6. Interest in associate

The group has a 50% interest in a real estate investment company, Jamaica Joint Venture Investment Company Limited (JJVI). The 50% share of profit which is recognised in the current period is based on the associate's latest available audited financial statements for the year ended March 31, 2020, updated for significant transactions to March 31, 2021.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Shares at cost	54,448	53,235	54,448	53,235
Group's share of reserves	304,125	291,388	-	-
Dividends received (50%)	(25,312)	-	-	-
	333,261	344,623	54,448	53,235

Associate company results recorded in the year ended March 31, 2021, related to the twelve-month period commencing April 1, 2020 to March 31, 2021 (2020: Twenty-seven months period ended March 31, 2020).

The following table summarises the financial information of the associate (JJVI), as included in its own financial statements, after elimination of differences in accounting policies and intercompany transactions.

	Group	
	2021	**2020**
	$'000	**$'000**
Percentage ownership interest	**50%**	**50%**
Non-current assets:		
Property, plant and equipment	1,420	1,771
Investment properties	274,900	266,800
Goodwill on consolidation	711	711
Due from related parties	2,481	3,009
Deferred tax asset	371	548
Loan receivable	-	3,569
Total non-current assets	279,883	276,408
Current assets:		
Trade and other receivables	141,306	113,590
Taxation recoverable	3,149	617
Assets held for sale	235,000	235,000
Cash and cash equivalents	24,192	81,607
Total current assets	403,647	430,814

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Notes to the Financial Statements (Continued)
March 31, 2021

6. Interest in associate (continued)

	Group	
	2021	**2020**
	$'000	**$'000**
Non-current liabilities:		
Long term loans	(1,164)	(1,746)
Total non-current liabilities	(1,164)	(1,746)
Current liabilities:		
Due to ultimate holding company	(23)	(23)
Trade and other payables	(15,821)	(12,041)
Taxation payable	-	(4,165)
Total current liabilities	(15,844)	(16,229)
Net assets	666,522	689,247
Group share of net assets (50%)	333,261	344,623
Revenue from operations, being total revenue	90,597	204,173
Fair value adjustment	5,673	33,084
Depreciation and amortisation	(351)	(897)
Administrative expense	(59,170)	(140,387)
Interest expense	(464)	(2,851)
Profit before taxation	36,285	93,122
Group share of profit before taxation (50%)	18,143	46,561
Income tax charge	(10,812)	(14,797)
Group share of income tax charge (50%) (see note 18)	(5,406)	(7,399)
Net profit	12,737	39,162
Group's share of reserves:		
Balance as at April 1	291,388	252,226
Group's share of current year profit	12,737	39,162
Balance at March 31	304,125	291,388

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Notes to the Financial Statements (Continued)
March 31, 2021

7. Investments

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Fair value through other comprehensive income (FVOCI):		
Quoted equities	82,897	53,793
Unquoted equities	6,050	6,050
Corporate bonds	136,697	85,734
	225,644	145,577
Amortised cost:		
Certificates of deposit	11,302	52,735
Investments at fair value through profit or loss (FVTPL):		
Units in unit trust	90,020	80,842
Bond funds	108,228	-
	435,194	279,154

8. Cash and cash equivalents

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Bank and cash balances	34,272	110,576	25,794	104,183

Bank and cash balances are maintained for transaction purposes with reputable counterparties, do not attract interest and include US$154,750 (2020: US$227,678) for the group and the company.

9. Securities purchased under resale agreements

The group and the company invest in securities purchased under resale agreements. At the reporting date the securities had a carrying amount of $302,894,829 (2020: $269,281,084), net of impairment allowance of $1,222,060 (2020: $1,240,000).

At the reporting date, the fair value of the underlying securities held as collateral for the resale agreements was $304,116,889 (2020: $270,520,639) for the group and the company.

10. Other receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Due from related parties	-	-	14,308	14,308
Other receivables [see (a) below]	23,071	22,510	21,652	21,302
Current portion of long-term receivable (see note 5)	8,451	4,688	8,451	4,688
Less: Allowance for impairment losses	(2,577)	(2,548)	(2,577)	(2,548)
	28,945	24,650	41,834	37,750

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Notes to the Financial Statements (Continued)
March 31, 2021

10. Other receivables (continued)

(a) Other receivables is comprised as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
General Consumption Tax (GCT) recoverable	8,551	8,409	8,551	8,409
Interest receivable	5,545	5,714	5,545	5,714
Other receivables and prepayments	8,975	8,387	7,556	7,179
	23,071	22,510	21,652	21,302

11. Share capital

	2021	2020
	$'000	$'000
Share capital issued and fully paid:		
1,211,243,827 stock units of no par value	605,622	605,622

At March 31, 2021, the authorised share capital comprised 1,216,000,000 ordinary stock units (2020: 1,216,000,000). All issued stock units are fully paid. The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the company.

12. Reserves

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Capital				
Realised:				
Share premium (i)	4,353	4,353	4,353	4,353
Gain on sale of loan (ii)	1,334	1,334	1,334	1,334
	5,687	5,687	5,687	5,687
Unrealised:				
Revaluation of land and buildings	422,256	422,413	422,413	422,413
Loss on the disposal of subsidiaries	-	(157)	-	-
	422,256	422,256	422,413	422,413
Total capital reserves	**427,943**	**427,943**	**428,100**	**428,100**
Reserve for own shares (iii)	(34,873)	(34,873)	-	-
Fair value reserve (ii)	42,259	4,003	42,259	4,003
Revenue				
Retained profits	469,283	435,244	157,937	113,618
	904,612	832,317	628,296	545,721

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2021

12. Reserves (continued)

(i) Share premium is retained in accordance with the provisions of Section 39(7) of the Jamaican Companies Act.

(ii) Fair value reserve represents unrealised gains arising on changes in fair value of debt and equity investment securities measured at FVOCI. Realised gains on sale of loans were also transferred to realised capital reserves in prior years.

(iii) Reserve for own shares is included in the financial statements by consolidation of The Gleaner Company Limited Employee Investment Trust (GCLEIT) as it is regarded as a special purpose entity and is required to be consolidated under IFRS 10. The reserve comprises the cost of the company's stock units held by the group through the GCLEIT. At March 31, 2021, GCLEIT held 34,873,148 (2020: 34,873,148) of the company's stock units (note 19) at a market value of $39,057,926 (2020: $32,432,028).

13. Deferred taxation

Deferred taxation is attributable to the following:

	Group and Company	
	2021	2020
	$'000	$'000
Investments	598	602
Unrealised foreign exchange gain	(1,900)	(3,417)
Property, plant and equipment	161	(114)
Other receivables	(1,212)	(1,316)
Net liability	(2,353)	(4,245)

Movement in net temporary differences during the year are as follows:

	Group and Company		
	2021		
	Balance at April 1, 2020	Recognised in profit or loss [note 18(a)(ii)]	Balance at March 31, 2021
	$'000	$'000	$'000
Investments	602	(4)	598
Unrealised foreign exchange gain	(3,417)	1,517	(1,900)
Property, plant and equipment	(114)	275	161
Other receivables	(1,316)	104	(1,212)
	(4,245)	1,892	(2,353)

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2021

13. Deferred taxation (continued)

Deferred taxation is attributable to the following (continued):

Movement in net temporary differences during the year are as follows (continued):

	Group and Company		
	2020		
	Balance at April 1, 2019	Recognised in profit or loss [note 18(a)(ii)]	Balance at March 31, 2020
	$'000	$'000	$'000
Investments	1,605	(1,003)	602
Unrealised foreign exchange gain	3,620	(7,037)	(3,417)
Property, plant and equipment	(1,092)	978	(114)
Pension fund receivable	(20,448)	20,448	-
Other receivables	(1,180)	(136)	(1,316)
	(17,495)	13,250	(4,245)

14. Accounts payable

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Due to related parties	9,031	16,042	9,031	16,042
Unclaimed dividends	25,691	24,951	25,691	24,951
Other payables	4,447	14,921	6,361	16,836
	39,169	55,914	41,083	57,829

15. Note payable

	Group and Company	
	2021	2020
	$'000	$'000
UBS - Lombard short term loan (i)	108,660	-

(i) On March 23, 2021, a loan was obtained from UBS in the amount of US$750,000. The proceeds were used to finance the acquisition of bonds and bond funds purchased during March 2021. The loan attracts an interest rate of 1.13% and is repayable on March 23, 2022. Investments with value of $273,081,660 are held as collateral security.

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Notes to the Financial Statements (Continued)
March 31, 2021

16. Revenue

(a) Operating income:

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Interest income, calculated using the effective interest method	16,529	18,908	16,529	18,908
Rental income	2,202	4,413	2,202	4,413
Dividend income	2,360	1,754	26,773	1,754
	21,091	25,075*	45,504	25,075*

(b) Other gains:

	Group and Company 2021 $'000	Group and Company 2020 $'000
Fair value gain on units in unit trust	2,588	369
Gain on disposal of pension units	-	19,466
Gain on disposal of assets held for sale	-	5,999
Realised gain on investments	34,101	-
Unrealised foreign exchange gain	14,171	16,718
Miscellaneous income	2,672	5,149
	53,532	47,701*

* During the year, dividend income of $2,360,000 (2020: $1,754,000) for the group and $26,773,000 (2020: $1,754,000) for the company was reclassified from other gains to operating income.

17. Administration and other operating expenses

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Directors' emoluments:				
Fees	1,033	1,281	1,033	1,281
Management remuneration	7,500	4,064	7,500	4,064
Auditors' remuneration	4,950	4,500	4,950	4,500
Shared services	3,768	3,768	3,768	3,768
Depreciation	1,355	3,961	1,355	3,961
Insurance	2,233	2,427	2,233	2,427
Professional, legal, accounting and support fees	21,877	25,232	21,877	25,232
Utilities and telephone	652	1,229	652	1,229
Office expenses	87	271	87	271
Building maintenance	88	805	88	805
Registrar services	3,685	3,586	3,685	3,586
Jamaica Stock Exchange (JSE) fees	1,622	2,569	1,622	2,569
Bad debt	1,655	-	1,655	-
Impairment (gains)/losses	(1,204)	5,097	(1,204)	5,097
Loss on disposal of bonds	11,126	2,852	11,126	2,852
Irrecoverable G.C.T.	2,362	3,770	2,362	3,770
Other expenses and provisions, net of write-backs	(2,344)	22,881	(2,344)	18,626
	60,445	88,293	60,445	84,038

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Notes to the Financial Statements (Continued)
March 31, 2021

18. Taxation

(a) Taxation is based on the profit for the year as adjusted for tax purposes and is made up as follows:

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
(i) Current tax expense:				
Income tax at 25%	848	19,803	848	19,803
Income tax in associate (see note 6)	5,406	7,399	-	-
Prior year under/(over) provision	1,324	(3,020)	1,324	(3,020)
	7,578	24,182	2,172	16,783
(ii) Deferred tax credit:				
Origination and reversal of timing differences (note 13)	(1,892)	(13,250)	(1,892)	(13,250)
Total taxation charge recognised	5,686	10,932	280	3,533

(b) The tax effect of differences between treatment of items for financial statements and taxation purposes are as follows:

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Profit before taxation	86,768	51,522	93,049	5,541
Income tax at 25%	21,692	12,881	23,262	1,385
Difference between depreciation and tax capital allowances	5,503	658	(630)	774
Disallowed expenses and other capital adjustments, net	(22,833)	413	(23,676)	4,394
Actual tax charge/(credit)	4,362	13,952	(1,044)	6,553
Prior year under/(over) provision	1,324	(3,020)	1,324	(3,020)
Tax charge	5,686	10,932	280	3,533

Uncertainty over income tax treatments:

(c) As at March 31, 2020, management had made a general provision of $13.77 million in respect of assessments received from Tax Administration of Jamaica (TAJ), which were the subject of objections filed by the company. During the year, the company filed an Appeal with the Revenue Appeals Division (RAD), which was successful. The RAD confirmed the decision to discharge the assessments against the company on November 9, 2020, and the general provision was reversed as at March 31, 2021.

19. Earnings per stock unit

The calculation of earnings per stock unit is arrived at by dividing profit after taxation attributable to stockholders of the company of $81,082,000 (2020: $40,590,000) by 1,211,243,827, being the number of stock units in issue at March 31, 2021 (2020: 1,211,243,827) as well as by 1,176,370,679 (2020: 1,176,370,679), being stock units in issue less those held by the GCLEIT [see note 12(iii)].

20. Dividends paid (gross)

An interim ordinary dividend of 4 cents (2020: interim capital distribution of 8 cents) per stock unit was paid on December 11, 2020 (2020: October 4, 2019), to stockholders on record at close of business on November 24, 2020 (2019: September 13, 2019).

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Distributions:				
First interim declared and paid in respect of				
2021: 4¢ (2020: 8¢) per stock unit - gross	48,450	96,900	48,450	96,900
Allocated to GCLEIT	(1,407)	(2,758)	-	-
	47,043	94,142	48,450	96,900

21. Financial risk management

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Audit Committee oversees how management monitors 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. The Audit Committee undertakes both regular and ad hoc reviews of risk management controls and procedures.

(a) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables, investments, securities purchased under resale agreements and cash and cash equivalents.

(i) Maximum exposure to credit risk

The maximum credit exposure, that is, the total amount of loss the company 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.

21. Financial risk management (continued)

(a) Credit risk (continued):

(ii) Management of credit risk

The group manages the credit risk on items exposed to such risk 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 and financially sound. The financial institutions have a credit rating of A or above.

- Securities purchased under resale agreements:

  Agreements are made only with reputable, regulated counterparties management regards as strong and financially sound.

  Collateral is held for all resale agreements in amounts that cover the principal advanced and interest expected to be earned over the term of the agreement.

- Investment securities, loans and other 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. Exposure to credit risk is managed by regular analysis of the ability of counterparties to meet repayment obligations.

  The Covid-19 pandemic has caused significant market volatility which has increased the group'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, loan and other receivables.

(iii) Concentration of credit risk

There is no significant concentration of credit risk.

(iv) Collateral

The fair value of collateral held for financial assets exposed to credit risk is set out in note 9.

21. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis

Investments and long-term receivables

Credit risk is the single largest risk for the group's business. Credit risk management and control is delegated to the Audit Committee. The Committee is responsible for oversight of credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, and limiting concentration of exposure to counterparties.

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, of the associated loss ratios and of default correlations between counterparties. The group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Maximum exposure to credit risk and credit quality analysis

The following table sets out information about the maximum exposure to credit risk and the credit quality of financial assets measured at amortised cost and FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

- Debt securities and other financial assets:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Amortised cost:		
Non-investment grade	304,117	270,521
Loss allowance	(1,222)	(1,240)
	302,895	269,281
Fair value through OCI:		
Investment grade	181,038	101,815
Non-investment grade	44,606	43,762
	225,644	145,577
Fair value through profit or loss:		
Investment grade	108,228	-

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Notes to the Financial Statements (Continued)
March 31, 2021

21. Financial risk management (continued)

(a) Credit risk (continued):

(v) Credit quality analysis (continued)

Maximum exposure to credit risk and credit quality analysis (continued)

- Long term receivable at amortised cost:

	Group and Company	
	2021	**2020**
	Stage 1	Stage 1
	$'000	$'000
Performing	17,567	19,369
Loss allowance	(680)	(711)
Carrying amount	16,887	18,658

The key judgements and assumptions adopted by the group in addressing the requirements of IFRS 9 are discussed below. Also see note 2(d):

Credit risk grades

The group uses external credit ratings provided by rating agencies to assess the probability of default of individual counterparties.

For debt securities, external rating agency credit grades are used. These published grades are continuously monitored and 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

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

- quantitative test based on the credit rating of an investment where investments that are transitioned from investment grade to non-investment grade;
- qualitative indicators; and
- a backstop of 30 days past due. Days past due are 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.

21. Financial risk management (continued)

(a) Credit risk (continued):

(v) Credit quality analysis (continued)

Determining whether credit risk has been increased significantly (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 as 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 good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a financial asset 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.

Definition of default (Stage 3):

In assessing whether a borrower is in default, the company uses the following indicators:

- Bankruptcies and liquidations: Failure to pay interest/principal on an interest-bearing bond or loan, miss payment (principle, interest, or both), past the grace period.

- Distressed restructuring: difference between the net present values of cash flows before and after restructuring arrangements exceeds a certain threshold the exposure should be classified as defaulted.

- Government bail-out: For banks and financial institutions.

(vi) Expected credit loss measurement

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.

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 on an annual basis and provide the best and worst estimate view of the economy.

21. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

Incorporation of forward-looking information (continued)

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and compared 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. At April 1, 2020, and March 31, 2021, 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). Appropriate consideration to the impact of the Covid-19 pandemic was accorded.

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.

Measurement of expected credit losses (ECL)

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.

21. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

Measurement of expected credit losses (ECL) (continued)

EAD represents the expected exposure in the event of a default. 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 for more) 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 until maturity.

Loss allowance

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.

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

- Long-term loan receivable and resale agreements:

	Group and Company 2021 Stage 1 $'000
Balance at March 31, 2020	1,951
Net re-measurement of loss allowance	(48)
Balance at March 31, 2021	1,903

- Other receivables:

	Group and Company 2021 Stage 1 $'000
Balance at March 31, 2020	2,548
Net re-measurement of loss allowance	29
Balance at March 31, 2021	2,577

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Notes to the Financial Statements (Continued)
March 31, 2021

21. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

Measurement of expected credit losses (ECL) (continued)

- Debt securities at FVOCI:

	Group and Company 2021 Stage 1 $'000
Balance at March 31, 2020	1,887
Net re-measurement of loss allowance	(1,185)
Balance at March 31, 2021	702

(b) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. 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, without incurring unacceptable losses or risking damage to the group's reputation.

Typically, the group ensures that it has sufficient cash on demand and marketable securities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The group's financial liabilities comprise accounts payable and note payable that are repayable within one year at the carrying amount reflected on the statement of financial position.

There were no changes to the group's approach to liquidity risk management during the year.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the group's and company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. There has been no change to the group's exposure to market risk or the manner in which it measures and manages this risk.

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Notes to the Financial Statements (Continued)
March 31, 2021

21. Financial risk management (continued)

(c) Market risk (continued):

(i) Foreign currency risk:

Foreign currency risk is that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The company is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. The main currencies giving rise to this risk are the United States dollar (US$) and Canadian dollars ($). The company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable, except where it undertakes a gapping strategy in pursuit of exchange rate gains. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

The group's and the company's exposure to foreign currency risk are materially denominated in United States dollars (US$) and are as follows:

	Group and Company	
	2021	**2020**
	US$	**US$**
	('000)	**('000)**
Investments	2,811	1,964
Cash and cash equivalents	155	300
Securities purchased under resale agreements	2,091	2,019
Long term and other receivables	213	180
Note payable	(750)	-
Net foreign currency denominated assets	4,520	4,463

Sensitivity analysis

A strengthening/weakening of the Jamaica dollar against the United States dollar at March 31, 2021, would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

Group and Company 2021				
Currency	% weakening	Increase Effect on profit or loss $'000	% strengthening	Decrease Effect on profit or loss $'000
US$	6	39,287	2	(13,096)

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2021

21. Financial risk management (continued)

(c) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity analysis (continued)

Group and Company				
2020				
		Increase		Decrease
Currency	% weakening	Effect on profit or loss $'000	% strengthening	Effect on profit or loss $'000
US$	6	35,867	2	(11,956)

(ii) Interest rate risk:

Interest rate risk is the risk that the value or cash flows 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 company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The company's interest rate risk 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 Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by management and the Audit Committee.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2021

21. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

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

	Group 2021					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	34,272	34,272
Securities purchased under resale agreements	20,213	282,682	-	-	-	302,895
Investments	55,909	-	-	92,091	287,194	435,194
Other receivables	-	-	-	-	28,945	28,945
Long-term receivable	-	-	16,887	-	-	16,887
Total financial assets	76,122	282,682	16,887	92,091	350,411	818,193
Liabilities						
Accounts payable	-	-	-	-	39,169	39,169
Note payable	-	108,660	-	-	-	108,660
Total financial liabilities	-	108,660	-	-	39,169	147,829
Interest rate sensitivity gap	76,122	174,022	16,887	92,091	311,242	670,364
Cumulative interest sensitivity gap	76,122	250,144	267,031	359,122	670,364	-

	Group 2020					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	110,576	110,576
Securities purchased under resale agreements	202,305	66,976	-	-	-	269,281
Investments	-	-	138,469	-	140,685	279,154
Other receivables	-	-	-	-	24,650	24,650
Long-term receivable	-	-	18,658	-	-	18,658
Total financial assets	202,305	66,976	157,127	-	275,911	702,319
Liabilities						
Accounts payable	-	-	-	-	55,914	55,914
Total financial liabilities	-	-	-	-	55,914	55,914
Interest rate sensitivity gap	202,305	66,976	157,127	-	219,997	646,405
Cumulative interest sensitivity gap	202,305	269,281	426,408	426,408	646,405	-

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Notes to the Financial Statements (Continued)
March 31, 2021

21. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

	Company 2021					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	25,794	25,794
Securities purchased under resale agreements	20,213	282,682	-	-	-	302,895
Investments	55,909	-	-	92,091	287,194	435,194
Other receivables	-	-	-	-	41,834	41,834
Long-term receivable	-	-	16,887	-	-	16,887
Total financial assets	76,122	282,682	16,887	92,091	354,822	822,604
Liabilities						
Accounts payable	-	-	-	-	41,083	41,083
Note payable	-	108,660	-	-	-	108,660
Total financial liabilities	-	108,660	-	-	41,083	149,743
Interest rate sensitivity gap	76,122	174,022	16,887	92,091	313,739	672,861
Cumulative interest sensitivity gap	76,122	250,144	267,031	359,122	672,861	-

	Company 2020					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	104,183	104,183
Securities purchased under resale agreements	202,305	66,976	-	-	-	269,281
Investments	-	-	138,469	-	140,685	279,154
Other receivables	-	-	-	-	37,750	37,750
Long-term receivable	-	-	18,658	-	-	18,658
Total financial assets	202,305	66,976	157,127	-	282,618	709,026
Liabilities						
Accounts payable	-	-	-	-	57,829	57,829
Total financial liabilities	-	-	-	-	57,829	57,829
Interest rate sensitivity gap	202,305	66,976	157,127	-	224,789	651,197
Cumulative interest sensitivity gap	202,305	269,281	426,408	426,408	651,197	-

21. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

The table below summarises the weighted average interest rate by major currencies for interest-bearing financial instruments of the group at the reporting date:

	Group and Company	
	2021	**2020**
	US$	**US$**
	%	%
Assets		
Securities purchased under resale agreements	3.00	2.57
Investments	4.74	7.98
Long-term loan receivable	4.00	4.00

The group minimises interest rate risk by investing mainly in fixed rate securities and contracting liabilities at fixed rates, where possible. There are no variable rate instruments.

Profile

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial assets	440,383	406,130	440,383	406,130
Financial liabilities	108,660	-	108,660	-

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

An increase of 100 or decrease of 100 (2020: An increase of 100 or decrease of 100) basis points in interest rates at the reporting date would have increased/decreased equity by $4,403,000 for the group and company (2020: increased/decreased equity by $4,061,000 for the group and company). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

21. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

Equity price risk

The Board monitors the mix of debt and equity securities in its investment portfolio based on market expectations. This risk is managed by the monitoring of the market value of the securities on the Jamaica Stock Exchange (JSE) and other foreign stock exchanges and the respective companies' quarterly financial performance.

Sensitivity analysis – equity price risk

Most of the group's equity investments are listed on foreign market stock exchanges. A 5% or (5%) [2020: 5% or (10%)] increase or decline in the relevant indexes at the reporting date would have an increase of $4,145,000 or a decrease of $4,145,000 for the group and company [2020: $5,379,000 or a decrease of $2,689,000 for the group and company].

(d) 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 and is best evidenced by a quoted market price, if one exists.

The fair value of financial instruments is based on their quoted market price at the reporting date without any deduction for transaction costs. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flows or a generally accepted alternative method.

FVOCI financial assets include corporate bonds, quoted equities and unquoted equities.

The fair values of current financial assets and liabilities are assumed to approximate to their carrying amounts shown in the statement of financial position due to their short-term nature and no loss on realisation or discount on settlement is anticipated.

Basis for determining fair values

Quoted equities are valued using the quoted market bid prices listed on the Jamaica Stock Exchange and other foreign stock exchanges at the reporting date.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2021

21. Financial risk management (continued)

(d) Fair values (continued):

Basis for determining fair values (continued)

Other investments are valued using the market-based approach and are classified as level 2 on the fair value hierarchy.

Cash and cash equivalents, securities purchased under resale agreements, trade and other receivable, note payable and accounts payables are assessed to approximate their carrying values due to their relatively short-term nature and are classified as level 2 in the fair value hierarchy.

Long-term receivables are carried at amortised cost.

No items were reclassified from one level to another.

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Group and Company 2021						
	Carrying amounts				Fair values		
	Amortised cost $'000	FVOCI $'000	FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value:							
Investments	-	333,872	90,020	423,892	82,897	340,995	423,892
Financial assets measured not at fair value:							
Investments	11,302	-	-	11,302	-	11,302	11,302
Securities purchased under resale agreement	302,895	-	-	302,895	-	304,117	304,117
	314,197	-	-	314,197	-	315,419	315,419

	Group and Company 2020						
	Carrying amounts				Fair values		
	Amortised cost $'000	FVOCI $'000	FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value:							
Investments	-	145,577	80,842	226,419	53,793	172,626	226,419
Financial assets measured not at fair value:							
Investments	52,735	-	-	52,735	-	52,735	52,735
Securities purchased under resale agreement	269,281	-	-	269,281	-	270,521	270,521
	322,016	-	-	322,016	-	323,256	323,256

21. Financial risk management (continued)

(e) Capital management:

The group's objective is to maintain a strong capital base so as to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for stockholders and benefits for other stakeholders.

The Board of Directors monitors the return on capital which the group defines as share capital, capital reserves, fair value reserves and retained profits. The group may adjust or maintain the capital structure by adjusting the amount of dividends paid to stockholders.

There were no changes in the group's approach to capital management during the year.

22. Disposal of subsidiaries

In the prior year, the company petitioned to strike off Selectco Publications Limited from the company register.

The effect of the strike off is as follows:

	Group 2020 $'000
Trade receivables	110
Taxation recoverable	2,457
Cash and cash equivalent	32
Trade payables	(703)
Net assets liquidated	1,896
Currency translation differences realised on liquidation	-
Loss on liquidations and strike-offs of subsidiaries	1,896

	Company 2020 $'000
Interest in subsidiaries	-
Distribution including write off of related party balances	5,604
Loss on liquidations and strike-offs of subsidiaries	5,604

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Notes to the Financial Statements (Continued)
March 31, 2021

23. Related parties

(a) Identity of related parties:

The group has a related party relationship with its associate and special purpose entity (see note 1) and with its directors and executive officers in the ordinary course of business.

(b) Transactions with key management personnel:

In addition to salaries, the group provides non-cash benefits to executive officers.

The key management personnel compensation is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Short-term benefits	16,033	12,501	16,033	12,501

The amounts disclosed in the table above are the amounts recognised as an expense during the reporting period related to key management personnel. There were no other transactions with key management personnel.

(c) The statement of financial position includes balances from arm's length transactions arising in the ordinary course of business, with the associated company and other related entities as follows:

	Company	
	2021	**2020**
	$'000	**$'000**
Accounts payable:		
Associated company	-	3,570
Other related entities	9,031	12,472
Accounts receivable:		
Other related entities	14,308	14,308
Dividend paid:		
Other related entities	1,407	2,758

(d) The income statement includes arm's length transactions arising in the ordinary course of business with other related entities as follows:

	Company	
	2021	**2020**
	$'000	**$'000**
Dividend income:		
Associated company	25,312	-
Shared services fee:		
Other related entities	(3,768)	(3,768)

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Notes to the Financial Statements (Continued)
March 31, 2021

24. Operating leases - lessor

Pursuant to the March 24, 2016 scheme of arrangement between Radio Jamaica Limited (collectively "RJR Gleaner") and 1834 Investments Limited, the building at 7 North Street and parking lots at East Street and John's Lane, being investment properties, were leased to RJR Gleaner for fifteen years.

(a) Future minimum lease payments:

	Company	
	2021	**2020**
	$	**$**
Less than one year	100,000	100,000
Between one and five years	500,000	500,000
More than five years	500,000	600,000

(b) All property rental and maintenance expenses are borne by the lessee.

25. Significant accounting policies

The group has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

(a) Basis of consolidation:

(i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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.

25. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(ii) Business combinations (continued):

When the excess 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.

(iii) Subsidiaries:

Subsidiaries are 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 entity and has the ability to affect those returns through its power over the entity. 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.

These consolidated financial statements comprise the financial results of the company and its associates (note 6).

(iv) Loss of control:

On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the 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.

(v) Associate:

The group's interest in equity-accounted investees comprise interest in associate.

An associate is an entity in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of the entity.

Interest in associate is accounted for using the equity method. It is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss of the associate, until the date on which significant influence or joint control ceases.

25. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(vi) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transaction, are eliminated. Unrealised gains arising from transaction with equity-accounted investee are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. The group applies book value (carry-over basis) accounting for business combinations for entities under common control in the consolidated financial statements on the basis that the investment has been moved from one part of the group to another.

(b) Property, plant and equipment:

(i) Owned assets:

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 the assets.

The cost of self-constructed assets includes the cost of materials and direct labour, plus related borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the group and its costs can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(ii) Leased assets:

Leases, under the terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leasing arrangements are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and any impairment losses.

25. Significant accounting policies (continued)

(b) Property, plant and equipment (continued):

(iii) 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:

Machinery & equipment	-	10%, 12½%, 20% and 25%
Computer equipment	-	25%

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

(c) Financial instruments:

(a) Financial instruments – Classification, recognition, derecognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements:

- Financial assets comprise cash and cash equivalents, securities purchased under resale agreements, investments and other receivables.
- Financial liabilities comprise accounts payable and note payable.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

(i) Recognition and initial measurement

The group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The group initially recognises other receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the group measures a financial asset or financial liability at its fair value, plus or minus; the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

(i) Recognition and initial measurement

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(ii) Classification and subsequent remeasurement

The group has applied IFRS 9 and classified its financial assets in the following measurement categories:

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

Financial assets

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

(a) 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.

Classification and subsequent measurement of debt instruments depends 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, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at (vi). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

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Notes to the Financial Statements (Continued)
March 31, 2021

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

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

(a) Debt instruments (continued)

- *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 are measured at fair value through other comprehensive income (FVOCI).

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. 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 and presented in the profit or loss statement within operating income' in the period in which it arises. Interest income from these financial assets is included in 'operating income' using the effective interest method.

Business model: 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 asset's 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.

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

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'). 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 payment 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.

(b) 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.

(iii) Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

(iii) Derecognition (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in profit or loss.

Any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition 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 are discharged, cancelled or expired.

(iv) Financial instruments - other

(1) Cash and cash equivalents:

Cash and cash equivalents, which comprise cash and bank balances and include short-term deposits, with maturities ranging between one and three months of acquisition date, are measured at amortised cost. For the purpose of the statement of cash flows, bank overdraft is included as a component of cash and cash equivalents.

(2) Securities purchased under resale agreements:

Securities purchased under resale agreements ("reverse repurchase or resale agreements") are accounted for as short-term collateralised lending and are classified as amortised cost.

On 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 over the life of the contract using the effective interest method.

(3) Other receivables:

These are measured at amortised cost, less impairment losses.

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

(iv) Financial instruments – other (continued)

(4) Accounts payable and provisions:

Accounts payable, including provisions, are measured at amortised cost. A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(v) Impairment:

The group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- lease receivables.

The group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The group considers a debt investment 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.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as ‘Stage 1 financial instruments’.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as ‘Stage 2 financial instruments’.

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

(v) Impairment (continued):

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are 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); and
- 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.

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.
- 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.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised costs are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 the company would not consider otherwise;

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

(v) Impairment (continued):

- 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.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired.

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.

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.
- 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.

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

(v) Impairment (continued):

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

This is generally the case when the group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

An impairment loss is reversed, if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

(d) Taxation:

(i) Income tax:

Income tax on the profit or loss for the year 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 other comprehensive income, in which case, it is recognised in other comprehensive income.

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

(ii) Deferred tax:

Deferred 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 taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, differences relating to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future and investment property held inside a realisation-from-sale business model.

25. Significant accounting policies (continued)

(d) Taxation (continued):

(ii) Deferred tax (continued):

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted as at the reporting date. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A specific measurement requirement applies to a deferred tax asset or liability that arises from investment property measured at fair value. This requirement establishes a rebuttable presumption that the carrying amount of investment property measured at fair value will be recovered through sale. Therefore, unless the presumption is rebutted, the measurement of a deferred tax asset or liability pertaining to the investment property reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale.

The presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, then the normal requirements of measuring deferred tax assets or liabilities are applicable.

(e) Revenue recognition:

Revenue is income that arises in the course of the ordinary activities of the group. Accordingly, revenue comprises interest income, rental income, dividend income and other investment returns.

(i) Interest income

Interest income is recognised in profit or loss for using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future receipts through the expected life of the financial instruments to its gross carrying amount.

25. Significant accounting policies (continued)

(e) Revenue recognition (continued):

(i) Interest income (continued):

When calculating the effective interest rate for financial instruments, the group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets measured at amortised cost.

(ii) Rental income is recognised as the related services are consumed.

(iii) Dividend income is recognised on the date the group's right to receive payment is established.

(f) Foreign currencies:

Foreign currency balances outstanding at the reporting date are translated at the rates of exchange ruling on that date [US$1 = J$144.88 (2020: J$133.96)]. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in profit or loss. For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

25. Significant accounting policies (continued)

(g) Impairment of non-financial assets:

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised, if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(h) Investment properties:

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value. Any gain or loss arising from a change in fair value is recognised in profit or loss.

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, any cash outflows that could be expected in respect of the property. Fair value is determined annually by an independent registered valuer.

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 company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income during the financial period in which they are incurred.

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Notes to the Financial Statements (Continued)
March 31, 2021

25. Significant accounting policies (continued)

(i) New and amended standards and interpretations not yet effective:

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below, if they are expected to have an impact on the group's financial statements. The group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

(i) Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, the standard requires that a right to defer settlement must have substance and exist at the end of the reporting period. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the reporting date, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how an entity classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the entity's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that an entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The group does not expect the amendments to have a significant impact on its 2024 financial statements.

(ii) Reference to the Conceptual Framework – *Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

25. Significant accounting policies (continued)

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

(ii) (Continued)

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

The group does not expect the amendments 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 1 January 2022 and for the purpose of assessing whether a contract is onerous, 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 amendments to have a significant impact on its financial statements.

(iv) IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

25. Significant accounting policies (continued)

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

(iv) (Continued)

These fees include only those 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The group must apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

(v) *Onerous Contracts – Costs of Fulfilling a Contract* – Amendments to IAS 37 In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The group does not expect the amendments to have a significant impact on its 2022 financial statements except possibly for additional disclosures.

26. Capital management

For the purpose of the group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary objective of the group's capital management is to ensure that it maintains a strong credit rating. No changes were made in the objectives, policies or processes during the years ended March 31, 2021 and March 31, 2020.

27. Events after the reporting period

The company performed a review of events subsequent to the balance sheet date, through the date the financial statements were issued, and determined that there were no events requiring recognition or disclosure in the financial statements.