LASCO FINANCIAL SERVICES

Annual Report

2020 - 21

Embracing CHANGE


Embracing
CHANGE

VISION

To become a global corporate leader, through innovation and entrepreneurship. Driven by a passion for excellence and compassion for our fellow man, we will make LASCO a world name, synonymous with integrity, value and service.

MISSION

To provide quality products and services to our customers, ensure profitablilty and promote employee development.

Being the best...Always!

CORE VALUES

Care for our customers
We respect our customers' time and privacy.

Commitment
We are committed to achieving success for our team, agents and shareholders.

Integrity
In dealing with our customers, agents, staff and shareholders.

Continuous Improvement of our Processes

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Notice of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of **LASCO FINANCIAL SERVICES LIMITED** will be held on Wednesday, September 29, 2021, at 9:00 a.m. in the Blue Mountain Suite of The Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5 for the following purposes:

Ordinary Resolutions

1. Audited Accounts

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

"**THAT** the Audited Accounts for the year ended March 31, 2021 and the Reports of the Directors and Auditors, circulated with notice convening the meeting, be and are hereby adopted."

2. Election of Directors

Article 102 of the Company's Articles of Incorporation provides that one-third of the Directors, if their number is not three (3) or a multiple of three (3), the number nearest one-third (1/3), shall retire from office at each Annual General Meeting.

Article 102 of the Company's Articles of Incorporation provides that one-third of the Directors, if their number is not three (3) or a multiple of three (3), the number nearest one-third (1/3), shall retire from office at each Annual General Meeting.

Article 103 of the Company's Articles of Incorporation further states that the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors retiring under these Articles are **Mr. Vincent A. Chen and Hon. Roald Henriques** and being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows:

To consider and if thought fit pass the following resolution:

(i) "**THAT** retiring Director **Mr. Vincent A. Chen** be and is hereby re-elected a Director of the Company."

To consider and if thought fit pass the following resolution:

(ii) "**THAT** retiring Director **Hon. Roald Henriques**, be and is hereby re-elected a Director of the Company."

3. Directors Remuneration

Article 82 of the Articles of Incorporation empowers the Directors or any appropriate Committee of the Board of Directors to fix the remuneration of the Directors.

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

"**THAT**, the remuneration of the Directors be fixed by the Compensation Committee of the Board."

Article 123 empowers the Directors, or any appropriate Committee of the Board of Directors, to determine, the remuneration of the Managing Director.

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

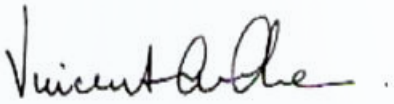
"**THAT**, the remuneration of the Managing Director be fixed by the Compensation Committee of the Board."

4. Remuneration of Auditors

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

"**THAT** the remuneration of the Auditors, BDO, be fixed by the Directors of the Company."

Dated this 19th day of July, 2021
BY ORDER OF THE BOARD



Vincent A. Chen
COMPANY SECRETARY

SHAREHOLDERS,

NOTE:

1. A Member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as his/her Proxy to attend and vote in his/her stead, and a Proxy need not be a Member of the Company.
2. All Members are entitled to attend and vote at the meeting.
3. Enclosed is a form of Proxy which must be deposited with the Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the meeting or to the Registrar and Transfer Agent, Jamaica Central Securities Depository, 40 Harbour Street, Kingston.

Please note that an order of the Supreme Court has authorized that the Annual General Meeting may proceed via electronic means as well as in person. Shareholders wishing to attend in person may do so by emailing the Company at Lasfagm2021@lascoja.com

The number of Shareholders who may attend in person will be determined by prevailing Government protocols. All other Shareholders will be constrained to participate by a Zoom link which will be provided to you in the letter to Shareholders.

CORPORATE DATA

As at March 31, 2021

REGISTERED OFFICE

LASCO Financial Services Limited
27 Red Hills Road
Kingston 10, Jamaica, W.I.

Tel: (876) 960-7473 / 920-0322 | **Fax:** (876) 960-4595
Website: www.lascojamaica.com/financial

BOARD OF DIRECTORS

Executive Directors:

Hon. Lascelles Chin, O.J., C.D. LLD (Hon. Causa)
Executive Chairman

Mrs. Jacinth Hall-Tracey, B.A (Hons.) MBA
Managing Director

Non-Executive Directors:

Mr. James Rawle, MSc
Dr. Eileen Chin, MBA
Mr. Compton Rodney, BSc (Econ) FCA, FCCA
Hon. R.N.A. Henriques, O.J., Q.C.
Mr. Vincent A. Chen
Colin Maxwell, FCA, FCCA

Company Secretary

Mr. Vincent A. Chen

Senior Managers:

Mrs. Jacinth Hall-Tracey, B.A. (Hons.) MBA
Managing Director

Mr. Norris Clarke, FCA, FCCA
Group Financial Controller

Ms. Denise West BSc., LLB (Hons.) CLE
Group Chief Compliance Officer

Attorneys-At-Law

Chen Green & Company
6 Haining Road
Kingston 5
Jamaica, W. I.

Bankers

CIBC First Caribbean International Bank
Jamaica Limited
23-27 Knutsford Boulevard
Kingston 5
Jamaica, W. I.

National Commercial Bank Jamaica Limited
94 Half Way Tree Road
Kingston 10
Jamaica, W. I.

Auditors

BDO
26 Beechwood Avenue
Kingston 5
Jamaica, W. I.

Registrar and transfer Agents

Jamaica Central Securities Depository
40 Harbour Street
Kingston
Jamaica, W. I.

SHAREHOLDER'S PROFILE

Top Ten Shareholders as at March 31, 2021

NAME	VOLUME	PERCENTAGE
East West (St. Lucia) Ltd	382,972,852	30.14
Lascelles A. Chin	380,731,480	29.96
Mayberry Jamaican Equities Limited	253,954,475	19.98
Manwei International Ltd.	13,959,095	1.09
Guardian Life Limited/Pension Fund	13,494,345	1.06
Michael A. Campbell	12,363,280	0.97
Jacinth A. Hall-Tracey	10,794,712	0.85
Mayberry Managed Clients Account	10,406,914	0.81
Wayne M. Chin	7,119,650	0.56
PWL Bamboo Holding Limited	6,934,876	0.54

Shareholdings of Directors and Connected Parties as at March 31, 2021

NAME (Primary Holder)	POSITION *Connected Party	UNITS	PERCENTAGE
Jacinth Hall-Tracey		10,794,712	0.8496
Compton Rodney		300,000	0.0236
Roald N.A. Henriques		1,950,344	0.1535
Lascelles Chin		380,731,480	29.9656
	*Eileen Chin - Direct	{98,060}	0.0077
	*East West St. Lucia	{382,972,852}	30.1420
Eileen Chin		98,060	0.0077
	*Lascelles Chin - Direct	{380,731,480}	29.9656
Colin Maxwell		0.00	0.0000
James Rawle		0.00	0.0000

*Connected Party

SHAREHOLDER'S PROFILE

Cont'd.

Shareholdings of Senior Managers and Connected Parties as at March 31, 2021

NAME (Primary Holder)	POSITION *Joint Holder	UNITS	PERCENTAGE
Jacinth Hall-Tracey		10,794,712	0.8496
Norris Clarke		0.00	0.0000
Denise West		0.00	0.0000

Five-year

FINANCIAL REVIEW

	YEAR ENDED 31 March 2021	YEAR ENDED 31 March 2020	YEAR ENDED 31 March 2019	YEAR ENDED 31 March 2018	YEAR ENDED 31 March 2017
REVENUE AND EXPENSES	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total Revenue	2,293,041	2,507,304	2,211,508	1,620,265	1,070,591
% change over prior year	-9%	13%	36%	51%	23%
Administrative and other expenses	1,079,790	1,082,153	880,422	624,994	401,402
% change over prior year	-0.22%	23%	41%	56%	31%
Selling and Promotion Expenses	765,820	1,194,837	765,641	593,035	432,874
% change over prior year	-36%	56%	29%	37%	27%
Finance Cost	187,047	208,345	168,800	66,819	4,843
% change over prior year	-10%	23%	153%	1280%	1423%
Net Profit Before Taxation	260,384	21,969	396,645	335,417	231,472
% change over prior year	1085%	-94%	18%	45%	5%
Taxation	103,631	78,887	114,890	81,133	43,694
% change over prior year	31%	-31%	42%	86%	256924%
Net Profit for the Year	156,753	(56,918)	281,755	254,284	187,778
% change over prior year	375%	-120%	11%	35%	-8%
STATEMENT OF FINANCIAL POSITION					
Short Term Deposits and Cash Equivalents	1,373,311	722,931	360,723	435,040	647,424
% change over prior year	90%	100%	-17%	-33%	39%
Total Assets	4,300,541	3,962,905	3,893,393	3,386,101	1,560,281
% change over prior year	9%	2%	15%	117%	36%
Total Liabilities	2,603,251	2,422,834	2,301,804	2,016,467	404,839
% change over prior year	7%	5%	14%	398%	162%
Total Stockholder's Equity	1,697,290	1,540,071	1,591,589	1,369,634	1,155,442
% change over prior year	10%	-3%	16%	19%	16%
FINANCIAL RATIOS					
Basic Earnings Per Share ($)	0.1237	-0.0449	0.2228	0.2021	0.1504
Diluted Earnings Per Share ($)	0.1225	-0.0444	0.2228	0.1995	0.1474
Book Value Per Share	1.3359	1.2126	1.2585	1.0830	0.9210
Market Price Per Share (JSE closing price - J$)	2.69	2.61	4.54	4.88	3.60
Number of Issued Shares	1,270,561,058	1,270,094,391	1,264,694,391	1,264,694,391	1,254,577,725
Market Capitalisation (J$)	3,417,809,246	3,314,946,361	5,747,712,535	6,171,708,628	4,516,479,810
Dividend Per Share ($)	-	-	-	-	0.040
Dividend Payout Ratio	-	-	-	-	26.74%
Dividends for the respective period	-	-	-	-	50,208
Price Earnings Ratio	22	-58	20	24	24
Efficiency Ratio (admin exp./revenue)	47.09%	43.16%	39.81%	38.57%	37.49%
Net Profit Growth (% growth)	375%	-120%	11%	35%	-8%
Return on Average Equity	9.24%	-4%	19%	20%	17%
Return on Average Assets	3.67%	-1%	8%	10%	14%
Number of Employees	192	214	185	138	82

Message from the

EXECUTIVE CHAIRMAN & MANAGING DIRECTOR

Dear Shareholders,

LASCO Financial Services (LFSL), the Group, faced several headwinds during the 2020-2021 Financial Year. It was a year which brought unprecedented disruption to global and local economies, both of which would have adverse impact on our business. Closed borders impacted our cambio services whereas the shuttered economy wreaked havoc on our micro business customers. On the other hand, several opportunities emerged for the cross border payments services and digital services. For the past several years, LFSL has been investing time and resources in preparation for opportunities created by the accelerating pace of change and disruption occurring in our industry. We were therefore able to seize opportunities in the digital payments space and increase our capacity to serve the remittance customers while offering multiple payment options.

As we navigated through the challenges posed by the pandemic, the health, safety and well-being of our employees was always a top priority and we took immediate steps to protect our staff. We implemented several measures to ensure the safety of our employees while ensuring uninterrupted business operations. We immediately mobilized a Work from Home policy to allow for social distancing in the office as well as scheduled sanitization. We would like to laud all our frontline workers and Remittance Agents who never faltered when required to serve increased customer counts and who demonstrated great courage and dedication under the pressure of the Pandemic.

LFSL, The Group, closed the year with consolidated revenues of $2.29B, a 9% reduction when compared with the 2019-2020 financial results. Expenses reduced from $2.27B in the previous year to $1.84B, resulting in Profit from Operations of $447.4M, a $217.1M increase over Financial Year (FY) 2020. Finance cost decreased by $21.0M, however taxation

increased by $24.8M leading to a Profit after Tax of $156.7M, a creditable improvement over the 2020 FY loss of $56.9M.

The Money Services Business made a strong showing during the year. Remittance inflows increased higher than market rates and the company saw good adoption of its prepaid card, LASCO Pay. There were two key milestones however which are strategic to the Group's future; the approval by Bank of Jamaica for the ecommerce service which now allows LFSL to tap into a new customer segment of merchants needing technology to accept online payments. LFSL was also granted a license by VISA and approved by BOJ to pilot a VISA Prepaid card in the Fintech Regulatory Sandbox. LFSL recognizes that there is no escaping digital transformation. In fact, we recognize that the impending disruption can have as much negative impact on the company as a pandemic. Our industry in its current form faces disintermediation and therefore adapting our company to continue to be relevant in the industry is our mandate.

Our Subsidiary, LASCO Microfinance, made significant changes to its lending policies at the end of the last financial year. This resulted in an improvement in the performance of the loans issued during this financial year. It also resulted in decreased disbursements which ultimately impacted revenues and net portfolio growth. Consistent with regulatory guidance and best practices, we were able to provide moratoriums (loan payment deferral) to eligible customers. There is $37.6M in deferred revenues which the company granted to its borrowers consequent to the Covid-19 pandemic. This will no doubt continue to have a residual risk for the company until the micro business sector is fully able to return to normal operating hours.

Our plans for the new financial year are a continuation of our journey over the last four years, which are to drive scale in our remittance business and to adjust our services to focus on the customers' changing behaviour and expectations, keep costs flat through expense management and efficient work processes in order for us to navigate the new normal for financial transactions. The more our customers adapt to technology driving direct to consumer services, the lower the fees to transfer the funds. LFSL must therefore scale significantly to grow its revenues and become more and more efficient to reduce its cost per transaction.

We are very mindful of the responsibility we shoulder while we work to deliver high quality results to you our shareholders and we would like to express our gratitude for your loyalty and support. Many thanks also to our financial partners who continue to support us on our journey. Our appreciation and sincere gratitude to our fellow Directors who themselves had to pivot this year in the way we came together to review the business performance and make decisions. We do look forward with cautious optimism that the new services will yield the expected returns as well as the new direction will materialize on time to spare us from the pandemic of disruption from fintech competition.

Hon. Lascelles Chin
O.J., C.D., LLD (Hon. Causa)
Executive Chairman

Mrs. Jacinth Hall-Tracey
MBA, B.A. (Hons.)
Managing Director

DIRECTORS' REPORT
As at March 31, 2021

The Directors of LASCO Financial Services Limited are pleased to present their report for the financial year ended March 31, 2021.

FINANCIAL RESULTS	$' 000
Profit before Taxation	260,384
Taxation	(103,631)
Net Profit for the year	156,753
Earnings per ordinary stock unit (Cents per share)	12.37c

The Company listed its shares on the Junior Market of the Jamaica Stock Exchange on October 12, 2010. The Company is entitled to a remission of Corporate Income Tax for a period of ten years from the date of listing as follows:

Years 1 – 5	100%
Years 6 – 10	50%

This remission ended September 2020. The Company has reverted to paying full tax at October 2020.

The results for the year were approved by the Board on June 10, 2021 and a comparison with the previous year is set out in the Consolidated Statement of Profit or Loss and other Comprehensive Income on Page 73.

DIRECTORS

Articles 102 and 103 of the Articles of Incorporation of the Company provide for the rotation of Directors at the Annual General Meeting. The Directors retiring under these Articles are Mr. Vincent A. Chen and Hon. Roald Henriques and being eligible offer themselves for re-election.

Pursuant to **Article 122** of the Articles of Incorporation of the Company, the Managing Director while holding office shall not be subject to retirement by rotation. The Managing Director who is subject to this Article is Mrs. Jacinth Hall-Tracey.

On December 14, 2020 and December 15, 2020, Messrs. Gary Peart and Christopher Berry resigned respectively from the Company due to a perceived conflict of interest arising from their affiliation with another company. They both held board seats on behalf of Mayberry Jamaican Equities, a significant shareholder.

The Directors take this opportunity to thank its employees, who continue to provide fast and efficient service to

our customers. Special thanks to all our remittance agents, corporate as well as retail cambio customers and loan customers who continue to support our business and to our shareholders and stakeholders for their confidence in the Company.

Dated this 19th day of July, 2021
BY ORDER OF THE BOARD

Vincent A. Chen
COMPANY SECRETARY

BOARD OF DIRECTORS

HON. LASCELLES CHIN
OJ, CD, LLD (HON. CAUSA)
Chairman

MRS. JACINTH HALL-TRACEY
MBA, B. A. (Hons)
Managing Director

Recipient of the Order of Jamaica for his philanthropy and contribution to the development of commerce and business, Lascelles A. Chin is the Executive Chairman of LASCO Manufacturing Limited, LASCO Distributors Limited and LASCO Financial Services Limited.

This Jamaican born entrepreneur who ventured into the field of business and commerce over 50 years ago, found opportunities in a variety of sectors; the import of spices and teas, sale of adhesives through his partnership with Henkel, furniture manufacturing, data processing, car rentals, horticulture, insurance brokerage, hair products, soya oil refining and chicken processing. As a result of his wealth of knowledge, business experience and always being mindful of his humble beginnings, the Chairman has constantly sought to develop and distribute affordable products.

He shares his ideas and energy with business colleagues and has contributed to prominent Jamaican organizations such as the Jamaica Industrial Development Corporation, The Jamaica Exporter's Association and the Jamaica Promotions Corporation (JAMPRO). He is a Director of the University of the West Indies' School of Nursing Advisory Board and the Kings House Foundation.

Mrs. Jacinth Hall-Tracey has led the growth, expansion and transformation of the LASCO Financial Services Group for over 16 years. The company is a key industry player in the Remittance, Cambio and Micro loans industries and is now embarking on making a significant mark in electronic retail payment services, providing access to more financial services for the Company's main customer base, the unbanked.

With over 30 years' experience in leading teams including over 20 years developing companies in the financial services sector, Mrs. Hall-Tracey has acquired the insight and expertise to guide the strategic direction of the LASCO Financial Services Group. In her formative years, her management experience spanned the hotel industry and banking services to include securities trading.

Mrs. Hall-Tracey is the sitting President of the Jamaica Money Remitters Association, Past President of the Cambio Association of Jamaica and member of Jamaica Micro Financing Association (JaMFA) Limited.

She sits on the Boards of LASCO Distributors Limited, LASCO Manufacturing Limited and LASCO Microfinance Limited. She holds an MBA from Herriot Watt University, Edinburgh Business School.

DR. EILEEN A. CHIN
MBA
Non-Executive Director

Dr. Eileen A. Chin is a Non-Executive Director of the Company. Born in Havana City, Cuba, Dr. Chin holds a post graduate degree in medicine from the Havana University School of Medicine. She specialized and taught histology from 1993 to 1998 at the Girón School of Medicine, and migrated to Jamaica in 1998.

Dr. Chin joined the LASCO Group of Companies in 1999 serving in several positions including marketing, product and label development and international business development for Central and South American markets. She was appointed General Manager of LASCO Foods, LASCO Food (Successors) Limited and LASCO Properties in 2008 and in 2010 she was appointed Managing Director of LASCO Manufacturing Limited where she implemented US18M expansion of the Manufacturing facility. She served in this position until 2015.

Dr. Chin holds an MBA in Global Management and has received knowledge and skills development training in Advanced Negotiation, Risk Management and Lean Six Sigma.

Dr. Chin currently serves as a member of the Board of Directors of LASCO Manufacturing Limited and LASCO Distributors Limited. She is also a member of the Portia Simpson Miller Foundation.

COMPTON RODNEY
BSc, FCA, FCCA
Independent/Non-Executive Director

A Chartered Accountant, a Fellow of the Chartered Association of Certified Accountants (U.K.) and a Fellow of the Institute of Chartered Accountants of Jamaica, Mr. Compton Rodney also holds a B.Sc. (Economics) degree from the University of London.

He is the Registrar of the Public Accountancy Board, Director of the Sports Development Foundation and chairman of its Audit and Human Resources Committees and a member of its Finance Committee.

Mr Rodney served as the Secretary/Treasurer of the American Chamber of Commerce (AMCHAM) for 28 years and as the Honorary Treasurer of the Jamaica Olympic Association for over 20 years. For many years he served as Vice-Chairman of the Kingston Technical High School Board of Management as well as the Chairman of the Multicare Foundation.

In 2009, Mr. Rodney was awarded the Distinguished Members Award from the Institute of Chartered Accountants of Jamaica.

Mr. Rodney also serves as a Director on the Board of LASCO Manufacturing Limited.

BOARD OF DIRECTORS

HON. R.N.A HENRIQUES
O.J., Q.C
Independent/Non-Executive Director

Hon. Roald Henriques is a former senior partner of the law firm of Livingston, Alexander & Levy with over fifty-two years of experience in legal practice. He was called to the Bar at Lincoln's Inn, London in 1961, admitted to practice in Jamaica in 1962 and appointed Queen's Counsel in 1981.

Mr. Henriques obtained the Bachelor of Laws Degree (LLB) in 1959 and the Master of Laws Degree (LLM) in 1961 from the University of London.

He has practiced in several Caribbean jurisdictions in particular Anguilla, Bahamas, Belize, The British Virgin Islands, Cayman Islands, Grenada, and the Turks and Caicos Islands and has appeared several times in the Eastern Caribbean Court of Appeal and the Judicial Committee of the Privy Council. He has appeared in several leading landmark cases in particular constitutional, pension, commercial and several intellectual property cases involving trademark on behalf of International Companies.

Mr. Henriques was honoured by the Bar Association on the 30th July 2004. He has lectured for twenty-five (25) years at The University of the West Indies on Constitutional and Administrative Law and was awarded the Order of Jamaica in 2008 for his contribution to the legal profession.

JAMES E. D. RAWLE
MSc
Non-Executive Director

Mr. James E. D. Rawle is the Managing Director of LASCO Manufacturing Limited and sits on the Board of LASCO Distributors and LASCO Financial Services Limited as a Non-Executive Director. He did undergraduate studies in Natural Sciences at the University of the West Indies from which he also holds the Master of Science degree in Organic Chemistry. He brings to the Board a wealth of knowledge and experience, having served in various senior managerial positions, at one of the leading multinational food companies in the world for over 41 years. His extensive training in Organic Chemistry has been the base for his far-reaching work in manufacturing, new product research and development, as well as production and plant management. He also has extensive functional experience in brand management, sales, marketing, finance and strategy formulation and execution.

Mr. Rawle has been past Chairman of several Public entities, including The Board of the Bureau of Standards, The Scientific Research Council, The Natural Resources Conservation Authority, The Environmental Foundation of Jamaica, Nutrition Products Limited and The Cocoa Industry Board.

MR. VINCENT A. CHEN
Non-Executive Director

Mr. Vincent Anthony Chen holds the position of Company Secretary for the LASCO Affiliated Companies - LASCO Distributors, LASCO Manufacturing and LASCO Financial Services Limited. He also serves as General Counsel for all three Companies as well as Chief Legal Officer. Mr. Chen's duties include ensuring the Company abides by the standard legal and financial practices along with maintaining corporate governance.

Mr. Chen has over 45 years of experience in the field of law, completing the Solicitors Qualifying examinations administered by the LAW Society in England. He is a partner at the law firm Chen Green & Company as well as a Notary Public for Jamaica. He is qualified as a Barrister and Solicitor in British Colombia, Canada and as a Solicitor of the Supreme Court in England.

Mr. Chen was appointed as Non-Executive Director for LASCO Distributors Limited on February 1, 2016 and LASCO Financial Services Limited on February 12, 2019. He is a Board member of Level Bottom Farms and Supplies Limited and Vanda Limited. Mr. Chen formerly served as Chairman of Salada Foods Jamaica Limited.

MR. COLIN MAXWELL
FCCA, FCA
Independent/Non-Executive Director

Mr. Colin Maxwell was appointed Non-Executive Director to the Board of Directors of LASCO Financial Services Limited on May 8, 2020.

Mr. Maxwell brings a wealth of knowledge and experience to the Board with over 37 years' experience in Public Accounting. He is a graduate of the College of Arts, Science and Technology (now University of Technology) where he received a Diploma in Accounting (Hons.). Continuing his studies, he became a Fellow of the Association of Chartered Certified Accountants based in the United Kingdom, and the Institute of Chartered Accountant in Jamaica.

Mr. Maxwell was a pioneer in computer audit in Jamaica, having been trained as a computer audit specialist in Canada and the United Kingdom, early in his career. He had also done a short tour of duty in Canada. He has presented papers at seminars on topics such as computer assisted auditing techniques and the audit implications of new banking regulations. He has had extensive experience in leading audit engagements for a wide range of clients across varying industries.

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CORPORATE GOVERNANCE
As at March 31, 2021

The Board of Directors of LASCO Financial Services Limited (LFSL) represent the interest of the shareholders of the Company. The Board's mission is to ensure that the Company continues to grow into a successful and profitable business, while achieving the highest standards of risk management, corporate governance and corporate social responsibility.

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The Directors are responsible to provide oversight to effective governance and strategic guidance in the Company and ensure that shareholder value is protected. The Board strives to balance the interests of the Company's diverse constituencies, including its shareholders, customers, suppliers, employees, creditors and the communities in which it operates. The aim of the Company is to be transparent in its activities, all of which are important to increase shareholders' confidence and maximize their value.

In carrying out its functions, the Board ensures that the Company is compliant with the applicable laws of the land, regulations and codes of ethical business conduct, the rules of the Jamaica Stock Exchange Junior Market, its Articles of Association, policies and procedures of the Company, corporate social responsibility and sustainable environmental practices. In doing so, the Board may rely on the advice and report of its Executive Management and other independent professionals.

BOARD COMPOSITION

As at March 31, 2021, the composition of the Board of LFSL (Parent company) was eight directors, of which two are executive directors, six non-executive directors, three of which are independent – Hon. Roald Henriques, Mr. Compton Rodney and Mr. Colin Maxwell. To be considered an Independent Director, the Director, at minimum must not have served as an employee of the LASCO Affiliated companies for the past three years, or, is not being compensated for services other than the Director's Fees.

LASCO Microfinance, the subsidiary, established a separate Board which comprises of eight directors and has also established its own Board Committees to make recommendations to the Board.

The Board of Directors meets on a quarterly basis and from time –to- time will hold special meetings to deal with pertinent matters.

The Board met several times during the course of the Financial Year to assess the developments within the business particularly the impact of the pandemic on the performance and the safety of the staff and customers.

SELECTION AND APPOINTMENT OF DIRECTORS

The Corporate Governance Committee has been assigned the responsibility of identifying potential individuals to be appointed to the Board of Directors of the Company. The Committee will make recommendations to the Board who will grant approval for the appointment. The reference for this decision is outlined in LFSL's Corporate Governance Policy on its website www.lascojamaica.com/financial.

To qualify for an appointment to the Board the committee shall have due regard to the skills, competence and expertise of the individual taking into consideration diversity, in terms of gender; currently, 25% of our directors are women. The members of the LFSL Board are very experienced and respected individuals, with diverse skills and knowledge from different professions relating to the core business of LFSL, including expertise in the management of Financial Services companies, expertise in regulatory and legal affairs and expertise in financial accounting standards. Their level of talent and experience provide a good basis for sound judgement in decision making and guiding the Company into successful endeavours.

Further details on the expertise, skills and academic qualifications of our directors are outlined in their Profiles on pages 16 – 19 in this report.

Induction Program: A newly appointed director shall

participate in an induction program that covers the Company's vision, strategy, regulatory requirements, market opportunities and risks. The new Board member is required to be reviewed under the Bank of Jamaica Fit & Proper Programme. The new director will also meet with the senior management team for a brief orientation.

On-going Training: The Board also recognises the importance of continuous education and training for its Directors. Fourteen hours are allotted each year for directors professional training. Each director is mandated to participate in the Company's Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) training held annually. This is followed by an assessment of their knowledge for which they receive a score and a certificate. The directors may also participate in Risk Management Training and Corporate Governance training.

COMPANY MENTOR

LFSL, upon its admission to the Junior Market, opted to appoint a Mentor to act as its compliance advisor in accordance with rule 503 (2) of the Junior Market rules. Hon. Roald Henriques is the appointed mentor.

Functions and Responsibilities
In his role as mentor Mr. Henriques is expected to:

- advise the Board on adequate procedures, systems and controls for the purposes of its compliance with good standards of corporate governance.
- to ensure that LFSL discloses to the JSE in a timely manner any material information concerning its non-compliance with the Junior Market Rules (JMR).

Full details on the role of the mentor may be viewed at rule 503 of the JMR book.

COMPANY SECRETARY

The Company Secretary is appointed by the Board and is a key advisor to the board and management on compliance, corporate governance and shareholders matters. The Company Secretary shall provide new directors with information about the Company to assist them in their orientation. All directors have access to the Company Secretary's advice and services in respect of the administration of the functions of the Board.

COMMITTEES OF THE BOARD

The Board has four committees: Audit, Compensation, Corporate Governance and Assets and Liabilities Committees. The members of these Committees are appointed by the Board of Directors. All four Committees are chaired by Independent Directors and the other members are non-executive directors. The Executive Chairman is invited to these meetings. Any director, executive director or staff may be invited to attend a committee meeting.

Each Committee has its Charter or Terms of Reference which has been approved by the Board. The individual committees have the responsibility to review and revise its policies and Charters if deemed necessary. The key responsibilities of each Committee are outlined in the Corporate Governance Terms of Reference which may be viewed on LFSL's website at: www.lascojamaica.com/financial.

AUDIT COMMITTEE

The Audit Committee is chaired by Mr. Compton Rodney. Mr. Rodney is a qualified accountant and has the skills and expertise to chair this Committee. The other appointed members are Hon. Roald Henriques and Mr. Colin Maxwell. These Directors are all independent and Mr. Rodney is the lead independent Director. Hon. Lascelles Chin attends this meeting by invitation. The Committee meets quarterly and continues to be guided by its established Charter to ensure:

- Good fiscal discipline
- The integrity of financial reporting and
- Timely disclosures

For the financial period, Ernst & Young provided quality advisory and internal audit services on an out-sourcing basis to the Company. The Committee reviewed and approved the audit plan for the financial year. The Internal Auditors worked closely with the management team to establish, improve and add value to processes and controls in helping to bring effectiveness to risk management and internal controls. Systems, process-flows, policies and procedures are reviewed periodically. The Internal Auditors report to the Audit Committee at its quarterly meetings.

During the periodic meetings, members of the Committee also analysed the quarterly unaudited financial statements and the audited financial statements to ensure that they are prepared in accordance with the Rules of the International Financial Reporting Standards and the Junior Market rules of the Jamaica Stock Exchange. These financial Statements are approved by the Board of Directors for publication.

The Audit Committee Chairman reports on matters discussed at the meetings to the Board at its quarterly Board meetings.

During the year the Committee met four (4) times.

ASSETS AND LIABILITIES COMMITTEE

The Assets and Liabilities Committee (ALCO) is responsible for reviewing the company's risk management framework, operations and results and advise the Board on factors which may impact the profitability and thereby growth. This Committee is chaired by Mr. Compton Rodney. The other members are Hon. Roald Henriques and Mr. Colin Maxwell. Hon. Lascelles Chin is invited to this meeting as well as the Managing Director and the Chief Risk Officer.

The primary function of ALCO is to evaluate, monitor and advise the Board on all matters relating to values at risk, in particular, imbalances in the capital structure of the Company. It is this committee that reviews the annual budget and recommends it to the Board for approval and thereafter, monitors the performance against the plans and highlights to the Board any events which may prevent the company from achieving its strategic objectives.

During the financial year, upon the establishment of the risk management framework and subsequent risk management training, the Committee was vested with the responsibility to ensure that sound policies, procedures and practices are in place for the management of the company's material risks and to report the results of the risk register reviews and mitigations to the Board.

The Committee met five (5) times for the financial year.

COMPENSATION COMMITTEE

The Compensation Committee has the responsibility to advise the Board on all matters relating to the compensation of the Executive Chairman, the Managing Director, the Non-Executive Directors and Senior Management. The chairman of this Committee is Hon. Roald Henriques; the other appointed members are Mr. Compton Rodney and Mr. Colin Maxwel.

For the financial year under review, the Committee met once for the year as mandated, and made its recommendations to the Board of Directors. It is the duty of the Committee in discussion on matters of compensation to ensure that compensation is appropriate to attract and retain key staff and is sustainable for the Company and aligned with overall business strategy.

The fees for Non-Executive Directors are highlighted in the financial statements of the Annual Report. The fees paid for the year ended March 2021 totalled $21.4M.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is chaired by Hon. Roald Henriques. Other members are Mr. Compton Rodney and Mr. Colin Maxwell. The Managing Director and Group Chief Compliance Officer are invited to this meeting. The Committee meets at least once per year to give oversight in respect of the structure, composition and functioning of the Board and its Committees.

Some areas covered, in this regard are:

- the selection, induction, training and succession planning processes for Directors;
- assisting the Board to determine, understand and work within the legal cultural and institutional framework that affect the goals and direction of the Company;
- developing policies as are required for the effective governance of the Company, monitoring trends and best practices in corporate governance in order to properly discharge the Committee's duties and make the necessary proposals to the Board in accordance with the Board's Charter. The Committee met once for the year.

The following policies can be viewed on the Company's website: Corporate Governance Policy, Corporate Social Responsibility Policy, Enterprise Risk Management Policy, Compensation Committee Charter, Dividend Policy, Audit and Risk Management Committee Charter, Board Charter and Corporate

Governance Terms of Reference at www.lascojamaica.com/financial.

BOARD PERFORMANCE EVALUATION

The Company completed its annual performance evaluation facilitated by an external Corporate Governance Consultant and the outcomes were discussed on March 4, 2021. Areas covered in the assessment of governance structures, policies and processes on Board Structure, Board Processes and Board Stewardship.

The review comprised three (3) areas of the Board Evaluation: Board Chairman, Directors' self-assessment; and each Board committee and Committee Chair.

RELATIONSHIP WITH SHAREHOLDERS

It is important that our stakeholders understand our vision and thereby continue to support our programmes. Equally important is the opportunity to receive feedback.

One of the key channels used to disseminate information to our shareholders is the Annual General Meeting (AGM); a session for questions and answers is made available to shareholders at the AGM, where views are clarified and the plans explained. The Management Discussion & Analysis in the Annual Report provides detailed information on the Company's plans and opportunities and we also explain our business performance in our quarterly earnings release.

During the year press releases relating to marketing activities and corporate social responsibility activities were done to keep shareholders abreast of the Company's activities.

MINUTES OF AGM

Shareholders may request a copy of the AGM Minutes from the Company Secretary's Office by telephoning 876-749-5272.

ATTENDANCE REGISTERS

Below is a summary of the attendance recorded in respect of the meetings for the Financial Year ended March 31, 2021.

MEETINGS	LFSL AGM	LFSL BOD	LFSL COMPENSATION COMMITTEE	LFSL AUDIT COMMITTEE	LFSL ASSETS & LIABILITIES COMMITTEE	LFSL CORPORATE GOVERNANCE COMMITTEE
No. of Meetings	**1**	**7**	**1**	**4**	**5**	**2**
Lascelles Chin	1	7	-	-	-	-
Jacinth Hall-Tracey	1	7	-	4	5	-
Eileen Chin	1	7	-	-	-	-
Roald N.A. Henriques	1	7	1	4	5	-
Compton Rodney	1	7	1	4	5	2
Gary Peart	1	6	-	3	-	
James Rawle	1	7	-	-	-	-
Vincent Chen	1	6	-	-	-	-
Colin Maxwell	1	5			3	
Christopher Berry	1	4	-	-	-	-

The following table outlines the composition of each Committee.

MEETINGS	LFSL COMPENSATION COMMITTEE	LFSL AUDIT COMMITTEE	LFSL ASSETS & LIABILITIES COMMITTEE	LFSL CORPORATE GOVERNANCE COMMITTEE
Lascelles Chin	-	-	-	
Compton Rodney**	✔	✔	✔	✔
Jacinth Hall-Tracey	-	-	-	-
Eileen Chin	-	-	-	
Gary Peart	-	✔	-	
Christopher Berry	✔	-	-	
Colin Maxwell	✔	✔	✔	✔
Roald N.A. Henriques *	✔	✔	✔	✔

* Chairman – Compensation Committee / Corporate Governance Committee
** Chairman - Assets and Liabilities Committee (ALCO) / Audit Committee

ENTERPRISE RISK MANAGEMENT FRAMEWORK

In the 2019-20 financial year, we implemented our Enterprise Risk Management (ERM) Framework.

The policy has fostered and encouraged a risk-aware culture among the staff members, where risk management is seen as a positive attribute and a tool for planning and decision-making on a day-to-day basis.

THE FRAMEWORK

The oversight of risk management activities is an important role of LSFL's Board and Management. The approval of the ERM Framework by the board, ensured that an adequate and effective Enterprise Wide Risk Management programme is in place for identifying, measuring, monitoring and controlling all material risks which could impact the organization. The COSO ERM framework is the basis for the LFSL ERM Framework.

The Managing Director has the mandate to implement the ERM framework and ensure its effectiveness across the organization, based on defined criteria. and monitoring mandate under the COSO ERM Framework. The Board and Senior managers have been trained in Enterprise Risk Management and the following oversight committees have been put in place; the roles are herein described:

- **The Board** approves the risk management framework, the policy and the risk appetite
  - Discussions on risks affecting the company must be included in the Board Meetings
  - Strategic, new or emerging risks discussed at the Board meeting which impact the company should be formally noted by the Managing Director and taken to the Executive Committee meetings where the risks are discussed and assigned
- **The ALCO Committee** will take on the role to formally review the risk reports submitted by the Risk Management Committee, as such, ALCO will review risks and ensure that management is paying attention, and monitoring the risk exposure

Here's what's important: Enterprise risk management is as much about understanding the *implications from the strategy and the possibility of strategy not aligning* as it is about managing risks to set objectives. The figure below illustrates these considerations in the context of mission, vision, core values, and as a driver of an entity's overall direction and performance.

Enterprise risk management, as it has typically been practiced, has helped many organizations identify, assess, and manage risks to the strategy. But the most significant causes of value destruction are embedded in the possibility of the strategy not supporting the entity's mission and vision, and the implications from the strategy.

Enterprise risk management enhances strategy selection. Choosing a strategy calls for structured decision-making that analyzes risk and aligns resources with the mission and vision of the organization.

The Managing Director is also responsible to ensure that the Senior Management team is adequately trained and resourced to carry out its management

- **The Audit Committee** will monitor the risks in line with Ernst & Young, our internal audit outsourced partner. The Audit Committee reviews the top risks submitted by the ALCO committee and ensures that the Internal Auditors assess the systems implemented to control the risks.
- **The Internal Auditors** incorporate a to process to prioritize the testing of key controls emanating from the ERM Framework
- **The Managing Director** ensures staff are trained at all key levels and involves all key stakeholders

across the company in the rollout of the various aspects of ERM. She ensures that Enterprise Risk Management is placed on the agenda of the Executive management meetings and that the key "Red" risks are reviewed and discussed before they are presented to the Board

- **The Risk Management Committee** is a key function, which is in place to ensure the efficient implementation of the ERM Framework. The committee provides oversight to ensure that standards are met, responses are appropriate and high level risks are treated and escalated

- **The Chief Risk Officer** heads the Risk Management committee and is responsible for formulating and maintaining the Risk Management Framework. This entails, among other things:

  - Drafting, Reviewing and Implementing the Group Risk Management Policy, Standards and Guidelines

  - Ensuring uniformity and roll-out of the Risk Management Framework, including training of management and the Board of Directors on risk management techniques

  - Creating an annual Risk Management Framework development plan.

The Board, Senior managers and Risk Officers have been trained in the principles and techniques of identifying risks, along with their roles and responsibilities related to the ERM Framework and Job Descriptions are adjusted to include the role and responsibilities of each member of the committee including the Risk Officer.

RISK POLICY (summary)

The full policy may be viewed on our website (lascojamaica.com/financial)

The Risk Policy guides the framework and incorporates it as part of LFSL's overall Corporate Plan, ensuring that management controls are effectively integrated within the daily operations of the organization and is continuously developed and improved. The Policy governs Lasco Financial Services Limited risk-based approach to managing its business which is designed to provide reasonable assurance that the organization's objectives will be met.

Lasco Financial Services Limited's approach to risk management is based on the following principles:

- Risk represents both opportunity and threat and therefore effective management is required to manage uncertainty associated with significant risks and increase the potential for reward through opportunities

- Effective risk management equips management and staff with the tools to make appropriate risk and return decisions and provides greater assurance that LFSL's vision, strategy and objectives will be achieved

- The Risk Assessment Reporting Standard requires the reporting of material risks to LFSL's Executive Committee, the Asset & Liability Committee (ALCO), the Audit Committee, and the Board of Directors (BOD).

MEASUREMENT CRITERIA

The following criteria must be used to measure Lasco Financial Services Limited's risk management capability:

- Evidence of documented and up-to-date risk assessments in all LFSL's departments

- Mitigating controls in all LFSL's businesses for risks with major or catastrophic impact has a gross risk rating between Medium to High; and;

- Evidence of ongoing application and monitoring of Management Action Plans.

RISK APPETITE SUMMARY (summary)

The full policy may be viewed on our website (lascojamaica.com/financial)

RISK APPETITE STATEMENT

The Risk Appetite Statement is the articulation of the aggregate level and types of risk that our organization is willing to accept, or to avoid, in order to achieve our objectives. It includes qualitative statements expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate. See summary table below.

RISK		APPETITE
i.	Industry Risk	Moderate
ii.	Legal & Regulatory Risk	Low
iii.	Settlement Risk	Low
iv.	Credit Risk	Moderate
v.	IT & Data Security	Low
vi.	Technology Risk	Low
vii.	Change Risk	Moderate
viii.	Third Party Risk	Low
ix.	Governance Risk	Low
x.	Strategic Risk	Moderate
xi.	Operational Risk	Low
xii.	Reputational Risk	Zero
xiii.	Market Risk	Moderate

This Risk Appetite Statement characterizes our tolerance for each risk as low, moderate, or high, according to the following definitions:

Low – The level of risk will not substantially impede our ability to achieve our mission, goals, or strategic objectives. Controls are prudently designed and effective.

Moderate – The level of risk may delay or disrupt achievement of our mission, goals, or strategic objectives. Controls are adequately designed and are generally effective.

High – The level of risk will impede the ability to achieve our mission, goals, or strategic objectives. Controls may be inadequately designed or ineffective.

Zero – The level of risk will significantly impede the company's ability to achieve its mission, goals, or strategic objectives.

LFSL 's principal business activities are subject to the below risk types

Customized Risk Universe

STRATEGIC

Governance

- Board performance
- Tone at the top
- CSR
- Reputation

Strategic Planning

- Planning & Resource allocation

Major Initiatives

- Project initiative/execution
- Measurement and monitoring
- Change management

Communication and Investor Relations

- Media relations
- Investor/member relationship

Mergers, Acquisition and Divesture

- Timely Identification and Efficient Execution

OPERATIONS

Sales and Marketing

- Sales and Marketing
- Sales Execution

Product Development

- Innovation

Business Continuity Management

- Business Impact Analysis
- Business Interruption
- Natural Disasters
- Man-made Disasters

Human Resource

- Recruitment and Retention
- Culture
- Succession Planning
- Performance Management
- Payroll
- Training
- Record Management
- Compensation and Benefits

Information Technology

- IT Resilience and Support
- Application Development and Maintenance
- IT Projects
- Data Security

Payment

- Pre-launch
- Post Launch

Cambio

- Cash Processing
- Loan Payment Collection
- Value-added Service
- Vault Management

Procurement

- Vendor Management
- Billing
- Forecasting

Facilities

- Infrastructure
- Safety
- Health

Remittance

- AML/CFT
- Transaction Processing

COMPLIANCE

Code of Conduct

- Integrity & Ethics
- Appeals & Grievances
- Internal Fraud

Regulatory

- International and Local Regulatory Requirements
- Data Protection & Privacy

Legal

- Contracts
- Litigation

FID Reporting

- Daily/Monthly/Quarterly/Annually

Due Diligence

- AML/CFT
- Fit & Proper
- Agents Compliance

Products and Services

- Definition and Implementation
- Product Profitability

FINANCIAL

Financial Accounting and Reporting

- General Accounting
- Financial Accounting and Disclosure

Capital Structure

- Capital Management

Market

- Foreign Exchange
- Interest Rate
- Price Fluctuation

Liquidity

- Liquidity Risk
- Cash Management
- Investment

Credit Risk

- Acquisition, Administration Processing, Collection
- Counterparty

COMPLIANCE REPORT

For Financial Year 2020 - 2021

Compliance with legal and regulatory requirements is integral to our operations. It is only in this manner that we can sustainably increase the company's enterprise value and safeguard our reputation.

LFSL'S COMPLIANCE CULTURE AND TARGETS

In our Corporate AML/CFT & Anti-Fraud Compliance Policy, LASCO Financial Services Limited has specified a Group-wide code of conduct that mandates fundamental principles and rules for all employees. This code of conduct details our commitment to fair competition, integrity in business dealings, the principles of sustainability and product stewardship, data protection, upholding of trade in foreign currency and insider dealing laws, the separation of business and private interests, proper record-keeping and transparent financial reporting, risk management as well as to providing fair, respectful and non-discriminatory working conditions especially in this unprecedented era of the Covid-19 pandemic. The requirements of our Corporate AML/CFT & Anti-Fraud Compliance Policy apply within the company, as well as to all interactions with external partners and the general public. Our code of conduct further provides a decision-making framework for our company and our employees.

Our Corporate AML/CFT & Anti-Fraud Compliance Policy is available online on our intranet. New employees receive a comprehensive set of documents, including our Corporate AML/CFT & Anti-Fraud Compliance Policy and Agent AML/CFT & Fraud Detection & Prevention Training Manual.

LASCO Financial Services Limited is aware that employees will likely embrace and exhibit integrity if managers are excellent role models. As the Board of Directors and Senior Management of Lasco Financial Services Limited states very clearly in its Corporate AML/CFT & Anti-Fraud Compliance Policy for all staff, LASCO Financial Services Limited does not conduct any business activities that would be legal yet violate our rules. In addition, supervisors are prohibited from instructing employees to violate any LASCO Financial Services Limited rule. In this way, management continuously fosters a culture of compliance by, for example, regularly drawing employees' attention to compliance topics and their significance to the company and its business continuity.

At LASCO Financial Services Limited compliance trainings, on-site location visits, and desk reviews, the Compliance team members present recent compliance cases to Agent staff and LFSL's employees, as well as underscore the importance of complying with not just legal and regulatory but also statutory requirements, internal policies, and procedures as well as the competent and designated authorities' guidance and regulations set forth.

At LFSL we ensure the utilization of our compliance management system to:

- Foster and reinforce conduct per compliance requirements;
- Train and conduct sensitization;
- Minimize or even eliminate compliance violations;
- Identify risks for potential violations;
- Implement preventive measures;
- Uncover, remedy and proactively eliminate a repeat occurrence of any compliance violations committed by individuals acting without authorization and in breach of clear rules, regulations; (whether staff or customer).

COMPLIANCE ORGANIZATION

At LASCO Financial Services Limited, the Group Chief Compliance Officer (GCCO) oversees compliance activities and reports to the Board of Directors through the Audit Committee. During the period, the Compliance Department reported to the Audit Committee which met a total of four (4) times. The Compliance Department, chaired by the GCCO of LASCO Financial Services Limited, is the Group's top-level decision-making body on compliance issues. In addition, the Compliance team oversees the following:

- exercising a Group-wide compliance governance function,
- compliance initiates and approves policies. regulations are issued by the GOJ; and
- approving the annual training plan.

A Compliance team member is also appointed for each Agent location which conducts financial transactions on behalf of LASCO Financial Services Limited. This person serves as a point of contact for the agent owner and its employees on all questions regarding legally and ethically correct conduct in business situations and transactions. The Agent locations also have their own local compliance personnel.

COMMUNICATION, TRAINING & SENSITIZATION

LASCO Financial Services Limited systematically conducts training courses on compliance to include AML/CFT and Anti-Fraud, Whistleblowing, Data Protection and Cyber Security training. Once areas of emphasis have been specified, the company's compliance liaison officers identify target groups for each category of course content and determine which employees require which type of training and such trainings are conducted on a bi-weekly basis.

LASCO Financial Services Limited expressly encourages its employees to openly address any doubts about proper conduct in business situations and to solicit advice. We inform all employees whom they can contact if they have any doubts or questions. Internal and external persons can report potential compliance violations through a hotline accessible to all by use of an email address or an extension number that also permits anonymous reports following such reports extensive investigation is carried out. In addition, employees can also report any compliance incidents to their supervisors, or immediate manager/ head of department or to the Group Chief Compliance Officer of the company.

An internal Whistleblowing policy sets out the principles for handling compliance incidents at LASCO Financial Services Limited. This policy also stipulates that all suspected compliance incidents be recorded in a central database. Confirmed violations are evaluated. Organizational, disciplinary or legal measures are taken if necessary.

Compliance incidents (scamming, fraud or any other suspicious/illegal activity) are regularly reported to the Group Chief Compliance Officer, the Board of Management and the Compliance department team. In addition, weekly AML tips and additional information on various aspects and developments related to this topic, is disseminated on a weekly basis to the Branches and Agent locations on our network and can be viewed by all employees of LASCO Financial Services.

On a quarterly basis, all LASCO Financial Services Limited business units document and update their risk registers. All significant risks are reported to the ALCO and the Audit Committee of the Board, and the major risks are disclosed in the notes to the full Board of Directors to include any Board reportable legal and regulatory risks which are handled by the company's Chief Risk Officer.

DUE DILIGENCE ON HUMAN RIGHTS

LASCO Financial Services Limited is committed to respect for human rights on the basis of the United Nations Guiding Principles on Business and Human Rights. In particular, we are committed to meeting the requirements of various country-specific action plans and laws with respect to customer due diligence and human rights. We acknowledge that companies are responsible for respecting human rights in their scope of business operations, at subsidiaries and throughout global supply chains and value chains as well as guarding against violations of such human rights.

LFSL expects our employees and business partners around the world to conduct themselves in accordance with these and similar principles laid out by their organisation. A key component of our due diligence surrounding human rights lies in zero tolerance of human trafficking. As such, our AML/CFT Policy and Procedures takes the subject matter in serious consideration and seeks to prevent any benefit to Money Laundering being gained through this means.

THE LEADERSHIP TEAM


LASCO
FINANCIAL
SERVICES

STRATEGY TEAM

From left to right.

ATASHA BERNARD
MBA, FCCA, FCA
Chief Financial Officer
Demitted Office December 2020

DENISE E. WEST
B.Sc., LLB (HONS.) LEC
Attorney-at-Law & Group Chief Compliance Officer

JACINTH HALL-TRACEY
BA (HONS.), MBA.
Managing Director

NORDEL LEACH MURPHY
B.Sc., Dip. ED
Human Resource Manager

NORRIS CLARKE
FCA, FCCA
Group Financial Controller

REVENUE & MARKETING TEAM

From left to right.

RICHARD TRUSTY
MBA, B.Sc.
Cambio Services Manager

DANIELLE DRYSDALE
BA, Dip.
Marketing Manager

RAMON DAVIS
B.Sc.
Payments Services Manager

SUPPORT TEAM

From left to right.

KAREEN TAYLOR-JOHNSON
MBA, FCCA, FCA, Bsc. Hons
Finance Manager

MARIA CAMPBELL
B.Sc.
Group Facilities Manager

RANDOLPH BURGESS
B.Sc., PMP
Information Technology Manager

LASFM TEAM

From left to right.

DR. HOPETON MORRISON
General Manager
LASCO Microfinance Limited
Demitted office subsequent to the financial year

MARSHAREE BURRELL-JOHNSON
B.Sc.
Sales & Product Manager

KAMAL GILZENE
M.Sc., B.Sc. (Hons.)
Operations Manager

RICARDO THOMAS
MSc, BBA
Credit Risk Manager

LASFM TEAM

From left to right.

FAYOLA WRAY
FCCA, CA
Finance Manager

ROHAN FORD
Data Analytics Manager

KHADRIAN SMALLWOOD
BSc.
Collections Manager

From left to right.

JOEL GONZALES
Property Manager

RUEL THOMPSON
Safety/Security & Community Relations Manager

PETER HYLTON
Group Information Technology Manager

HUMAN RESOURCES

The year 2020 was a phenomenal yet unique year in the business. We started our financial year with the introduction of a global pandemic that was expected to impact businesses adversely. Human resources and business professionals had to become acquainted with a new vocabulary which became the norm within our daily conversations. Terms such as navigating, pivoting, recalibrating, realigning, refocusing, and remoting have all become second nature to supplement discussions.

As the business grappled with the effects of the pandemic, the major thrust was to ensure that our dedicated employees remained engaged. We tried in every way to protect the livelihood of the people who have committed their lives to making the company a success. As the country saw a downturn in economic activity, we had to re-engineer our processes and business operations. One way in which we maintained employment for our team members was through job rotation exercises. We believed that minimizing the hardships brought on by loss in employment would be our mandate and as much as possible job loss would have been a last resort. Employees were able to obtain some balance in their living condition considering the challenges faced even as the uncertainty heightened around them and contractions could be seen globally.

STAFF EXPERIENCE IN A PANDEMIC

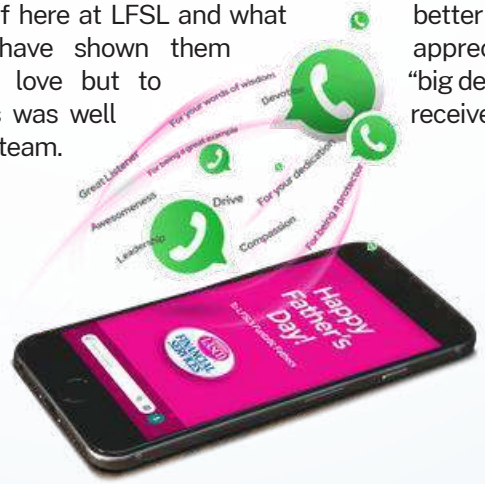
Pandemic or not, the Human Resource team ensured that our employees were kept informed and connected. Information was disseminated quite frequently on preventative care for self and loved ones as we battled this unknown phenomenon – Covid-19. Like many local businesses, the company had not started the move to remote work arrangements, though pre-pandemic discussions highlighted this as a futuristic strategy for the business. The physical/on-site number of employees within our daily operations were reduced to achieve and maintain social distancing requirements established by the GOJ. This was supported by the development and implementation of the LASCO Financial Services Group of Companies-Disease Prevention Policy. As early as April, the remote work arrangements were adopted. With small tweaks to ensure end to end coverage, a plan was implemented to allow for less employees in office environs – should there be a contagion, this would have been limited. As we continued to serve our internal and external customers, it was evident that we had to operate differently. Our physical space had to be remodeled to limit interactions that usually took place in a more impersonal format – all done in good faith to protect our people from exposure.

RELATIONSHIP WITH STAFF

We engaged the staff with numerous activities for the financial year 2020/21.

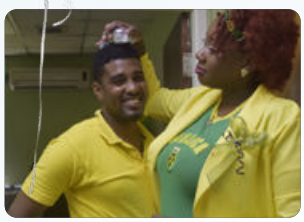
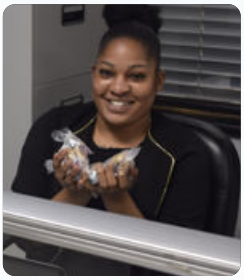
Physical staff engagement activities were affected by the novel coronavirus. However, through the digital realm we were able to reach our team members across the company to keep them engaged.

The first engagement was recognizing our fathers on Father's Day with a presentation shared through our WhatsApp group. We value our male staff here at LFSL and what better way to have shown them appreciation and love but to "big dem up". This was well received by the team.



We did not let Covid-19 prevent us from participating in the independence and emancipation jubilations. On August 5, 2020, we engaged our team members through our virtual "Emancipendence" celebrations. We feted the team with some sweet treats in honour of our cultural heritage and shared information about our beautiful country Jamaica. The highlights

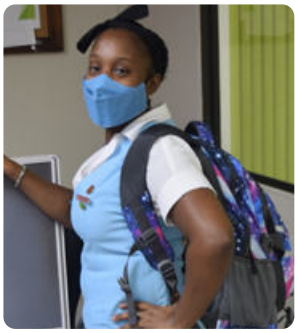
of the day were, team members vying for prizes during the Jamaican trivia session and showcasing their Jamaican colours, notwithstanding the restrictions thrusted on us.


General staff meeting was next on the agenda, and we all tuned in virtually via Microsoft Teams. On September 30, 2020, our staff meeting under the theme "Sweet Sixteen; Stronger Together…. Though 6ft Apart" was convened. Each department creatively introduced their team to give a synopsis of who they are and their contribution to the organization's objectives. Highlight of the day was from team Montego Bay. A poster competition was conceptualized and promoted, and team Remittance copped the top prize for their artful representation.

Back to school was also on our agenda and we took it to the online platform on Thursday, October 8, 2020. School began at 9:30 a.m. and team members were decked out in their best school uniform in anticipation of winning prizes such as, LASCO gift baskets.

We continued to navigate the uncertainties, our business remained an essential service, as such, our committed frontline team members showed up for work every day braving the pandemic. We understood that this had a significant impact on our frontline teams, as their duties could not be facilitated remotely. LASCO Financial Services Limited like Jamaica has heroes and saw this as an opportunity


to celebrate our team. Dubbed our "Frontline Heroes" we recognized our frontline staff. The HR and Marketing teams journeyed to all branches to cheer, show appreciation with tokens and thanked them for braving the pandemic, while continuing to serve our most valued customers. It was an absolute pleasure seeing how our team beamed with surprise for this recognition.



HUMAN RESOURCES

Cont'd.

International Men's Day was celebrated on November 19, 2020. Our male staff engaged in the 19 push-up challenge and we were so pleased. They all accepted the challenge and when asked to push it to the limit, they certainly did. This too was shared virtually, and it generated camaraderie and bellyfuls of laughter. Congratulations to Ricardo Thomas who did the most pushups, 50 and counting.

Since "lockdowns" became the new order of the day, all Christmas celebrations were cancelled so we made sure to send home some love for the dinner tables. We certainly stretched our budget to ensure that ham was still on the Christmas eats list.

Love was definitely in the air on February 12, 2021, as we celebrated Valentine's Day with our team members. Roses, chocolates, ties, photo booths and certainly music were among the festivities for the day. The smiles on team members' faces expressed their appreciation.

March 8, 2021 was celebrated as International Women's day and our female team members supported this year's theme #ChooseToChallenge.

PROCESS IMPROVEMENTS

Though an unpredictable year, we were able to implement our new performance management programme. This was done in an effort to better align and manage performance with the goals of the organization. A modified approach was applied considering the pandemic and the looming uncertainties, however, we ensured that an objective management of performance was implemented going forward and we were not deterred by the pandemic to launch same. This revised method of performance management came with its challenges, however, as the business pivoted to maintain a balance, the method was fluid enough to allow for tweaks where necessary to ensure objectivity.

The Human Resource department continues to promote process improvement throughout the organization as we are more formally organized with planning and forecasting the future needs of our employees. This will assist with identifying trends and patterns based on historical reports and employee

needs. Monthly updating of the risk register helped to mitigate the risks identified within the department. This also contributed to process improvement.

GROWTH & INNOVATIONS FOR COMPETITIVE ADVANTAGE

As our company continues to grow within the financial industry, our main aim is to attract top talent and competencies geared towards a more technologically focused environment. As a result, we continue to train employees to become more technologically savvy and offer more digital transformation training. This has also helped with our customer service experience to our virtual customers.

Training and Development – The vehicle for success
We understand that training is not just important to our company but vital. We were able to launch our learning management program via our internally managed learning platform. Training can be very costly so our strategy to manage the cost was to partner with a content provider who provided access to a knowledge bank from which our learners can discover pertinent information to build relevant competences. Training presents a prime opportunity to expand the knowledge base of all employees. We intend on building out our corporate learning platform over the next Financial Year as we develop a cadre of highly competent staff and prepare ready now leaders.

As we move into the new financial year, we look forward to refocusing our strategies and discovering and implementing innovative ways to engage our people to be their best selves. We anticipate that as we rebound from the global shock, we will emerge in a more technologically savvy position than which we entered.

ABOUT US

For over sixteen years, LASCO Financial Services Limited (LFSL) has served Jamaicans locally and in the diaspora, providing non-bank retail financial services. Our journey begun as a principal agent for MoneyGram offering money transfers services through a network of agents while operating Cambio services from our Money Stores. Our focus to provide additional personal financial services to the non-banked led to the acquisition of LASCO Microfinance Limited which provides microfinancing to micro businesses and customers of low and average income. Early in our formative years we achieved the status of number one agent for MoneyGram International among the English-speaking Caribbean countries. We continue to hold that position today.

The LASCO Financial Services Group's structure includes 3 owned Money Stores that offer a mix of retail financial services: money transfer (send/receive transactions) within Jamaica, as well as transactions to and from Jamaica to the world. Foreign Exchange services: customers may exchange USD, GBP, CAD, KYD and EURO in cash in branch whereas small entrepreneurs and established corporate companies and authorized foreign exchange dealers may settle their trades in draft and international wire transfer through our banks. Our LASCO Money Stores are located in Red Hills Road, Papine and Montego Bay.

Our Key Money Transfer partners are MoneyGram International and RIA. The services are offered through our agent network which comprises over 140 locations and includes large groups such as Mobile Electronics, Prime Trust Financial, Paymaster, Credit Unions, and several independent business owners.

In 2019 we launched a prepaid Mastercard through a cobrand arrangement with Alliance Payment Services (ePay). The LASCO PAY Prepaid MasterCard allows consumers to conduct a myriad of cashless transactions with greater convenience. Customers can walk into select agent locations islandwide to register for a card in minutes or apply online for a personalized card; the agent network also provides a service for

customers to load their cards with funds. Supported by a website, www.lascopayja.com and mobile app, available on Google Play and Apple Store, customers can transfer money person-to-person, pay bills, check balances and purchase call credit. The card also facilitates online shopping, contactless payment in store and ATM withdrawals. Remittance payments in cash are still the dominant form for customers, but the industry has been evolving its payment options. Accelerated by the pandemic, LFSL has made several non-cash options available for its customers who may now receive remittances direct to their LASCO PAY cards or to their bank account.

During the pandemic year, 2020, LFSL made strides in serving a new market segment in a bid to grow its services among unbanked micro businesses. The timely offering of ecommerce services was approved by the Bank of Jamaica in the regulatory Fintech sandbox. The solution allows MSMEs to accept card payments online whether with a payment button or through a full-service webstore. Through the prepaid card and payment gateway solution, LFSL will continue to strengthen its support for the small business community.

LFSL has strategically developed key relationships with Insurers so that our customers may benefit from the scale of lower rates of Family Indemnity Insurance from Cuna Mutual and health insurance from Guardian. This service may benefit any individual, however, LFSL targets its services at the micro businesses to protect their cash flows against shocks in the event of illness and funeral expenses upon the passing of a member of the family.

Our subsidiary, LASCO Microfinance Limited (LASMF), offers consumer loans to salaried customers and business loans to micro, small and medium businesses. LASMF serves the communities of Red Hills Rd, Linstead, Santa Cruz, Montego Bay, Mandeville, May Pen, Morant Bay, Brown's Town and downtown Kingston through its head office on Duke Street.

The Group's financial services (Cambio & remittance) are licensed and supervised by the Bank of Jamaica and are subject to anti-money laundering regulations. We are a member of the Cambio Association of Jamaica, Jamaica Money Remitters Association and the Jamaica Micro Financing Association. LFSL supports initiatives on an annual basis, dedicated to education, sports and community development through culture. Some of the key initiatives supported on an annual basis include the Social Development Commission's T-Twenty cricket competition, the Jamaica Cultural Development Commission's Festival Queen Competition and the Scholarships granted to high school students to pay for two CXC subjects for up to 20 students each year. LFSL also achieves several social missions through the financial support of the LASCO Chin Foundation.

LFSL's long term strategy is to create a sustainable and highly valuable financial service ecosystem, that is SIMPLE to use, CONVENIENT to access and INNOVATIVE. LFSL's mission is to dominate financial services for the masses. To that end, it is positioned as a significant market leader in remittance business, Cambio services, micro lending services and is fast becoming a major player in electronic retail payments.

LFSL is currently the sole company in Jamaica which is a major player in all

segments targeting the underserved. We specialize in products that facilitate the movement of cash on behalf of customers, businesses and government while we enable our digital capabilities to transition our customer base in a manner that is relevant to their needs and lifestyle.

Our customer segment comprises the informal sector, the micro and medium entrepreneurs, customers with little or no access to credit from banks for savings or deposit services and electronic payments. Our segment is largely cash based with a slow adoption rate into digital services. It comprises low skilled, low wage earners who are highly susceptible to income shocks from external events, as they have little to no safety net.

MANAGEMENT DISCUSSION & ANALYSIS

In Financial Year (FY) 2020-2021, LASCO Financial Services (LFSL) made some meaningful progress in the business even as we navigated the impact of the Coronavirus Pandemic. We generated revenues of $2.29B which is 9% lower than the $2.50B in the prior year and profits of $156.7M, representing a turnaround of the losses of $56.9M of 2020.

The year was a very difficult one for our customers, our team members and our agents. The Coronavirus Pandemic brought about much hardship and anxiety to people's lives, and LFSL was happy to play a role in assisting customers in meeting their day to day challenge. Our frontline team members and our agents were able to provide relatively uninterrupted service while observing the social distancing protocols. Our loan customers who were eligible for Unemployment Insurance benefits received claims to cover their monthly loan repayments, while we provided loan payment deferral for others who qualified. Leveraging our strong Agent Network, we rallied to support the Government of Jamaica as they provided benefits to our fellow Jamaicans through the various CARES beneficiary programmes.

Also recognizing the opportunity to assist our customers to adjust their business models to serve their own customers, LFSL accelerated its new service LASCOBiz which is an ecommerce platform for small merchants to enable them to accept online payments. We applied for and received approval from the Bank of Jamaica to participate in its Fintech Regulatory Sandbox. Our ongoing investments in digital client interfaces allowed us to maintain close relationship with our clients, indeed attracting others and growing our customer base by providing multiple options for making and receiving payments and remittances.

SEGMENT OVERVIEW

Microfinance

There was a mixed impact on our key segments. The Microfinancing business experienced the most negative impact due to ongoing risks of delinquency. One of the immediate consequences for a Microfinancing institution (MFI) when there is business interruption for its main customers, is an increase in its portfolio at risk and the potential reduction in portfolio size. The consequences of this is a reduction in revenues and a reduction in profitability. Most lending institutions, including ours, took the opportunity to support affected clients through solutions such as restructuring and moratoriums. As these are short term solutions, we will now be challenged to regrow our portfolios responsibly while balancing risks. The crisis is not yet over as these credit risks may gradually transition into losses.

The Micro Credit regulations are expected to be effective within the new financial year and LFSL will take the necessary steps to comply.

Cambio

Cambio retail segment declined significantly and immediately upon the closure of the borders as the Government of Jamaica implemented measures to stem the spread of the Coronavirus. Transactions remained flat for the better part of the year until global ports, particularly the United States reopened. Our Cambio services are offered through our Moneystores which remained very relevant as they were a key distribution centre for remittances and GOJ CARES programmes. The company lost revenues from the reduced inflows of foreign currency however the inflows from remittances more than compensated for the loss.

Remittances

Remittances proved to be the most resilient of our key segments, officially recording the highest inflows into Jamaica and LFSL accordingly. Inflows into Jamaica increased over 30% when compared with the pre-pandemic year. The main drivers included fiscal stimulus programmes, a shift in flows from informal to formal channels due to border closures and of course, increased need from local residents expanding the pool of remittance receivers. Overall remittances stepped up and played a critical role in family support.

LFSL was able to grow its inflows higher than market growth rates. Our resilience was on the basis of our ability to leverage the benefits from digital transformation, providing options for not only those customers who depend on our reliable cash services but also to attract the growing segment of customers who prefer to interact with us electronically.

NEW ELECTRONIC PRODUCTS

LFSL's continued relevance will depend on our ability to transition our services to digital channels, key partnerships with large Fintech companies and card networks such as VISA International, innovative products which are attractive and valuable for the unbanked as well as expense management to ensure efficiency. Our key strategic focus will continue to be to:

- Increase our remittance marketshare to a position of dominance
- Diversify our financial products to underbanked consumers and businesses
- Digital transformation of services and processes, enabling reduced cost per transaction
- Blended channels for service options to our customerbase while they transition (cash and digital)
- Continuous development of a high performing team fostering development.

RISK FACTORS RELATED TO OUR INDUSTRY

- Increased competition from large international financial platforms seeking to offer direct loan and remittance services to our customers without the need for an agent in Jamaica.
    - **Mitigations:** transitioning our business model to include partnership with global entities that offer fintech products| boosting compliance capabilities to ensure continued adherence to regulations
- LFSL also currently competes on:
    - Breadth of agent network and cash distribution
    - Availability of pre-paid card services
    - Reliability of system performance
    - Convenience of branch and agent network
    - Compliance and regulatory capabilities
    - Brand recognition and reputation
    - Key partner's speed and quality of digital services.
- Most of our o perating revenues are derived from transactions processed on behalf of key partners whose interests overtime and operational decisions might not always align with our interests
    - **Mitigation:** since 2017, LFSL began to diversify its income streams to reduce the reliance on one key revenue source (acquisition of loans business). Currently, LFSL is in the process of increasing its income from remittance through new partnerships to reduce its reliance on any one key partner or market.
- Change in the economic outlook of Jamaica could impact the ability of our segment to honour their loan payments and lead to high default rates.
    - **Mitigation:** LASMF has always applied higher than market risk ratings on its customer base applying aggressive impairment provisions for loans which are not repaid in a timely manner. Loans 90 days and over are fully provided for.

GROUP FINANCIAL PERFORMANCE

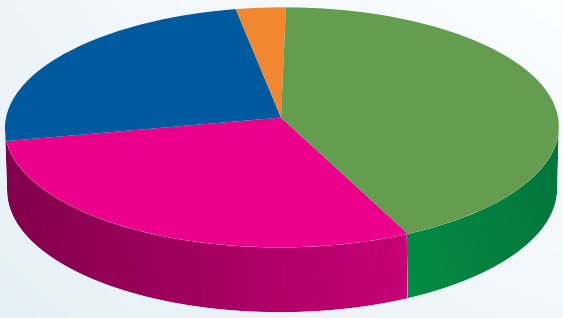
FINANCIAL HIGHLIGHTS	YEAR ENDED MARCH			
	2021	2020	Change	Percent
REVENUE AND EXPENSES	$000	$000	$000	%
Total Revenue	2,293,041	2,507,304	(214,263)	-9%
Administrative and Other Expenses	1,079,790	1,082,153	-2,363	0%
Selling & Promotion Expenses	765,820	1,194,837	(429,017)	-36%
Finance Cost	187,047	208,345	(21,298)	-10%
Net Profit Before Taxation	260,384	21,969	238,415	1085%
Taxation	103,631	78,887	24,744	31%
Net (Loss) Profit for Year	156,753	-56,918	213,671	375%

Trading Income for the year ended March 31, 2021 decreased by 7.7% below the prior year, moving from $2,404.4M to $2,217.9M. The reduction was due to the fall in Loan Revenues caused by the Covid 19 pandemic. Loan Disbursements and revenues were reduced as the group adjusted to operating in a more risk averse environment. This resulted in Loan Revenues being reduced by 33.3%. In addition, several of our customers lost their jobs or had their business impacted due to business closure, reduced operating hours. The result was that they were unable to service their loans in a timely manner. Management responded by granting moratoriums and loan restructuring to assist these customers who were impacted. With opportunities improving incrementally, and the economy begin to reopen, the group will continue to roll out more campaigns to regrow the loan portfolio.

Remittance revenues were impacted early in the pandemic, however this quickly rebounded and we saw increased transaction volumes due to the various stimulous packages implemented in our key diaspora corridors. We expect transaction volume to continue to grow and increased revenues for the coming year.

Retail Cambio Services was impacted by the pandemic but this segment contributes only a very small percentage of the group's overall Cambio Revenues. The major earning from Cambio Sevices is from the group's corporate trades and this improved due to the increased inflows from remittance services. The group expect Cambio Revenues to continue to grow in allignment with the projected path of remittance services.

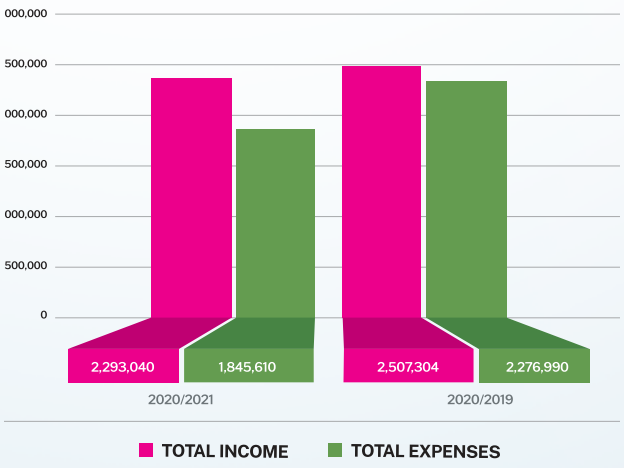
INCOME PROFILE



REVENUES:

- 42% | REMITTANCE
- 29% | CAMBIO
- 26% | LOANS
- 3% | OTHERS

TOTAL INCOME & EXPENSES ($000)



Operating expenses reduced by $431.3M or 19% below the previous year. The major contributing factors were:

- Impairment losses on loans of $130.5M, a reduction of $520.5M from the prior year. The reduction is as a result of management strategy of granting moratoriums on loans to customers who were negatively impacted by the Covid19 Pandemic.

In addition several restructuring arrangements were granted to customers to assist them in servicing their loans and hence reduce our impairment losses.

OPERATING PROFIT EXCLUDING IMPAIRMENT ON LOANS

	2020/2021	2019/2020
TOTAL INCOME	$ 2,293M	$2,507M
TOTAL EXPENSES (Excluding Impairment)	$ 1,715M	$ 1,625M
OPERATING PROFIT (Excluding Impairment)	$ 578	$ 882
FINANCIAL EXPENSES	$ 578	$ 208
IMPAIRMENT	$ 131	$ 651
PROFIT/(LOSS)	$ 157	-$ 56

Profit from Operations increased 94% from $230.3M to $447.3M resulting in a profit of $156M for the the financial year.

There were 192 staff at year end compared with 214 in the previous year. Operating expenses net of impairment increased marginally by 5%. There was savings from the reduction in the staff levels but we saw compensation increases in the following areas: Computer and development cost, Professional Fees and Agents Remittance Commission.

QUARTERLY HIGHLIGHTS

The poor performance from the previous year continued into the first quarter of the new financial year. This resulted in the company recording a loss of $105.6M.

The second quarter saw significantly improved perfomance as the company was able to turn the loss of the first quarter and recorded a profit of $135M.

This was due mainly to a reduction in the Loan Loss provision from Lasco Microfinance. This was possible as the company began offering moratoriums and loan restructuring to customers who were negatively impacted by the pandemic.

In addition Remittance revenues increased by 28% and Cambio Revenues by 13%. Loan Revenues were also stable during the period.

The third Quarter performance was satisfactory as well and recorded a profit of $123.8M. This was marginally below the second quarter profit of $135M.

QUARTERLY FINANCIAL STATEMENTS

	April -June 2020 $'000	July - September 2020 $'000	October - December 2020 $'000	January - March 2020 $'000	Totals
INCOME					
Trading income	533,014	604,901	527,177	552,859	2,217,951
Other operating income	5,949	15,058	4,981	49,101	75,089
	538,963	619,959	532,158	601,961	2,293,041
EXPENSES					
Administrative and other expenses	-263,650	-241,841	-192,747	-381,553	-1,079,790
Selling and promotion expenses	-297,173	-148,363	-143,727	-176,557	-765,820
	-560,823	-390,204	-336,474	-558,110	-1,845,610
PROFIT FROM OPERATIONS	-21,860	229,755	195,684	43,851	447,431
Finance cost	-49,765	-58,448	-45,867	-32,967	-187,047
PROFIT BEFORE TAXATION	-71,625	171,307	149,817	10,884	260,384
Taxation	-33,947	-35,586	-26,058	-8,040	-103,631
NET PROFIT FOR THE PERIOD	-105,572	135,721	123,759	2,844	156,753

During this quarter we saw a reduction in Cambio Revenues of 18% and Remittance Revenues of 15%. However Loan revenues grew during this period and recorded increase of 11%. We saw further reduction in our loan loss provision as the company continued to offer moratoriums and loan restructuring to customers affected by the pandemic.

The fourth quarter peformance was low when compared to the second and third quarter and recorded a profit of $2.8M.

This was as a result of Remittance revenues being flat and Loan revenues fell 16%. Overall Revenues increased for the fourth quarter but we saw increases in our loan loss provisions as the moratorium period had expired and several of our customers were still experiencing difficulties in servicing their loans.

In addition accrual had to be made for unused vacation leave.

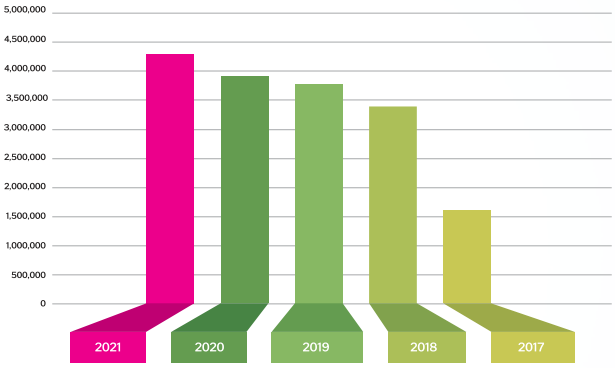
FINANCIAL POSITION

GROUP FINANCIAL POSITION

The Group's total assets have increased by $337.7M or 8.5% year on year to total $4.301B as at March 31, 2021. This increase was primarily as a result of growth in cash balances also Right of Use of Assets totalled $166.8M.

Loans and other receivables totaled $1.64B which was a reduction of $273M or 14% below that reported for 2020.

TOTAL ASSETS OVER FIVE YEARS ($000)



LFSL'S 5 YEAR STRATEGIC GOALS (2017-2023)

KEY PRIORITIES	ACTION	PROGRESS
Diversify its earnings to reduce risk of debanking of its money service business	Acquired a loan company	Completed
Increase market share from remittances	Partner with additional key remittance providers	In progress
Diversify services to remain relevant to the unbanked	Add micro insurance services (unemployment & disability & critical illness to cover loans)	Completed
Digital transformation of our services and processes	Add electronic access to services, new partners, new service offerings such as the LASCO BIZ Merchant Membership programme.	Completed
Staying true to the local underserved	Provide relevant blended services (cash & digital) and assist our customers to transition	In progress
Develop and entrench a high performance culture	Develop performance management framework whereby all units are managed by objectives	Completed
Strengthen internal technical capabilities to support digital transformation of products and services	Build out IT organizational structure	In progress

Send Money to Jamaica with MoneyGram and Collect with LASCO Money

MoneyGram is proud of its long term association with LASCO Financial Services and wishes to congratulate LASCO on its continued success. MoneyGram and LASCO are committed to providing a fast, reliable and affordable money transfer service to Jamaicans home and abroad.

MoneyGram is leading the evolution of digital P2P payments. With a purpose-driven strategy to mobilize the movement of money, a strong culture of fintech innovation, and leading customer-centric capabilities, MoneyGram has grown to serve nearly 150 million people across the globe over the last five years.

For more information, please visit MoneyGram.com and follow @MoneyGram

NEW PRODUCT ALERT!

LASCO FINANCIAL SERVICES

LASCO GOLD
POWERED BY LASCO FINANCIAL SERVICES

LASCO GOLD PREPAID VISA CARD

LASCO GOLD is a Prepaid Visa card solution for everyone with a wide range of benefits for businesses and customers. Businesses can use LASCO GOLD to disburse payroll, make purchases and conduct ecommerce transactions. It can also be used as an expense card or multi-currency purse. Customers can conduct a myriad of transactions including remittance to card services, P2P transfers, online shopping, ATM withdrawals, POS purchases, Bill payment and more. Both businesses and customers can use Visa Direct which allows them to send and receive money efficiently, securely, and seamlessly to billions of endpoints globally.

The all-purpose Visa Prepaid card is a reloadable card that can be used to make purchases anywhere Visa cards are accepted. The card can be funded through a variety of ways, such as direct deposit or with cash at any participating LASCO Money agent location. It is easy to get a LASCO GOLD prepaid card as no bank account is required. All that is required to sign up is a valid ID, TRN and proof of address.

One Card, Many Solutions!

LASCO | BIZ
Merchant Membership Programme

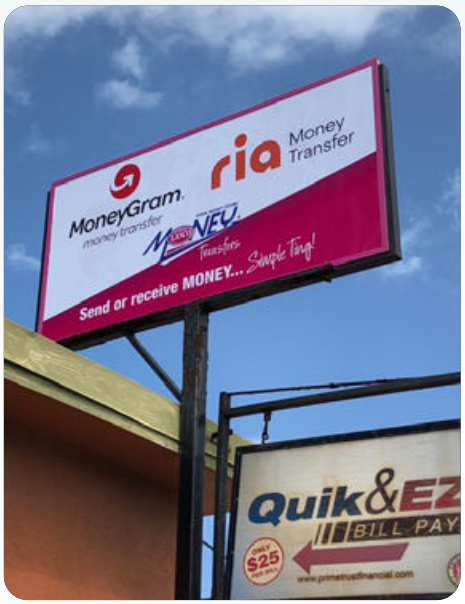
LASCO BIZ Merchant Membership Programme (LASCO BIZ) provides MSMEs and other interested entities with the ability to accept all card payments and participate in an emerging e-commerce trend using a virtual point of sale. Members can track sales, expenses, produce invoices and enjoy other great features and benefits from the convenience of their smart devices.

The Platform facilitates the acceptance of card payments, inventory management, online webstore management and backend operations Integration with DHL- for cross-border transactions only. With just one QUICK CLICK, merchants can send Payment Button links from WhatsApp, Instagram, Facebook or email, send customized invoices/bills, accept card payments and get accounting reports.

Merchants can easily set up a customized web store just by uploading inventory and adding photos.

Handle your business anytime, anywhere!

FOLLOW US:
@lascomoney www lascojamaica.com/financial



The changes brought on by the Covid-19 pandemic encouraged the marketing department to find new and creative ways to engage customers and position brand LASCO Money. Typical marketing activities such as events and street promotions and some outdoor branding exercises were halted and or reimagined during the year. Therefore, more focus was placed on increasing our brand presence island wide, enhancing digital marketing, and improving customer experience across all touch points.

All remittance agent locations that conduct both Ria and MoneyGram transactions received new outdoor signs, displaying the availability of both services under the LASCO Money brand. Installations were done in phases, beginning with the Kingston, St. Andrew and Saint Catherine region as these parishes carried the highest number of agent locations. The remaining parishes were executed over the second half of the financial year, resulting in a cohesive and striking brand appearance island-wide. Similarly, the agent Cambio locations received updated outdoor signage, re-establishing that they are a LASCO Cambio location. Key to our branding strategy was disrupting our competitor's brand presence and this was achieved by repositioning and adding new lollipop signs and rentals of multimedia billboards in high traffic areas; the corner of Burlington and Eastwood Park Road in Kingston and Shortwood Road.

The tactics of direct marketing and promotional activities offered by events were replaced with mobile marketing, to drive product awareness and product take-up. This direct connection also improved customers' experience, by providing support and assistance to customers who opted to sign up for LASCO Money Skip Di Line and the LASCO PAY card.

Customers received updates on products and useful notices on adjustments to our business operations during the pandemic via SMS messaging and social media. The customers' experience was further enhanced by providing a designated WhatsApp line that was manned by our very own Brand representatives in office. The outbound communication to customers served as an alternative to street engagements, while the handling of inbound customer contacts, initiated and improved a streamlined customer service process. The designated number was shared with customers across multiple marketing communication channels and promoted through a digital campaign dubbed, "Go Online with LASCO Money". The campaign included live social media engagements and pushing key messages on how and where to sign up for Skip Di Line, with the LFSL website being adjusted to accommodate online applications. We communicated the benefits of receiving remittance to account and particularly the LASCO PAY card, resulting in an increase in card sign ups via the website and for more instantaneous access, agent locations. Customers responded positively to the extension of the service, resulting in a growth in our remittance to account service, LASCO Money Skip Di Line.

Joint marketing initiatives with remittance agents throughout the year are customary, however, we opted to encourage and support their safety and that of their customers. Therefore, agent owners and their remittance team members were given reusable masks. Instore seasonal promotions such as Mother's Day, Father's Day and Valentine's Day were scaled down to ensure compliance with Covid-19 Restrictions.

LASMF had reduced lending and promotional activity for the first few months of the financial year. During this period, the marketing efforts were shifted to focus on reaching out to customers during the difficult period. Going into the Christmas season they held their "Countdown to Christmas" promotion where customers received cash for the holidays to top up their Christmas wish list. The promotion ran for a period of six weeks which saw personal and business loan recipients being rewarded with prizes including: LASCO PAY card top ups, supermarket and home supply gift vouchers and mobile data plans.

CSR

Despite the challenges of the pandemic, we were able to fulfil our annual LASCO Money Caribbean Secondary Education Certificate (CSEC) Grant, providing twenty students with $15,000 each towards their 2021 CSEC Fees and a voucher valued at $5000 to purchase school supplies.

We assisted Recycling Partners of Jamaica in awarding the top three schools who recycled the most plastic bottles under their recycling programme. Each school was presented with a LASCO PAY card on which their cash prize was distributed.

The Merl Grove High School 2020 CSEC and CAPE student body all received masks, to ensure their safety while they attended classes in preparation for their exams.

Additionally, we provided over 200 care packages through the Sir John Golding Rehabilitation Centre, The New Life Preparatory School and the Break Through P.H.D Ministries to persons who were severely impacted by the pandemic.

LASCO FINANCIAL SERVICES

AUDITED FINANCIAL

IDEX

31 March 2021

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BDO

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Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lasco Financial Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lasco Financial Services Limited set out on pages 73 to 125, which comprise the group and the company's statements of financial position at 31 March 2021, and the group and the company's 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 31 March 2021, and of the group and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and 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.

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.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
Expected credit losses in relation to financial assets *See notes 3 (l) and 16 to the consolidated financial statements for management's related accounting policies and disclosures.* The group estimates expected credit losses (ECL) on loan receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables. As at 31 March 2021, loans and advances, net of provision for credit losses represented $1.08 billion or 25% of total assets of the group. An impairment provision of $174 million has been recognized by the group. The economic impact of COVID-19 resulted in an increased credit risk for a number of borrowers. As such, management applied additional adjustments to ECL calculation. We focused on this area due to the impact of COVID-19 on credit risk, and because there are a number of significant management determined judgements including: • Determining the criteria for a significant increase in credit risk, which impacts the staging of the asset and the related calculation, ie one year or lifetime expected loss calculations. • Determining the relevant inputs and techniques included in the expected credit loss model utilised in probability of default (PD), loss given default (LGD) and exposures at default (EAD) parameters.	The group's accounting policy as it relates to the impairment provision for loan receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard. • We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. • We tested manual and automated controls over the aging of loan receivables. Our testing of automated controls involved using our own information technology specialist to test the design, implementation and operating effectiveness of the automated controls. • We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management, as well as the negative impact of COVID-19. The main macro factors used were compared to external public information and calculations tested through recomputation. • We tested the completeness of loan receivables to determine whether all financial instruments were included in the ECL calculation. • We reperformed the calculation of days past due, a key data input in the PD parameter, on a sample basis • We evaluated the appropriateness of the group's stage and where applicable, determined whether the significant increase in credit risk and default definitions were appropriately applied.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
	• We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of loan receivables. Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.
Transactions with related parties *See note 17 to the consolidated financial statements for management's disclosures of related accounting policies* A significant portion of the foreign currencies are sold to related parties and as such these transactions could present a risk if not conducted at arm's length.	Our audit procedures included the following: • We verified that the transactions were approved in accordance with internal procedures including involvement of key personnel at the appropriate level; • We verified a sample of the sales of foreign currencies to related parties to determine that the transactions were at market rates offered to other customers.
Impairment Assessment of Goodwill *See notes 3(h), 4 and 20 of the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 31 March 2021, the carrying value of goodwill was $824 million, which represents 19% of total assets. On an annual basis, management tests whether goodwill is subject to impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. We focused on this area because the assessment of the carrying value of goodwill involves significant judgement and estimation, is sensitive to changes in key assumptions and due to the challenge involved in determining the impact of COVID-19 on these assumptions.	Management's impairment assessment was tested by performing the following procedures, amongst others: • We obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and updated our understanding of the process used by management to determine the value in use of each cash generating unit (CGU). • We compared previous forecasts to actual results to assess the performance of the business and the accuracy of management's forecasting as well as compared the current year and previous year, 31 March 2020 financial information to assess the reasonableness of management's projections.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
Impairment Assessment of Goodwill (cont'd) The key assumptions were assessed by management as being: • Loans revenue growth rate; • The rate of any significant increase in credit risk (SICR); • Inflation rate; and • Discount rate.	• We challenged management's assessment regarding revenue growth and compared the revenue growth rates to historical revenue growth and externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, the impact of COVID-19 on collections from the group's target market, inflation and discount rates; • We developed a range of parameters using available market inputs and historical information and performed sensitivity analyses using these parameters, which was compared to management's discount rate • We tested management's impairment testing model calculations for mathematical accuracy. Based on the audit procedures performed, no adjustments were made to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and stand-alone 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 consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone 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.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

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 group'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the 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.

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

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

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

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

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):

- 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 group'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 group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

- 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 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with 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.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

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 kept, 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 Donna Hobson.

Chartered Accountants

10 June 2021

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2021

	Note	2021 $'000	2020 $'000
REVENUE:			
Income	6	2,217,952	2,404,437
Other operating income	7	75,089	102,867
		2,293,041	2,507,304
EXPENSES:			
Administrative and other expenses		(1,079,790)	(1,082,153)
Selling and promotion expenses		(765,820)	(1,194,837)
	8	(1,845,610)	(2,276,990)
PROFIT FROM OPERATIONS		447,431	230,314
Finance costs	10	(187,047)	(208,345)
PROFIT BEFORE TAXATION		260,384	21,969
Taxation	11(a)	(103,631)	(78,887)
NET PROFIT/(LOSS) FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	12	156,753	(56,918)
EARNINGS PER STOCK UNIT	13		
Basic		12.37	(4.49¢)
Diluted		12.25	(4.44¢)

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 MARCH 2021

	Note	2021 $'000	2020 $'000
ASSETS			
Cash and bank balances	14	1,060,551	487,437
Short term deposits	15	312,760	235,494
Receivables	16	1,641,992	1,914,664
Related companies	17(c)	317	372
Taxation recoverable		28,338	13,910
Deferred tax asset	18	97,384	96,256
Intangible assets	20	866,975	879,136
Property, plant and equipment	21	125,471	145,085
Right-of-use assets	22(a)	166,753	190,551
TOTAL ASSETS		4,300,541	3,962,905
LIABILITIES AND EQUITY			
LIABILITIES:			
Payables	24	770,532	242,006
Related companies	17(c)	7,616	17,995
Taxation		126,847	171,954
Deferred revenue	19	37,629	-
Loans	25	1,456,045	1,773,316
Lease liabilities	22(b)	204,582	217,563
		2,603,251	2,422,834
EQUITY:			
Share capital	26	102,664	102,091
Other reserve	27(c)	4,322	4,429
Retained earnings	28	1,590,304	1,433,551
		1,697,290	1,540,071
TOTAL LIABILITIES AND EQUITY		4,300,541	3,962,905

Approved for issue by the Board of Directors on 10 June 2021 and signed on its behalf by:

Jacinth Hall-Tracey, MBA, BA (Hons.)
Managing Director

Compton Rodney
Director

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2021

	Note	Share Capital $'000	Other Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 APRIL 2019		95,459	5,661	1,490,469	1,591,589
TOTAL COMPREHENSIVE INCOME					
Net loss		-	-	(56,918)	(56,918)
TRANSACTION WITH OWNERS					
Issued shares	26	5,400	-	-	5,400
Transfer from other reserve	27(c)	1,232	(1,232)	-	-
		6,632	(1,232)	-	5,400
BALANCE AT 31 MARCH 2020		102,091	4,429	1,433,551	1,540,071
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	156,753	156,753
TRANSACTION WITH OWNERS					
Issued shares	26	466	-	-	466
Transfer from other reserve	27(c)	107	(107)	-	-
		573	(107)	-	466
BALANCE AT 31 MARCH 2021		102,664	4,322	1,590,304	1,697,290

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2021

	Note	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		156,753	(56,918)
Items not affecting cash resources:			
Exchange (gain)/loss on foreign balances		(5,684)	4,344
Depreciation - right-of-use assets	22(a)	13,479	14,695
Amortisation of intangibles	20	20,319	14,919
Depreciation	21	25,121	28,191
Interest income from loans		(581,333)	(875,418)
Interest income from securities		(10,404)	(3,844)
Interest income – other		(9,511)	-
Taxation expense	11(a)	104,759	185,763
Deferred taxation	18	(1,128)	(106,876)
Interest expense		173,022	196,157
Interest expense - right-of-use assets		14,024	12,188
Gain on sale of property, plant & equipment		-	(1,662)
Provision for impaired loss on loan		(136,994)	228,427
Foreign exchange loss on lease liabilities		-	10,895
Loss on sale of investment property		-	27,297
Loss on derecognition of right-of-use assets		19	-
		(237,558)	(321,842)
Changes in operating assets and liabilities:			
Receivables		444,603	173,521
Related companies		(11,212)	13,167
Payables		521,937	(180,663)
		717,770	(315,817)
Interest received		637,639	923,062
Interest paid		(42,270)	(5,660)
Taxation paid		(164,294)	(93,921)
Cash provided by operating activities		1,148,845	507,664
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		9,686	3,844
Additions to intangible assets	20	(8,158)	(19,251)
Additions to property, plant and equipment	21	(5,507)	(16,561)
Short term deposits		(70,410)	(150,737)
Proceeds from disposal of property plant and equipment		-	3,890
Proceeds from disposal of investment property		-	90,703
Cash used in investing activities		(74,389)	(88,112)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(162,825)	(174,505)
Issued shares	26	466	5,400
Loan proceeds	14	-	150,000
Loan repayments	14	(327,467)	(184,031)
Lease payments	22(b)	(16,705)	(10,766)
Cash used in financing activities		(506,531)	(213,902)
NET INCREASE IN CASH AND CASH EQUIVALENTS		567,925	205,650
Exchange gain on cash balances		5,189	104
Cash and cash equivalents at beginning of year		487,437	281,683
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	1,060,551	487,437

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2021

	Note	2021 $'000	2020 $'000
REVENUE:			
Income	6	1,636,619	1,531,438
Other operating income	7	85,987	66,204
		1,722,606	1,597,642
EXPENSES:			
Administrative and other expenses		(679,184)	(623,358)
Selling and promotion expenses		(573,353)	(475,407)
	8	(1,252,537)	(1,098,765)
PROFIT FROM OPERATIONS		470,069	498,877
Finance costs	10	(186,424)	(205,632)
PROFIT BEFORE TAXATION		283,645	293,245
Taxation	11(a)	(42,361)	(65,353)
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	12	241,284	227,892

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2021

	Note	2021 $'000	2020 $'000
ASSETS			
Cash and cash equivalents	14	695,414	375,424
Short term deposits	15	312,760	235,494
Receivables	16	543,685	341,242
Related companies	17(c)	1,191,919	1,329,623
Taxation recoverable		28,338	13,910
Intangible asset	20	17,850	31,822
Property, plant and equipment	21	96,929	108,620
Right-of-use assets	22(a)	159,352	181,587
Deferred tax asset	18	18,998	-
Investment in subsidiaries	23	1,350,045	1,350,045
TOTAL ASSETS		4,415,290	3,967,767
LIABILITIES AND EQUITY			
LIABILITIES:			
Payables	24	714,676	182,510
Related companies	17(c)	7,616	17,995
Taxation		86,985	61,025
Lease liabilities	22(b)	196,156	207,958
Deferred tax liability	18	-	12,901
Loans	25	1,456,045	1,773,316
		2,461,478	2,255,705
EQUITY:			
Share capital	26	102,664	102,091
Other reserve	27(c)	4,322	4,429
Retained earnings	28	1,846,826	1,605,542
		1,953,812	1,712,062
TOTAL LIABILITIES AND EQUITY		4,415,290	3,967,767

Approved for issue by the Board of Directors on 10 June 2021 and signed on its behalf by:

Jacinth Hall-Tracey, MBA, BA (Hons.)
Managing Director

Compton Rodney
Director

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2021

	Note	Share Capital $'000	Other Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 APRIL 2019		95,459	5,661	1,377,650	1,478,770
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	227,892	227,892
TRANSACTION WITH OWNERS					
Issued shares	26	5,400	-	-	5,400
Transfer from other reserve	27(c)	1,232	(1,232)	-	-
		6,632	(1,232)	-	5,400
BALANCE AT 31 MARCH 2020		102,091	4,429	1,605,542	1,712,062
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	241,284	241,284
TRANSACTION WITH OWNERS					
Issued shares	26	466	-	-	466
Transfer from other reserve	27(c)	107	(107)	-	-
		573	(107)	-	466
BALANCE AT 31 MARCH 2021		102,664	4,322	1,846,826	1,953,812

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2021

	Note	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		241,284	227,892
Items not affecting cash resources:			
Unrealized exchange (gain)/loss on foreign balances		(3,580)	3,523
Gain on sale of property, plant and equipment		-	(1,662)
Foreign exchange loss on lease liabilities	22(b)	-	10,895
Amortisation of intangibles	20	15,668	13,704
Depreciation	21	15,441	16,729
Depreciation – right-of-use assets	22(a)	11,203	12,566
Interest income from related company loan	7	(49,003)	(54,290)
Interest income from securities	7	(5,484)	(3,844)
Interest income – other		(9,511)	-
Taxation expense	11(a)	74,260	62,358
Deferred taxation	18	(31,899)	2,995
Interest expense		173,022	194,151
Interest expense - right-of-use assets	22(b)	13,402	11,481
Loss on sale of investment property		-	27,297
		444,803	523,795
Changes in operating assets and liabilities:			
Receivables		(201,240)	168,902
Related companies		134,058	(129,777)
Payables		525,319	(147,400)
		902,940	415,520
Interest received		51,781	54,365
Interest paid		-	(970)
Taxation paid		(62,728)	(52,738)
Cash provided by operating activities		891,993	416,177
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		4,766	3,844
Additions to intangible asset	20	(1,696)	(18,616)
Additions to property, plant and equipment	21	(3,750)	(5,569)
Short term deposits		(70,410)	(150,737)
Proceeds from sale of investment property	19	-	90,703
Proceeds from disposal of property, plant and equipment		-	3,890
Cash used in investing activities		(71,090)	(76,485)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(162,825)	(181,114)
Issued shares	26	466	5,400
Loan proceeds	14	-	150,000
Loan repayments	14	(327,467)	(177,422)
Lease payments	22(b)	(14,172)	(8,571)
Cash used in financing activities		(503,998)	(211,707)
NET INCREASE IN CASH AND CASH EQUIVALENTS		316,905	127,985
Exchange gain on foreign cash balances		3,085	925
Cash and cash equivalents at beginning of year		375,424	246,514
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	695,414	375,424

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

(a) Lasco Financial Services Limited ("the company") is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activities of the company are:

i. The sale and purchase of foreign currencies through its Cambio. The company is a licenced Cambio dealer regulated by the Bank of Jamaica.

ii. The provision of remittance services facilitating person to person transfers for a fee, in accordance with licences issued by the Bank of Jamaica.

(c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 12 October 2010. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions. The tax remission period ended on 11 October 2020.

(d) Lasco Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap. 308 of the Laws of Barbados and is a 100% owned subsidiary of the company. The principal activity is the provision of remittance services facilitating the receiving of funds. The subsidiary however did not trade during the year.

Lasco Microfinance Limited is a limited liability company incorporated and domiciled in Jamaica and is a 100% owned subsidiary of the company. The principal activity is retail lending to the micro enterprise sector for personal and business purposes. By order dated 29 December 2020, Lasco Microfinance Limited received an exemption from the provisions of the Money Lending Act by the Minister of Finance and the Public Service for one year from 23 January 2021, renewable annually.

The company and its subsidiaries are referred to as "the Group".

2. **REPORTING CURRENCY:**

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the group's functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, the comparative information has been reclassified to conform with current year presentation. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standard, interpretations and amendments are relevant to its operations:

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020). These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information. There was no impact on the group's financial statements from the adoption of this amendment.

Revised Conceptual Framework for Reporting (effective for accounting periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect, however no change will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies, will need to consider whether their accounting policies are still applicable under the revised Framework. There was no impact on the group's financial statements from the adoption of this amendment.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures', (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. There was no impact on the group's financial statements from the adoption of this amendment.

Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2020). This amendment revises the definition of a business which requires an acquisition to include an input and a substitutive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. There were no business combinations during the year and therefore no impact on the group's financial statements from the adoption of this amendment.

New standards, amendments and interpretations not yet effective and not early adopted

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but not yet effective and which the group has not early adopted.

The amendments which management considered may be relevant to the group are as follows:

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2023). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the group.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The adoption of this amendment is not expected to have a significant impact on the group.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment is not expected to have a significant impact on the group.

Amendment to IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 June 2020). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. This amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. It is not anticipated that the amendment will have a significant impact on the group's financial statements as the group has not received rent concessions.

Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2022). This amendment updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The group will apply this amendment to future business combinations.

Annual Improvements 2018-2020, (effective for accounting periods beginning on or after 1 January 2022). The IASB issued its Accounting Improvements to IFRSs 2018-2020 cycle amending a number of standards, of which the following are relevant to the company: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', in which illustrative example 13 was amended to remove the reimbursement of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Basis of consolidation**

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets acquired, and liabilities and contingent liabilities assumed are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

The group uses the audited financial statements of its subsidiaries, Lasco Financial Services (Barbados) Limited and Lasco Microfinance Limited at 31 March 2021 for the purpose of consolidation.

(c) **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the group's chief operating decision maker.

(d) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Property, plant and equipment**

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives of property, plant and equipment are as follows:

Leasehold improvements	2-10 years
Furniture, fixtures and equipment	5-10 years
Computer hardware	4-5 years
Motor vehicles	5 years

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

(f) **Intangible assets**

Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the group's interest in net fair value of the identifiable assets and liabilities of the acquiree. Goodwill is tested at the end of each reporting period for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Computer software

Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(g) **Provisions**

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Provisions (cont'd)**

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(h) **Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment of goodwill and other intangibles is dependent upon management's internal assessment of future cash flows from the intangibles and cash generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of cash generating units in respect of goodwill. The estimate of the amount recoverable from future use of those units is sensitive to the discount rates used.

(i) **Current and deferred income taxes**

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Current and deferred income taxes (cont'd)**

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(j) **Employee benefits**

Defined contribution plan

The group participates in a defined contribution pension plan which is funded by employees' contributions and employer's contributions made on the basis provided by the rules. Once the contributions have been paid, the group has no further obligations. Contributions are charged to the statement of profit or loss, in the year to which they relate.

Share-based compensation

The company operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, with corresponding increase in equity, over the period in which the employee becomes vested to the company. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At the end of each reporting period, the group revises its estimates of the number of options that are expected to become exercisable.

It recognizes the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The fair value of employee stock options is measured using the Black-Scholes-Merton formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviours), expected dividends, and the risk-free interest rate (based on treasury bill rates). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

Other

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

The group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration profit attributable to the group's stockholders after certain adjustments.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(k) **Revenue recognition**

Revenue is measured taking into account contractually defined terms of payment. Revenue comprises the fair value of the consideration specified in a contract which is received or receivable for services provided in the ordinary course of the group's business and is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is made.

The specific recognition criteria are described below -

Interest income

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

When calculating the effective interest rate for financial instruments, the group estimates future cash flows considering all contractual terms of the financial instrument. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets, that is, after deduction of ECL.

Fees and commission

Fees and commission are recognized on the accruals basis when the related services are performed. Original fees for loans which are probable of being drawn are recognized in profit or loss immediately as they are not considered material for deferral.

(l) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) **Recognition and derecognition**

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the group. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(l) **Financial instruments (cont'd)**

Financial assets (cont'd)

(i) **Recognition and derecognition (cont'd)**

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

(ii) **Classification**

The group classifies all of its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount.

The group classifies its financial assets as those measured at amortised cost.

(iii) **Measurement category**

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The group's financial assets measured at amortised cost comprise loans receivable, other receivables, short term deposits and cash and bank balances in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(l) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iv) **Impairment**

Financial assets carried at amortised cost are assessed on a forward looking basis for the expected credit losses associated with these instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

General Model

A pervasive concept in measuring expected credit loss (ECL) in accordance with IFRS 9 is that it should consider forward-looking information. The group utilized a probability-weighted assessment of the factors which it believes will have an impact on forward looking rates.

ECL is calculated by multiplying the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Impairment provisions for financial assets are recognised based on a 'three-stage' model for changes in credit quality since initial recognition as summarized below:

- Stage 1 - This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk. Financial instruments in this category have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.

- Stage 2 – This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted. The computation of ECL is based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial instrument. The consideration of longer timeframes and increased credit risk results in higher provisions in this stage.

- Stage 3 – This category includes instruments that are in default.

Simplified Approach

The probability of the non-payment of receivables which do not have a finance component is assessed by taking into consideration historical rates of default for each segment of the receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(l) **Financial instruments (cont'd)**

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: payables, long term loans, related company balances and lease liabilities.

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

(m) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred and are subsequently measured at amortized cost. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(n) **Right-of-use assets**

Right-of-use assets are initially measured at an amount equal to the initial value of the lease obligation which is subsequently, adjusted for the following items:

i) Any lease payments made at or before the commencement date, less any lease incentives received;

ii) Any initial direct costs incurred by the group;

iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the group has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

Right-of-use assets are depreciated using the straight-line method from the date of commencement of the lease to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets, which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(o) **Leases**

Leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less.

The lease obligation is measured at the present value of the contractual obligation, discounted using the interest rate implicit in the lease term, unless that rate is not readily determinable, in which case the group will use its incremental borrowing rate.

The lease term determined by the group comprises:

i) The non-cancellable period of lease contracts, including a rent-free period if applicable;

ii) Periods covered by an option to extend the lease if the group is reasonably certain to exercise that option;

iii) Periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option.

The commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the group. Lease payments included in the measurement of the lease obligation are comprised of the following:

i) Fixed lease payments, including in-substance fixed payments;

ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

iii) Amounts expected to be payable under a residual value guarantee;

iv) The exercise price of purchase options that the group is reasonably certain to exercise;

v) Lease payments in an option renewal period if the group is reasonably certain to exercise the extension option;

vi) Penalties for early termination of the lease unless the group is reasonably certain not to terminate early; and

vii) Less any incentive receivable.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(o) **Leases (cont'd)**

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. Having elected to do so, the company accounts for any lease and associated non-lease components as a single arrangement, which is permitted under IFRS 16.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is re-measured whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease. The revised carrying amount is amortised over the remaining lease term.

(p) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) **Investment in subsidiaries**

Investment by the company in its subsidiaries is stated at cost.

(r) **Dividend distribution**

Dividends are recorded as a deduction from equity and recognized as a liability in the company's financial statements in the period in which the dividends are declared or approved. In the case of interim dividends to shareholders, this is when declared by the directors and final dividends when approved by the company's shareholders.

Dividend for the year that are declared after the reporting date are dealt with in the subsequent events note.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the group's accounting policies**

In the process of applying the group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty**

The group makes certain estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(ii) **Income taxes**

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) **Allowance for impairment losses**

In determining amounts recorded for impairment losses on loans receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from loans receivable, for example, through unfavourable economic conditions and default.

Allowances for doubtful accounts are determined upon origination of the loans receivable based on a model that calculates the expected credit loss (ECL) of the loans receivable.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(iii) **Allowance for impairment losses (cont'd)**

The measurement of the expected credit loss (ECL) allowance for loans receivable is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of borrowers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for 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.

(iv) **Assessment of goodwill**

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3(f). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and discount rate. Any changes in these variables would impact the value in use calculations.

5. **FINANCIAL RISK MANAGEMENT:**

The group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(a) **Principal financial instruments**

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and bank balances
- Short term deposits
- Payables
- Due from/to related company
- Long term loans
- Lease liabilities

(b) **Financial instruments by category**

Financial assets

	The Group Amortized cost		The Company Amortized cost	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Receivables	1,516,523	1,803,543	433,350	262,904
Related companies	317	372	1,191,919	1,329,623
Short term deposits	312,760	235,494	312,760	235,494
Cash and bank balances	1,060,551	487,437	695,414	375,424
Total financial assets	2,890,151	2,526,846	2,633,443	2,203,445

Financial liabilities

	The Group Amortized cost		The Company Amortized cost	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Loans	1,456,045	1,773,316	1,456,045	1,773,316
Related companies	7,616	17,995	7,616	17,995
Payables	695,818	172,566	672,615	147,026
Lease liabilities	204,582	217,563	196,156	207,958
Total financial liabilities	2,364,061	2,181,440	2,332,432	2,146,295

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors**

The Board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board receives quarterly reports from the Audit and Risk Management Committee through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The company's internal auditors also review the risk management policies and processes and report their findings to the Audit and Risk Management Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

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

Currency risk arises from trade receivables, payables, short term deposits and foreign currency cash and bank balances. The group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Concentration of currency risk

The table below summarises the group's exposure to foreign currency rate risk at 31 March 2021.

	The Group					
	US J$'000	GBP J$'000	Euro J$'000	CAN J$'000	Barbados J$'000	KYD J$'000
At 31 March 2021						
Financial assets:						
Cash and bank balances	44,052	445	21	503	28,231	2
Short term deposits	92,760	-	-	-	-	-
Trade receivables	346,431	-	-	-	-	-
Total financial assets	483,243	445	21	503	28,231	2
Financial liability:						
Payables	86,162	-	-	-	1,242	-
Total financial liability	86,162	-	-	-	1,242	-
Net financial position	397,081	445	21	503	26,989	2
At 31 March 2020						
Total financial assets	295,413	699	128	685	24,703	2
Total financial liability	80,370	-	-	-	526	-
Net financial position	215,043	699	128	685	24,177	2

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Concentration of currency risk (cont'd)

The table below summarises the company's exposure to foreign currency rate risk at 31 March 2021.

	The Company				
	US J$'000	GBP J$'000	Euro J$'000	CAN J$'000	KYD J$'000
At 31 March 2021					
Financial assets:					
Cash and bank balances	44,052	445	21	503	2
Short term deposits	92,760	-	-	-	-
Trade receivables	346,431	-	-	-	-
Total financial assets	483,243	445	21	503	2
Financial liability:					
Payables	86,162	-	-	-	-
Total financial liability	86,162	-	-	-	-
Net financial position	397,081	445	21	503	2
At 31 March 2020					
Total financial assets	295,413	699	128	685	2
Total financial liability	80,370	-	-	-	-
Net financial position	215,043	699	128	685	2

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and cash equivalents, short term deposits, payables and receivable balances, and adjusts their translation at the year-end for 6% (2020 – 6%) depreciation and a 2% (2020 – 2%) appreciation of the Jamaican dollar against the various currencies. The changes below would have no impact on other components of equity.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

The Group

Currency	% Change in Currency Rate 2021	Effect on Profit before Taxation 2021 $'000	% Change in Currency Rate 2020	Effect on Profit before Taxation 2020 $'000
USD	+2	(7,942)	+2	(4,301)
GBP	+2	(9)	+2	(14)
EURO	+2	(0.42)	+2	(3)
CAN	+2	(10)	+2	(14)
BARBADOS	+2	(540)	+2	(484)
KYD	+2	(0.40)	-2	(0.04)
USD	-6	23,825	-6	12,902
GBP	-6	27	-6	42
Euro	-6	1	-6	8
CAN	-6	30	-6	41
BARBADOS	-6	1,619	-6	1,451
KYD	-6	0.12	-6	0.12

The Company

Currency	% Change in Currency Rate 2021	Effect on Profit before Taxation 2021 $'000	% Change in Currency Rate 2020	Effect on Profit before Taxation 2020 $'000
USD	+2	(7,942)	+2	(4,300)
GBP	+2	(9)	+2	(14)
EURO	+2	(0.42)	+2	(5)
CAN	+2	(10)	+2	(14)
KYD	+2	(0.04)	+2	(0.04)
USD	-6	23,825	-6	12,903
GBP	-6	27	-6	42
EURO	-6	1	-6	8
CAN	-6	30	-6	41
KYD	-6	0.12	-6	0.12

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group does not have a significant exposure and as such, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

The group is primarily exposed to fair value interest rate risk on its fixed rate borrowings. The group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

The loan portfolio, short term deposits and some bank accounts are the only interest bearing assets within the group. The group's short term deposits are due to mature within 12 months of the reporting date.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, short term deposits, bank balances and related company balances.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables, short term deposits, cash and bank balances and related company balances in the statement of financial position.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Maximum exposure to credit risk (cont'd)

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

Trade receivables

Revenue transactions in respect of the group's primary operations are settled in cash. For its operations done on a credit basis, the group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

Credit quality review process

The group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations. The group assesses the probability of default of individual counterparties based on payment history and changes in the circumstances of individuals or groups since the issue of loans. Counterparty limits are established according to the numbers of persons in a group and the nature of the activity undertaken. The credit quality process review allows the group to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

Loans receivable impairment provision

The impairment requirements of IFRS 9 are based on an Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

The company estimates expected credit losses (ECL) on loans receivable from independent customers using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables (cont'd)

Loans receivable impairment provision (cont'd)

31 March 2021

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Due within 1 month	6,033	47	2,862
1 to 3 months	24,752	13	3,276
3 to 12 months	209,080	10	20,211
Over 12 months	1,017,770	15	148,113
Total	1,257,635		174,462

31 March 2020

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Due within 1 month	6,887	47	3,234
1 to 3 months	46,577	18	8,380
3 to 12 months	296,161	32	94,004
Over 12 months	1,518,930	15	222,298
Total	1,868,555		327,916

Expected credit losses of trade and other receivables (note 16)

Movements on the provision for impairment of trade and other receivables are as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 April	327,916	99,489	-	-
Provision for receivables impairment	223,963	718,938	-	-
Receivables written off during the year as uncollectible	(360,957)	(490,511)	-	-
At 31 March	190,922	327,916	-	-
Provided during the year	223,963	718,938	-	-
Recoveries	(93,393)	(67,722)	-	-
Expected credit losses reported in profit or loss	130,570	651,216	-	-

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Expected credit losses of trade receivables

The creation and release of provision for impaired receivables in the group have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Impairment estimates have been adjusted based on actual collection patterns. An additional amount has been included in the calculation of the expected credit losses which represents management's assessment of the impact of COVID-19 on the group.

The company's trade receivables from money transfer activities are received from the money transfer companies within two business days. Based on that business model, a provision for expected credit losses is not required.

Concentration of risk – trade receivables

The following table summarises the group's credit exposure for trade receivables at their carrying amounts, as categorized by the customer sector:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
International:				
Money transfer	392,803	212,890	392,803	212,890
Local:				
Loans	1,257,635	1,868,555	-	-
Other	-	-	-	630
	1,650,438	2,081,445	392,803	213,520
Less: Provision for credit losses	(174,462)	(327,916)	-	-
	1,475,976	1,753,529	392,803	213,520

(iii) **Liquidity risk**

Liquidity risk is the risk that the group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The group's liquidity risk management process, as carried out within the group and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the group's financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group			
	Within 1 Year $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
31 March 2021				
Payables	695,818	-	-	695,818
Related companies	7,616	-	-	7,616
Lease liabilities	312,353	1,320,758	175,361	1,808,472
Loans	17,153	74,940	275,620	367,713
Total financial liabilities (contractual maturity dates)	1,032,940	1,395,698	450,981	2,879,619

	The Group			
	Within 1 Year $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
31 March 2020				
Payables	172,566	-	-	172,566
Related companies	17,995	-	-	17,995
Loans	476,837	1,814,618	182,110	2,473,565
Lease liabilities	22,645	129,381	286,517	438,543
Total financial liabilities (contractual maturity dates)	690,043	1,943,999	468,627	3,102,669

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Cash flows of financial liabilities (cont'd)

	The Company			
	Within 1 Year $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
31 March 2021				
Payables	672,615	-	-	672,615
Related companies	7,616	-	-	7,616
Loans	14,620	68,471	275,620	358,711
Lease liabilities	312,353	1,320,758	175,361	1,808,472
Total financial liabilities (contractual maturity dates)	1,007,204	1,389,229	450,981	2,847,414

	The Company			
	Within 1 Year $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
31 March 2020				
Payables	147,026	-	-	147,026
Related companies	17,995	-	-	17,995
Loans	476,837	1,714,618	182,110	2,373,565
Lease liabilities	20,277	121,019	286,042	427,338
Total financial liabilities (contractual maturity dates)	662,135	1,835,637	468,152	2,965,924

(d) **Capital management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure.

6. **INCOME:**

Income represents the margin between the buying and selling rates of foreign currencies, commission received as a percentage of send fees from send and receive transactions and interest earned on the granting of loans.

7. **OTHER OPERATING INCOME:**

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Interest income on securities	5,484	3,844	5,484	3,844
Rental income	-	-	2,767	1,537
Processing fees and commission	41,168	92,086	3,063	3,552
Other (see below)	28,437	4,518	25,670	2,981
Interest on loans	-	2,419	49,003	54,290
	75,089	102,867	85,987	66,204

Included in other are income categories amounting to less than $2 million.

8. **EXPENSES BY NATURE:**

Total administrative, selling and other expenses:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Staff costs (note 9)	642,150	667,751	362,660	339,072
Building rental (see (ii) below)	13,456	9,917	2,249	412
Security services	16,272	16,263	12,415	13,208
Depreciation and amortisation	45,440	43,110	31,109	30,433
Depreciation – right-of-use assets	13,479	14,695	11,203	12,566
Commission and fees	566,015	450,820	545,252	429,536
Advertising and promotion	29,133	51,589	28,102	45,916
Audit fees	17,777	14,131	13,545	10,463
Legal and professional fees	83,700	52,899	47,521	34,685
Directors' fees	21,402	25,375	18,238	20,857
Cash and bank charges	25,937	20,557	25,098	18,163
Printing, courier and stationery	28,404	13,097	27,660	9,792
Computer repairs and development	48,374	29,969	45,162	26,520
Electricity	8,777	9,569	4,352	4,073
Insurance	9,232	9,957	9,232	9,957
Information, communication and technology	20,524	20,808	14,175	13,707
Irrecoverable GCT	12,228	10,123	12,228	10,123
Other operating expenses (see (i) below)	40,170	77,444	10,993	23,567
Travelling and motor vehicle expenses	46,529	46,388	6,426	5,384
Donations	6,779	12,428	6,767	12,110
Subscriptions	19,243	1,587	18,150	924
Impairment losses on loans, net of recoveries	130,570	651,216	-	-
Loss on sale of investment property	-	27,297	-	27,297
Loss on derecognition – right-of-use asset	19	-	-	-
	1,845,610	2,276,990	1,252,537	1,098,765

8. **EXPENSES BY NATURE (CONT'D):**

(i) Included in other operating expenses are expense categories amounting to less than $4 million.

(ii) Only rental charges for short-term leases are included in the current year balances as a result of IFRS 16.

9. **STAFF COSTS:**

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Salaries and wages	457,021	477,085	241,446	210,220
Directors' remuneration	41,853	53,052	41,853	53,052
Statutory contributions	48,659	55,147	24,778	25,053
Pension costs	16,811	11,996	9,720	9,329
Other	77,806	70,471	44,863	41,418
	642,150	667,751	362,660	339,072

Included in other are amounts for health and life insurance, staff lunch, training, accommodation and other welfare benefits.

The number of persons employed by the group at year end was one hundred and ninety two (192) (2020 – two hundred and fourteen (214)).

10. **FINANCE COSTS:**

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest expense -				
Overdraft interest	2,666	5,175	2,665	5,175
Loan interest	170,357	190,982	170,357	188,976
Right-of-use assets	14,024	12,188	13,402	11,481
	187,047	208,345	186,424	205,632

11. **TAXATION EXPENSE:**

(a) Taxation is based on the operating results for the year, adjusted for taxation purposes, and comprises:-

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current taxation	104,295	185,245	74,260	62,358
Under provision in prior year	464	518	-	-
Subtotal	104,759	185,763	74,260	62,358
Deferred taxation (note 18)	(1,128)	(106,876)	(31,899)	2,995
	103,631	78,887	42,361	65,353

11. **TAXATION EXPENSE (CONT'D):**

(b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rates as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Profit before taxation	260,384	21,969	283,645	293,245
Tax calculated @ 33 1/3%	94,548	97,748	94,548	97,748
Tax calculated @ 25%	(5,837)	(67,385)	-	-
Adjusted for the effects of:				
Expenses not deducted for tax purposes	100,551	257,842	30,576	46,777
Under provision in prior year	464	518	-	-
Net effect of other charges and allowances	(59,218)	(147,478)	(55,886)	(16,814)
	130,508	141,245	69,238	127,711
Adjustment for the effect of tax remission: (see note 1(c))				
Current tax	(26,877)	(62,358)	(26,877)	(62,358)
Taxation charge in income statement	103,631	78,887	42,361	65,353

12. **NET PROFIT/(LOSS):**

	2021 $'000	2020 $'000
Reflected in the financial statements of:		
Company	241,284	227,892
Subsidiaries	(84,531)	(284,810)
	156,753	(56,918)

13. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year end.

	2021	2020
Net profit/(loss) attributable to stockholders ($'000)	156,753	(56,918)
Weighted average number of ordinary stock units ('000)	1,266,794	1,267,433
Earnings per stock unit (¢ per share)	12.37	(4.49)

The diluted earnings per stock unit is calculated by adjusting the number of ordinary stock units in issue at the year end to assume conversion of all dilutive potential ordinary stock units.

	2021	2020
Net profit/(loss) attributable to stockholders ($'000)	156,753	(56,918)
Weighted average number of ordinary stock units ('000)	1,266,794	1,267,433
Adjusted for share options ('000)	13,321	13,914
	1,280,115	1,281,347
Diluted earnings per stock unit (¢ per share)	12.25	(4.44)

14. CASH AND CASH EQUIVALENTS:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash and bank balances –				
Foreign currency accounts	73,254	55,545	45,023	30,842
Jamaican currency current accounts	715,003	351,504	378,145	264,244
Cash in hand	272,294	80,388	272,246	80,338
	1,060,551	487,437	695,414	375,424

14. **CASH AND CASH EQUIVALENTS (CONT'D):**

(a) Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank and other loans.

	The Group and the Company	
	2021	2020
	$'000	$'000
At 1 April	1,773,316	1,788,672
Cash –		
Loans received	-	150,000
Loans repaid	(327,467)	(177,422)
Non-cash –		
Transaction cost amortised	13,126	13,126
Interest accrued	(2,930)	(1,060)
At 31 March (note 25)	1,456,045	1,773,316

15. **SHORT TERM DEPOSITS:**

This represents deposits with original maturities of greater than 90 days but less than 1 year.

16. **RECEIVABLES:**

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade receivables –				
Money transfer	392,803	212,890	392,803	212,890
Loans	1,083,173	1,540,639	-	-
Other	-	-	-	630
Prepayments	17,450	30,882	12,154	15,302
Other receivables	66,993	74,052	57,155	56,219
GCT recoverable	81,573	56,201	81,573	56,201
	1,641,992	1,914,664	543,685	341,242

Other receivables are shown net of provision for expected credit losses of $16,460,000 (2020 - $Nil).

16. **RECEIVABLES (CONT'D):**

Loans:

(i) Loans are comprised of and mature as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Due within 1 month	6,033	6,887	-	-
1 to 3 months	24,752	46,577	-	-
3 to 12 months	209,080	296,161	-	-
Over 12 months	1,017,770	1,518,930	-	-
Gross loans	1,257,635	1,868,555	-	-
Less: allowance for loan losses	(174,462)	(327,916)	-	-
	1,083,173	1,540,639	-	-

(ii) Impairment losses on loans:

The ageing of loans and related allowances at the reporting date were as follows:

	The Group			
	2021 $'000		2020 $'000	
	Gross	Impairment	Gross	Impairment
Current	732,653	50,941	946,090	70,859
1 to 3 months past due	463,683	62,222	816,591	153,995
3 to 12 months past due	56,258	56,258	104,185	101,373
Over 12 months past due	5,041	5,041	1,689	1,689
	1,257,635	174,462	1,868,555	327,916

The fair values of trade and other receivables approximate the carrying values.

17. **RELATED PARTY TRANSACTIONS AND BALANCES:**

(a) **Transactions between the group and its related companies**

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Sale of foreign currency to:				
Lasco Distributors Limited	3,475,054	2,022,529	3,475,054	2,022,529
Lasco Manufacturing Limited	5,056,972	3,890,249	5,056,972	3,890,249
Lasco Microfinance Limited	-	-	-	996
Loans repaid:				
Lasco Microfinance Limited	-	-	120,773	60,000

(b) **Key management compensation (included in staff costs - note 9):**

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Key management includes directors and senior managers –				
Salaries and other short-term employee benefits	129,122	124,719	75,564	89,698
Directors' emoluments –				
Fees	21,402	25,374	18,238	20,856
Management remuneration (included above)	43,771	54,757	43,771	45,193

(c) **Year end balances arising from transactions with related parties**

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Due from –				
Lasco Foods Limited	-	30	-	30
Lasco Financial Services (Barbados) Limited		-	22,969	20,766
Lasco Distributors Limited	317	317	317	317
Lasco Manufacturing Limited	-	25	-	25
Lasco Microfinance Limited	-	-	1,168,633	1,308,485
	317	372	1,191,919	1,329,623

17. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(c) **Year end balances arising from transactions with related parties (cont'd)**

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Due to-				
Lasco Distributors Limited	7,584	17,995	7,584	17,995
Lasco Manufacturing Limited	32	-	32	-
	7,616	17,995	7,616	17,995

18. **DEFERRED TAX:**

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rate.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Asset/(liability) at beginning of year	96,256	(10,620)	(12,901)	(9,906)
Credited/(charged)/to profit or loss (note 11)	1,128	106,876	31,899	(2,995)
Asset/(liability) at end of year	97,384	96,256	18,998	(12,901)

Deferred tax is due to the following temporary differences:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	(2,599)	(21,583)	(3,009)	(20,408)
Interest receivables and loan allowances	46,706	79,823	-	-
Employee benefits	(1,193)	4,413	(1,193)	-
Vacation leave accrued	9,080	-	5,686	-
Interest payable	32,867	29,048	5,248	3,112
Right-of-use assets	(54,962)	(32,502)	(53,112)	(30,261)
Lease liabilities	67,485	37,057	65,378	34,656
	97,384	96,256	18,998	(12,901)

19. **DEFERRED REVENUE:**

During the year the group entered into agreements with its customers which restructured the loans receivable for customers who requested forbearance. Moratoriums up to six months on principal and interest were granted to eligible borrowers.

The balance represents interest income which was capitalized during the loan moratorium period which the company granted to its borrowers consequent to the COVID-19 pandemic. The amount is being amortised over the remaining life of the loans receivable.

20. **INTANGIBLE ASSETS:**

	The Group			
	Goodwill $'000	Computer Software $'000	Software work-in-progress $'000	Total $'000
At cost –				
1 April 2019	824,016	59,455	15,520	898,991
Additions	-	19,188	63	19,251
Transfer	-	4,666	(4,666)	-
31 March 2020	824,016	83,309	10,917	918,242
Additions	-	4,658	3,500	8,158
Transfer	-	10,727	(10,727)	-
31 March 2021	824,016	98,694	3,690	926,400
Amortisation –				
1 April 2019	-	24,187	-	24,187
Charge for the year	-	14,919	-	14,919
31 March 2020	-	39,106	-	39,106
Charge for the year	-	20,319	-	20,319
31 March 2021	-	59,425	-	59,425
Net Book Value –				
31 March 2021	824,016	39,269	3,690	866,975
31 March 2020	824,016	44,203	10,917	879,136

Goodwill –

Goodwill arose on the acquisition of Scotia Microfinance Company Limited and is largely attributable to synergies and economies of scale. This arose from years of creation and maintenance of solid customer base, good customer relations and general business operations.

20. **INTANGIBLE ASSETS (CONT'D):**

Impairment tests for goodwill –

The group determines whether goodwill is impaired at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may be impaired.

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the group. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over five years, however as a consequence to the COVID-19 pandemic, the group used a seven year projection to make allowance for an additional two years of recovery. The long-term growth rate is applied following the immediately following year, within a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill.

	The Company Computer Software $'000
Cost –	
1 April 2019	49,395
Additions	18,616
31 March 2020	68,011
Additions	1,696
31 March 2021	69,707
Amortisation –	
1 April 2019	22,485
Charge for the year	13,704
31 March 2020	36,189
Charge for the year	15,668
31 March 2021	51,857
Net Book Value –	
31 March 2021	17,850
31 March 2020	31,822

21. PROPERTY, PLANT AND EQUIPMENT:

	The Group				
	Leasehold Improvements $'000	Furniture, Fixtures & Equipment $'000	Computer Hardware $'000	Motor Vehicles $'000	Total $'000
Cost -					
1 April 2019	94,605	87,529	35,521	14,329	231,984
Additions	8,282	4,052	2,916	1,311	16,561
Disposals	-	-	-	(5,144)	(5,144)
31 March 2020	102,887	91,581	38,437	10,496	243,401
Additions	653	1,240	3,614	-	5,507
31 March 2021	103,540	92,821	42,051	10,496	248,908
1 April 2019	20,088	29,219	17,500	6,234	73,041
Charge for the year	5,824	11,193	8,264	2,910	28,191
Elimination	-	-	-	(2,916)	(2,916)
31 March 2020	25,912	40,412	25,764	6,228	98,316
Charge for the year	6,335	10,153	6,687	1,946	25,121
31 March 2021	32,247	50,565	32,451	8,174	123,437
Net Book Value -					
31 March 2021	71,293	42,256	9,600	2,322	125,471
31 March 2020	76,975	51,169	12,673	4,268	145,085

21. **PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

	The Company				
	Leasehold Improvements $'000	Fixtures & Equipment $'000	Furniture, Computer Hardware $'000	Motor Vehicles $'000	Total $'000
Cost -					
1 April 2019	80,227	69,883	23,944	14,329	188,383
Additions	3,901	1,449	219	-	5,569
Disposals	-	-	-	(5,144)	(5,144)
31 March 2020	84,128	71,332	24,163	9,185	188,808
Additions	222	840	2,688	-	3,750
31 March 2021	84,350	72,172	26,851	9,185	192,558
1 April 2019	19,726	26,547	15,426	4,676	66,375
Charge for the year	3,574	7,242	3,047	2,866	16,729
Elimination	-	-	-	(2,916)	(2,916)
31 March 2020	23,300	33,789	18,473	4,626	80,188
Charge for the year	3,990	6,915	2,852	1,684	15,441
31 March 2021	27,290	40,704	21,325	6,310	95,629
Net Book Value -					
31 March 2021	57,060	31,468	5,526	2,875	96,929
31 March 2020	60,828	37,543	5,690	4,559	108,620

22. **LEASES:**

(a) **Right-of-use assets**

	Land and building	
	The Group $'000	The Company $'000
1 April 2020	190,551	181,587
Addition during the year	3,541	-
Decrease during the year	(11,032)	(11,032)
Derecognition	(2,828)	-
Depreciation	(13,479)	(11,203)
31 March 2021	166,753	159,352

(b) **Lease liabilities**

1 April 2020	217,563	207,958
Addition during the year	3,541	-
Decrease during the year	(11,032)	(11,032)
Derecognition	(2,809)	-
Interest expense	14,024	13,402
Lease payments	(16,705)	(14,172)
31 March 2021	204,582	196,156

On 1 April 2020 the group and its lessor agreed to modifications to the terms of lease agreement which changed the lease period and the lease payments. The remeasurement of the lease obligation at the modification date resulted in a decrease in lease liabilities and right-of-use assets.

The derecognition resulted from changes to the terms of another lease agreement which decreased the scope of the lease.

Amounts recognized in statement of profit or loss

	The Group $'000	The Company $'000
Loss on derecognition	19	-
Depreciation - right-of-use assets	13,479	11,203
Interest on lease liability (note 10)	14,024	13,402
Expense relating to short-term leases and low value assets	13,456	2,249
	40,978	26,854

Contractual undiscounted cash flows maturity analysis

Not later than one year	16,459	14,508
One to two years	34,226	32,127
Later than two years but less than 5 years	41,058	36,013
More than 5 years	227,256	227,256
Total undiscounted lease liabilities 31 March 2021	318,999	309,904

23. INVESTMENT IN SUBSIDIARIES:

	2021 $'000	2020 $'000
Investment of the company in the shares of its subsidiaries:		
Lasco Financial Services (Barbados) Limited	45	45
Lasco Microfinance Limited	1,350,000	1,350,000
	1,350,045	1,350,045

24. PAYABLES:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade payables –				
Sub-agents payables	144,507	76,373	144,507	76,373
Money transfer advance	73,291	66,263	73,291	66,263
Other	30,066	28,356	-	8,308
	247,864	170,992	217,798	150,944
Other payables and accruals	522,668	71,014	496,878	31,566
	770,532	242,006	714,676	182,510

25. LOANS:

	2021 $000	2020 $'000
Development Bank of Jamaica Limited	-	5,729
Corporate Bond	1,191,551	1,330,378
JMMB Bank (Jamaica) Limited	264,494	286,321
Corporate Note	-	150,888
	1,456,045	1,773,316

Development Bank of Jamaica Limited -

The company entered into an agreement with the Development Bank of Jamaica Limited under its Micro Finance Institution loan facility, for $746,000,000 line of credit. The loan was disbursed in 2018 and was repayable in 42 months. The loan was at an interest rate of 9.80% per annum and was secured on promissory notes and assignment of all sub-loans. The balance remaining on the facility of $5,729,000 was repaid during the financial year.

Corporate Bond -

This represents an unsecured corporate bond, net of transaction cost which is being amortized over the life of the bond. The proceeds were received in February 2018. The bond is at a fixed interest rate of 9.5% per annum and matures in 2023. The bond was arranged by Mayberry Investments Limited and JMMB Securities Limited and is registered with JCSD Trustee Services Limited. Interest is payable semi-annually and commenced 12 August 2018 and principal is repayable semi-annually which commenced 12 February 2019.

25. **LOANS (CONT'D):**

JMMB Bank (Jamaica) Limited -

The company was granted a loan under the general Banking facility in the amount of JMD$306,000,000. The loan was disbursed on 29 March 2019 at an interest rate of 8.95% and is repayable over ten years.

Security:

The following security, evidenced by documents in a form satisfactory to JMMB Bank and registered or recorded as required by JMMB Bank, are held in support of the credit facility:

Corporate Guarantee of Lasco Microfinance Limited in favour of Lasco Financial Services Limited registered and stamped to cover $306,000,000 supported by Assignment of Loan Receivables outstanding on the books of Lasco Microfinance Limited providing a security coverage ratio of 2.35 times the Borrower's loan obligations to the Bank.

Corporate note -

This represents an unsecured corporate note. The proceeds were received in December 2019. The corporate note is at a fixed interest rate of 8% per annum and matures in 2021. The corporate note was arranged by Mayberry Investments Limited. Interest is payable quarterly which commenced 4 March 2020 and principal is due at maturity. The note was repaid during the year.

26. **SHARE CAPITAL:**

	2021 $'000	2020 $'000
Authorised -		
1,961,200,000 ordinary shares of no par value		
Stated capital -		
Issued and fully paid -		
1,270,561,058 (2020 - 1,270,094,391) ordinary shares of no par value	102,664	102,091

During the year the company issued 466,667 (2020 – 5,400,000) shares to its directors and managers for cash of $466,667 (2020 - $5,400,000). The shares were issued under the company's stock option plan and the value of the option exercised during that year was $106,447 (2020 - $1,232,000).

27. **OTHER RESERVE:**

Stock Option Reserve

(a) Stock option description and movement:

On 30 September 2013, the company obtained approval from stockholders at its annual general meeting for authorised but unissued shares up to a maximum of 5% of the total number of issued shares of no par value to be set aside for allocation and sale to the directors and key personnel of the company. Consequently, the company has set aside 61,405,000 of the authorised but unissued shares for the stock option plan.

27. **OTHER RESERVE (CONT'D):**

Stock Option Reserve (cont'd)

(a) Stock option description and movement (cont'd):

On 1 August 2014, under the rules of the stock option plan, the following allocations were made:

	No. of shares '000
Non-executive directors and key personnel	61,405

The options were granted at a subscription price of $1.00 and are exercisable over a period of seven (7) years, at the end of which time unexercised options will expire. The total grant of each director and key personnel will fully vest on the third anniversary of the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

	2021 '000	2020 '000
Movement on the option:		
At 1 April	19,414	24,814
Exercised	(466)	(5,400)
At 31 March	18,948	19,414

(b) Fair value of options granted:

The fair value of options granted determined using the Black-Scholes-Merton valuation model was $14,006,000. The significant inputs into the model were the share price of $0.80 at the grant date, exercise price of $1.00, the risk free interest rate of 8.22%, standard deviation of expected share price returns of 42.49%, the option life of seven (7) years and expected dividends of $0.03. It is expected that these options will be exercised within four and a half (4½) years.

The breakdown of the fair value of options granted is as follows:

	$'000
Fair value of options granted	14,006
Expensed in 2015	(6,838)
Expensed in 2016	(2,834)
Expensed in 2017	(4,334)
Amount to be expensed in future periods	-

27. **OTHER RESERVE (CONT'D):**

Stock Option Reserve (cont'd)

(c) Movement on the share option reserve is as follows:

	2021 $'000	2020 $'000
At 1 April	4,429	5,661
Fair value of options exercised transferred to share capital	(107)	(1,232)
At 31 March	4,322	4,429

28. **RETAINED EARNINGS:**

	2021 $'000	2020 $'000
Reflected in the financial statements of:		
The company	1,846,826	1,605,542
Subsidiaries	(256,522)	(171,991)
	1,590,304	1,433,551

29. **PENSION PLAN:**

The company and one of the subsidiaries participates in a defined contribution pension plan which is administered by Sagicor Life Jamaica Limited and Guardian Life Limited, respectively. The pension plans are open to all permanent employees.

The plans are funded by the group's and employees' contributions. The group's contributions to the plans are expensed and amounted to $16,811,000 for the year (2020 - $11,996,000).

30. **SEGMENT INFORMATION:**

The group generates its revenue from Cambio operations, Money Transfer and Loans.

Based on the information presented to and reviewed by the CODM, the entire operation of the group is considered as one operating segment.

Financial information related to the group as a whole can be found in the consolidated statement of profit or loss and other comprehensive income, in the consolidated statement of financial position and related notes. There are no differences in the measurement of the reportable segment results and the group's results.

31. IMPACT OF COVID-19 PANDEMIC:

The World Health Organisation (WHO) declared the COVID–19 virus a public health emergency of international concern. As with most economies around the world, the Jamaican economy has been hard hit by the effects of the COVID-19 pandemic.

For this financial period the group saw a reduction in Retail Cambio revenues of about 50% due to early closure and lockdowns from COVID-19 protocols. The impact, however, was very low as this segment only accounted for a small percentage of total Cambio revenues. The general direction of the Cambio revenues from the group's corporate trades improved as there were increased inflows from the remittance business. The group expects the increased Cambio revenues to continue in alignment with the projected growth path of remittances.

For the group's remittance segment, revenues were impacted early in the pandemic however, this rebounded upon the increase in transaction volumes due to the various stimulus packages implemented in the key diaspora corridors. Also, with the closure of the travel industry it meant more persons began to send via remittances and this lead to increased volume and revenues.

The group was able to earn additional revenues from the distribution of the Government of Jamaica's COVID-19 CARE cash grants as well as from new and relevant products such as the LASCO Pay prepaid cards which customers have been loading and spending to access digital services.

Loan revenues were impacted due to a reduction in disbursements as the group operated in a more risk averse environment. Several of its customers lost their jobs as well as had their business operating hours reduced due to curfews. The result was that they were unable to service their loans in a timely manner. Management responded by granting moratoriums and loan restructuring to assist these customers who were impacted. With the opportunities improving incrementally as the economy begins to reopen, the group will continue to roll out more campaigns to regrow the portfolio.

Overall, the group saw an improvement in its money services business and it expects that this will continue. At the same time, management continues to implement strategies to manage costs, grow and develop loan revenues and reduce delinquencies.

NOTES

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PROXY FORM

I/We_____

of _____

being a Member/Members of the above-named Company, hereby appoint

_____ of _____

or failing him/her, _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, September 29, 2021 and at any adjournment thereof.

Signed this _____ day of _____ 2021

Signature: _____

NOTES:

When completed, this form must be received by the Registrar of the Company at the address given below, not less than forty-eight (48) hours before the time for holding the meeting.

The Proxy Form should bear stamap duty of $100.00 which may be adhesive and duly cancelled by the person signing the proxy form.

If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.

Send to: **The Registrar and Transfer Agent**
Jamaica Central Securities Depository
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Kingston

38 1/2 Red Hills Road
Kingston 10, Jamaica
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