



Elite Diagnostic Limited

Report to Shareholders

Year Ended June 30, 2021



## Directors' Report

The Board of Directors of Elite Diagnostic Limited presents the company's Audited Financial Statements for the year ended June 30, 2021.

Revenue for the year was \$506.9 Million compared to \$439.8 Million the previous year. Net profit was \$1.9 Million compared to a profit of \$8.6 Million the previous year. Although there was a 15% increase in revenue during a full year of the Covid-19 pandemic, the company saw an increase in administrative expenses of \$36 Million, an increase of depreciation expense of \$14 Million and a foreign exchange loss of \$6.7 Million.

Total Assets were \$700.4 Million compared to \$690.6 Million the previous year. Total Liabilities were \$238.7 Million compared to \$230.8 Million the previous year.

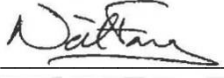
The company faced many challenges during the year with St Ann branch and the negative effects of the Covid-19 pandemic. The St Ann location continued to underperform most of the year due to the MRI and CT breakdown. The equipment challenges were finally resolved during the end of the 3<sup>rd</sup> quarter with the enlistment of overseas expertise. The Covid-19 pandemic continued to negatively impact our hours of operation and interventional procedures.

The company continues to see increased demand for imaging services and has purchased a new MRI system that will be installed at the Liguanea branch. The new MRI system will be operational in early 2022. The new MRI will reduce the company's operating hours and its related expenses. With the St Ann branch issues finally resolved, the location is now operating at a desired capacity.

The company is pleased to declare its first dividend payment to shareholders in the amount of \$0.09 per share. The payment date is October 5, 2021.

The company wishes to thank all of our dedicated staff, valued customers and referring doctors for their continued support.

 Director  
**Warren Chung**

 Director  
**Neil Fong**

September 24, 2021

## **Elite Diagnostic Limited**

Financial Statements

June 30, 2021

---

# Elite Diagnostic Limited

June 30, 2021

---

## Contents

	Page
<b>Independent auditor's report</b>	1 - 5
<b>Financial Statements</b>	
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 32

# Independent auditor's report

To the Members of  
Elite Diagnostic Limited

## **Report on the audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Elite Diagnostic Limited ("the Company") which comprise the statement of financial position as at June 30, 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at June 30, 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

## **hlbjm.com**

Partners: Sixto P. Coy, Karen A. Lewis

3 Haughton Avenue, Kingston 10, Jamaica W.I.

TEL: (876) 926-2020/2 TEL: (876) 926-9400

56 Market Street, Montego Bay, Jamaica W.I.

TEL: (876) 952-2891

EMAIL: [info@hlbjm.com](mailto:info@hlbjm.com)

HLB Mair Russell is an independent member of HLB the global advisory and accounting network

## Independent auditor's report (cont'd)

To the Members of  
Elite Diagnostic Limited

### Report on the audit of the Financial Statements (cont'd)

#### Key Audit Matters (cont'd)

##### Key Audit Matter – Measurement of expected credit loss (ECL)

The determination of ECL is highly subjective and requires management to make significant judgements and estimates including the application of forward-looking information.

IFRS 9 requires the company to incorporate forward-information, reflecting a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios and these impact on expected credit losses.

We therefore determined that the estimates of impairment in respect of trade receivables have a high degree of estimation uncertainty.

##### How the matter was addressed in our audit

Our audit procedures in response to this matter, included:

- Obtaining an understanding of the model used by management for the calculation of expected credit losses on accounts receivables.
- Testing the completeness and accuracy of the data used in the models to the underlying accounting records.
- Assessing the appropriateness of the Company's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, Financial Instruments.
- Evaluating the appropriateness of economic parameters including the use of forward looking information.
- Testing subsequent receipts for significant customers.
- Testing the accuracy of the ECL calculation.
- Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

Based on the procedures described above, no adjustment was considered necessary.

## Independent auditor's report (cont'd)

To the Members of  
Elite Diagnostic Limited

### **Report on the audit of the Financial Statements (cont'd)**

#### Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

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

#### **Responsibilities of Management and those charged with governance for the Financial Statements**

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

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent auditor's report (cont'd)

To the Members of  
Elite Diagnostic Limited

### **Report on the audit of the Financial Statements (cont'd)**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

## Independent auditor's report (cont'd)

To the Members of  
Elite Diagnostic Limited

### **Report on the audit of the Financial Statements (cont'd)**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matter 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.

### **Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Sixto Coy.

Kingston, Jamaica

September 24, 2021

A handwritten signature in blue ink that reads 'HLB Mair Russell'. Below the signature, the words 'Chartered Accountants' are printed in a small, blue, sans-serif font.

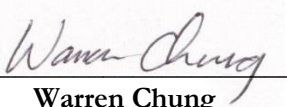
# Elite Diagnostic Limited

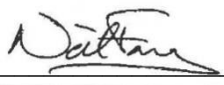
## Statement of financial position

June 30, 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(3)	587,410,644	603,231,302
		<b>587,410,644</b>	<b>603,231,302</b>
<b>Current assets</b>			
Receivables	(4)	41,766,832	41,512,118
Prepayments		7,243,353	6,600,329
Cash and cash equivalents	(5)	63,993,795	39,217,930
		<b>113,003,980</b>	<b>87,330,377</b>
<b>Total assets</b>		<b>700,414,624</b>	<b>690,561,679</b>
<b>Equity</b>			
Share capital	(6)	348,898,459	348,898,459
Retained earnings		112,791,425	110,862,254
<b>Total equity</b>		<b>461,689,884</b>	<b>459,760,713</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	(7)	1,398,488	13,933,340
Long-term loans	(8)	146,250,000	193,933,266
		<b>147,648,488</b>	<b>207,866,606</b>
<b>Current liabilities</b>			
Payables and accruals	(9)	29,791,400	7,842,280
Current portion of lease liabilities	(7)	12,534,852	13,492,080
Current portion of long-term loans	(8)	48,750,000	1,600,000
		<b>91,076,252</b>	<b>22,934,360</b>
<b>Total liabilities</b>		<b>238,724,740</b>	<b>230,800,966</b>
<b>Total equity and liabilities</b>		<b>700,414,624</b>	<b>690,561,679</b>

Approved for issue by the Directors on September 24, 2021 and signed on its behalf by:

  
Warren Chung

  
Neil Fong

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

# Elite Diagnostic Limited

## Statement of profit or loss and other comprehensive income

Year ended June 30, 2021

	Note	2021 \$	2020 \$
<b>Income</b>		506,907,233	439,800,664
Direct costs		(178,596,671)	(161,503,788)
		<b>328,310,562</b>	<b>278,296,876</b>
Administrative and other expenses	(10)	(196,671,486)	(160,369,677)
Depreciation and amortisation		(102,063,180)	(88,178,562)
<b>Operating profit</b>		<b>29,575,896</b>	<b>29,748,637</b>
Finance income	(11)	91,051	43,929
Finance costs	(11)	(21,016,904)	(20,774,400)
Loss on foreign exchange		(6,720,872)	(465,299)
<b>Profit for the year being total comprehensive income for the year</b>		<b>1,929,171</b>	<b>8,552,867</b>
<b>Earnings per share</b>	(12)	<b>0.005</b>	<b>0.02</b>

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

---

**Elite Diagnostic Limited**  
**Statement of changes in equity**  
Year ended June 30, 2021

---

	Share capital \$	Retained earnings \$	Total \$
<b>Balance at June 30, 2019</b>	348,898,459	50,486,786	399,385,245
Adjustment from the adoption of IFRS 9	-	51,822,601	51,822,601
<b>Adjusted balance at July 1, 2020</b>	348,898,459	102,309,387	451,207,846
Profit for the year being total comprehensive income for the year	-	8,552,867	8,552,867
<b>Balance at June 30, 2020</b>	348,898,459	110,862,254	459,760,713
Profit for the year being total comprehensive income for the year	-	1,929,171	1,929,171
<b>Balance at June 30, 2021</b>	<b>348,898,459</b>	<b>112,791,425</b>	<b>461,689,884</b>

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

# Elite Diagnostic Limited

## Statement of cash flows

Year ended June 30, 2021

	2021 \$	2020 \$
<b>Cash flows from operating activities:</b>		
Profit for the year	1,929,171	8,552,867
Adjustments for:		
Depreciation and amortisation	102,063,180	88,178,562
Interest expense accrued	21,016,904	20,774,400
	<b>125,009,255</b>	<b>117,505,829</b>
Increase in receivables	(254,714)	(16,273,572)
Increase in prepayments	(643,024)	(5,947,531)
Increase/(decrease) in payables and accruals	21,949,120	(7,749,287)
<b>Cash provided by operations</b>	<b>146,060,637</b>	<b>87,535,439</b>
Interest paid	(21,016,904)	(20,774,400)
<b>Net cash provided by operations</b>	<b>125,043,733</b>	<b>66,761,039</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(86,242,522)	(89,282,557)
<b>Net cash used in investing activities</b>	<b>(86,242,522)</b>	<b>(89,282,557)</b>
<b>Cash flow from financing activities</b>		
Repayment of long-term loans	(533,266)	(1,733,372)
Repayment of lease liabilities	(13,492,080)	(12,949,903)
<b>Net cash used in financing activities</b>	<b>(14,025,346)</b>	<b>(14,683,275)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>24,775,865</b>	<b>(37,204,793)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>39,217,930</b>	<b>76,422,723</b>
<b>Cash and cash equivalents at end of year (Note 5)</b>	<b>63,993,795</b>	<b>39,217,930</b>

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

---

# Elite Diagnostic Limited

## Notes to the financial statements

Year ended June 30, 2021

---

### 1. General information and nature of operations

Elite Diagnostic Limited was incorporated under the laws of Jamaica on February 28, 2012 and is domiciled in Jamaica. The company commenced operations in August 2013. The company's principal place of business is located at 1b Holborn Road, Kingston 5, with branches at 164½ Old Hope Road and Drax Hall, St. Ann.

The company provides diagnostic imaging services.

The company was listed on the Jamaica Stock Exchange (JSE) Junior Market via an Initial Public Offering (IPO) on February 20, 2018.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act. The measurement bases used are more fully described in the accounting policies below.

#### Changes in accounting policies

##### New Standards, interpretations and amendments to published standards that became effective in the current year

Certain new and amended standards came into effect during the current financial year. The adoption of those standards and amendments did not have a significant impact on the financial statements:

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it.

This may bring liabilities on statement of financial position earlier than at present.

- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### 2. Summary of significant accounting policies (cont'd)

#### a Statement of compliance and basis of preparation (cont'd)

##### **New Standards, interpretations and amendments to published standards that became effective in the current year (cont'd)**

- Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is effective for annual periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, effective for annual accounting periods beginning on or after January 1, 2020, address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The amendments apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

Additional disclosures will be required for hedging relationships directly affected by IBOR reform.

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

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

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before June 30, 2022; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### 2. Summary of significant accounting policies (cont'd)

#### a Statement of compliance and basis of preparation (cont'd)

##### **New Standards, interpretations and amendments to published standards that became effective in the current year (cont'd)**

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

The company received no concessions.

##### **Standards, interpretations and amendments issued but not yet effective and have not been adopted early by the Company**

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

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

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

The company is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets is effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

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

The company is assessing the impact that the amendment will have on its financial statements.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### 2. Summary of significant accounting policies (cont'd)

#### a Statement of compliance and basis of preparation (cont'd)

##### **New Standards, interpretations and amendments to published standards that are not yet effective in the current year (cont'd)**

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, IAS 41 Agriculture, and are effective for annual reporting periods beginning on or after January 1, 2022.
  - (i) IFRS 9 Financial Instruments amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
  - (ii) IFRS 16 Leases amendment removes the illustration of payments from the lessor relating to leasehold improvements.

The Company is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023.

The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

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

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

The company is assessing the impact that the amendment will have on its financial statements.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### 2. Summary of significant accounting policies (cont'd)

#### b Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

#### c Property, plant and equipment

(i) Carrying amount

Property, plant and equipment are carried at cost less accumulated depreciation.

(ii) Depreciation

Depreciation is provided on the straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives approximate to forty (40) years for buildings, five to ten (5 - 10) years for furniture, fixtures, machinery and equipment, three (3) years for computers and five (5) years for motor vehicle.

Leasehold building and improvements are being amortised over twenty years.

(iii) Repairs and renewals

The costs of repairs and renewals which do not enhance the carrying value of existing assets are written off to profit or loss as they are incurred.

#### d Functional and presentation currency

*Functional and presentation currency*

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

*Foreign currency translations and balances*

- (i) Foreign currency monetary balances at the end of the reporting period have been translated at the rates of exchange ruling at that date.
- (ii) Foreign currency transactions are translated into the functional currency at the exchange rate ruling at the dates of those transactions.
- (iii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items are included in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical rates except for those measured fair value which are translated using the exchange rates at the date when the fair value was determined.

#### e Revenue recognition

Revenue is recognised when the company satisfies a performance obligation. Revenue is measured at the fair value of consideration received and receivable.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### **2. Summary of significant accounting policies (cont'd)**

#### **f Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or the receipt on the goods or as incurred.

#### **g Cash and cash equivalents**

Cash and cash equivalents comprise amounts held in current and savings accounts with financial institutions and cash on hand balances net of bank overdraft.

#### **h Trade and other receivables**

Trade and other receivables are classified as loans and receivables. These are initially recognised at original invoice amount (which represents fair value) and subsequently measured at amortised cost.

#### **i Financial instruments**

##### **Recognition and derecognition**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### **Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### **2. Summary of significant accounting policies (cont'd)**

#### **i Financial instruments (cont'd)**

##### **Subsequent measurement of financial assets**

##### **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

##### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains equity investments. The company accounts for these equity investments at FVTPL and did not make the irrevocable election to account for these equity investments at fair value through other comprehensive income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

##### **Financial assets at fair value through other comprehensive income (FVOCI)**

The Company accounts for financial assets at FVOCI if the assets meet both of the following conditions:

- they are held under a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial assets and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses are recognised in other comprehensive income (OCI).

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### **2. Summary of significant accounting policies (cont'd)**

#### **i Financial instruments (cont'd)**

##### **Impairment of financial assets**

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead, the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

##### **Trade and other receivables and contract assets**

The company makes use of a simplified approach in accounting for impairment of trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### **2. Summary of significant accounting policies (cont'd)**

#### **i Financial instruments (cont'd)**

##### **Classification and measurement of financial liabilities**

The company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### **j Payables and accruals**

Payables and accruals are obligations to pay for goods or services that have acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **k Income taxes**

The Company will not be liable to pay corporate income tax in its first 5 years on the Junior Market. It will be liable to corporate income tax at half of the usual rate in years 6 to 10 on the Junior Market. If the Company breaches any Junior Market requirements, it may be liable to repay the tax that was remitted.

#### **l Borrowings**

Borrowings are recognised initially at fair value, being their issued proceeds net of transaction costs incurred, any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings. Interest expense is reported on the accruals basis and other borrowing costs, are expensed to profit or loss in the period which they are incurred and are reported in finance costs.

#### **m Impairment**

The company's assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### **2. Summary of significant accounting policies (cont'd)**

#### **m Impairment (cont'd)**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

#### **n Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are included in equity as a deduction from proceeds.

#### **o Critical accounting judgements and key sources of estimation uncertainty**

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Depreciation and amortisation of property, plant and equipment.

Depreciation and amortisation are provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as disclosed in Note 2(c).

Expected credit loss

The measurement of expected credit loss requires significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting. Details of these estimates are disclosed in Note (17(b)).

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 3. Property, plant and equipment

The carrying amounts for equipment for the years included in these financial statements as at June 30, 2021 are reconciled as follows:

	Right-of-use assets- Land and Buildings \$	Furniture and Fixtures \$	Medical Equipment \$	Computers \$	Computer Software \$	Solar System \$	Other Equipment \$	Leasehold Improvements \$	Total \$
<b>Gross carrying amount</b>									
Balance at July 1, 2020	40,375,323	35,719,451	597,520,846	12,578,876	9,812,536	9,683,461	33,801,179	142,350,346	881,842,018
Additions	-	3,173,637	76,565,280	3,329,028	1,267,179	-	-	1,907,398	86,242,522
<b>Balance at June 30, 2021</b>	<b>40,375,323</b>	<b>38,893,088</b>	<b>674,086,126</b>	<b>15,907,904</b>	<b>11,079,715</b>	<b>9,683,461</b>	<b>33,801,179</b>	<b>144,257,744</b>	<b>968,084,540</b>
<b>Depreciation</b>									
Balance at July 1, 2020	(13,473,434)	(12,271,018)	(195,763,249)	(6,267,202)	(6,521,785)	(3,711,995)	(11,908,333)	(28,693,700)	(278,610,716)
Current charge	(13,473,434)	(3,737,000)	(61,233,991)	(2,878,106)	(2,054,803)	(968,346)	(3,380,118)	(14,337,382)	(102,063,180)
<b>Balance at June 30, 2021</b>	<b>(26,946,868)</b>	<b>(16,008,018)</b>	<b>(256,997,240)</b>	<b>(9,145,308)</b>	<b>(8,576,588)</b>	<b>(4,680,341)</b>	<b>(15,288,451)</b>	<b>(43,031,082)</b>	<b>(380,673,896)</b>
<b>Carrying amount at June 30, 2021</b>	<b>13,428,455</b>	<b>22,885,070</b>	<b>417,088,886</b>	<b>6,762,596</b>	<b>2,503,127</b>	<b>5,003,120</b>	<b>18,512,728</b>	<b>101,226,662</b>	<b>587,410,644</b>

Included in net carrying amount of the property, plant and equipment are right-of-use assets (land and buildings) amounting to \$26,901,889.

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 3. Property, plant and equipment (cont'd):

	Right-of-use assets- Land and Buildings \$	Furniture and Fixtures \$	Medical Equipment \$	Computers \$	Computer Software \$	Solar System \$	Other Equipment \$	Leasehold Improvements \$	Total \$
<b>Gross carrying amount</b>									
Balance at July 1, 2019	-	26,077,957	545,843,970	9,930,683	8,601,003	9,683,461	29,941,060	122,106,004	752,184,138
Transition of IFRS 16	40,375,323	-	-	-	-	-	-	-	40,375,323
Additions	-	9,641,494	51,676,876	2,648,193	1,211,533	-	3,860,119	20,244,342	89,282,557
<b>Balance at June 30, 2020</b>	<b>40,375,323</b>	<b>35,719,451</b>	<b>597,520,846</b>	<b>12,578,876</b>	<b>9,812,536</b>	<b>9,683,461</b>	<b>33,801,179</b>	<b>142,350,346</b>	<b>881,842,018</b>
<b>Depreciation</b>									
Balance at July 1, 2019	-	(8,577,576)	(142,459,095)	(3,218,787)	(5,126,273)	(2,985,734)	(9,699,066)	(18,365,623)	(190,432,154)
Current charge	(13,473,434)	(3,693,442)	(53,304,154)	(3,048,415)	(1,395,512)	(726,261)	(2,209,267)	(10,328,077)	(88,178,562)
<b>Balance at June 30, 2020</b>	<b>(13,473,434)</b>	<b>(12,271,018)</b>	<b>(195,763,249)</b>	<b>(6,267,202)</b>	<b>(6,521,785)</b>	<b>(3,711,995)</b>	<b>(11,908,333)</b>	<b>(28,693,700)</b>	<b>(278,610,716)</b>
<b>Carrying amount at June 30, 2020</b>	<b>26,901,889</b>	<b>23,448,433</b>	<b>401,757,597</b>	<b>6,311,674</b>	<b>3,290,751</b>	<b>5,971,466</b>	<b>21,892,846</b>	<b>113,656,646</b>	<b>603,231,302</b>

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 4. Receivables

	2021 \$	2020 \$
Due from patients and insurance companies	41,791,558	40,715,922
Other receivables	1,033,830	1,203,355
	<b>42,825,388</b>	<b>41,919,277</b>
Less: expected credit loss	(1,058,556)	(407,159)
<b>Total</b>	<b>41,766,832</b>	<b>41,512,118</b>

The ageing of due from patients and insurance companies at the reporting date were:

	2021 \$	2020 \$
0 – 30 days	10,472,720	36,548,673
31-60 days	14,765,819	2,701,547
Over 60 days	16,553,019	1,465,702
<b>Total</b>	<b>41,791,558</b>	<b>40,715,922</b>

Reconciliation of expected credit loss:

	2021 \$	2020 \$
Balance at beginning of year	407,159	230,616
Additional provision during the year	651,397	176,543
<b>Balance at end of year</b>	<b>1,058,556</b>	<b>407,159</b>

### 5. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	63,808,795	37,370,646
Cash in hand	185,000	1,847,284
<b>Total</b>	<b>63,993,795</b>	<b>39,217,930</b>

### 6. Share capital

	2021	2020
Authorised ordinary stock units of no par value	Unlimited	Unlimited
<b>Issued shares at no par value</b>		
Share capital		
353,400,000 ordinary stock units	<b>348,898,459</b>	<b>348,898,459</b>

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 7. Lease liabilities

Information about leases for which the company is a lessee is presented below:

#### (a) Lease liabilities

	Building \$	Total \$
<b>Balance at July 1, 2020</b>	27,425,420	27,425,420
Payments	(13,492,080)	(13,492,080)
<b>Balance at June 30, 2021</b>	<b>13,933,340</b>	<b>13,933,340</b>
<b>Current</b>	<b>12,534,852</b>	<b>13,933,340</b>
<b>Non-current</b>	<b>1,398,458</b>	<b>-</b>
	<b>13,933,340</b>	<b>13,933,340</b>
	Building \$	Total \$
Adoption of IFRS 16 - July 1, 2019	40,375,323	40,375,323
Payments	(12,949,903)	(12,949,903)
<b>Balance at June 30, 2020</b>	<b>27,425,420</b>	<b>27,425,420</b>
<b>Current</b>	13,492,080	13,492,080
<b>Non-current</b>	13,933,340	13,933,339
	<b>27,425,420</b>	<b>27,425,420</b>

Future minimum lease payments are as follows:

	Within 1 year \$	1 to 2 Years \$	Total \$
Lease payments	(12,611,693)	(1,400,262)	(14,011,955)
Finance charges	76,841	1,774	78,615
<b>Net present values</b>	<b>(12,534,852)</b>	<b>(1,398,488)</b>	<b>13,933,340</b>

#### (b) Amounts recognised in the profit or loss

	\$
Depreciation charged on right-of-use assets	13,473,434
Interest expense on lease liabilities	211,824
	<b>13,685,258</b>

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 7. Lease liabilities (cont'd)

#### (c) Amounts recognised in the statement of cash flow

	\$
Principal payments	13,492,080
Interest payments	211,824
<b>Total</b>	<b>13,703,904</b>

### 8. Long-term loans

	2021 \$	2020 \$
(i) MF & G Management Limited	195,000,000	195,000,000
(ii) Sagicor Bank loan	-	533,266
	<b>195,000,000</b>	<b>195,533,266</b>
Less: Current portion of long term loans	(48,750,000)	(1,600,000)
<b>Total</b>	<b>146,250,000</b>	<b>193,933,266</b>

i The term of the loan is 7 years with a moratorium of principal payments of 24 months. Thereafter the loan is repayable over 20 quarterly instalments of \$9,750,000. Interest on the loan is 7.25% per annum. The loan is secured by Bill of Sale over equipment valued at \$424,918,000.

ii The Sagicor loan bears interest of 9.50% per annum and is to be repaid by October 31, 2021. The loan is repayable in monthly instalments of \$133,333.

The credit facility is secured by a promissory note executed by the borrower along with borrowing resolution supported by:

- Guarantee from Development Bank of Jamaica credit enhancement fund for \$6,400,000.
- Corporate bill of sale over 42kw Solar Grid.
- Subordination of all Directors loans.

### 9. Payables and accruals

	2021 \$	2020 \$
Trade payables	19,008,810	361,691
Due to equipment suppliers and other	5,313,252	5,481,293
Accruals	5,469,338	1,999,296
<b>Total</b>	<b>29,791,400</b>	<b>7,842,280</b>

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 10. Expenses by nature

Total administrative and other operating expenses:

	2021	2020
	\$	\$
Rent (see note below)	-	5,428,355
Audit fees	2,494,500	2,098,428
Legal and professional fees and stock exchange expenses	4,909,906	2,667,710
Staff costs (Note 15)	88,166,047	67,063,743
Advertising and promotion	4,060,607	2,264,267
Repairs and maintenance	21,906,127	16,031,890
Utilities	46,144,479	37,553,816
Insurance	5,876,956	4,402,197
Software licenses	4,393,754	7,678,140
Office and security expenses	10,631,130	7,497,634
AGM expenses	2,047,525	3,657,384
Directors fees	2,112,000	1,258,750
Expected credit loss	651,397	407,159
Other expenses	3,277,058	2,360,204
<b>Total</b>	<b>196,671,486</b>	<b>160,369,677</b>

As disclosed in Note 2(a) as a result of the adoption of IFRS 16 Leases, the nature of expenses related to leased property previously treated as rent have changed. IFRS 16 replaces the straight-line operating lease (rent) with a depreciation charge for the right-of-use assets and interest expense on related lease liabilities.

### 11. Finance income and finance costs

Finance income for the year comprise:

	2021	2020
	\$	\$
Interest income from financial assets	<b>91,051</b>	<b>43,929</b>

Finance costs

	2021	2020
	\$	\$
Interest expense for borrowings at amortised cost:		
Interest on long-term loans	20,805,080	20,429,503
Interest expense on lease liabilities	211,824	344,897
<b>Total finance costs</b>	<b>21,016,904</b>	<b>20,774,400</b>

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 12. Earnings per shares

Earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue for the year.

	2021 \$	2020 \$
Profit attributable to shareholders	1,929,171	8,552,867
Weighted average number of shares	353,400,000	353,400,000
Basic and diluted earnings per share	0.005	0.02

### 13. Income tax

The Company will not be liable to pay corporate income tax in its first 5 years on the Junior Market. It will be liable to corporate income tax at half of the usual rate in years 6 to 10 on the Junior Market. If the Company breaches any Junior Market requirements, it may be liable to repay the tax that was remitted.

Reconciliation of theoretical tax charge to effective tax charge:

	2021 J\$	2020 J\$
<b>Profit for the year</b>	1,929,171	8,552,867
Tax at applicable tax rate of 25%	482,293	2,138,219
Adjustment for non-deductible expenses	25,515,795	18,757,281
Tax effect of allowances and remission of tax	(25,998,088)	(20,895,500)
<b>Income tax charge for the year</b>	-	-

### 14. Segment information

The company's revenue is derived mainly from diagnostic imaging services, as a result there is no relevant segment information.

### 15. Staff costs

	2021 \$	2020 \$
Salaries and wages	62,185,978	48,142,540
Statutory contributions	16,380,071	11,648,261
Staff welfare and training	9,599,998	7,272,942
<b>Total</b>	<b>88,166,047</b>	<b>67,063,743</b>

Salaries and wages included amounts paid to key management which is disclosed at Note 16.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### 16. Balances and transaction with related parties

- (i) At the reporting date there were no balances due to or from related parties.
- (ii) Transactions with key management.

The compensation of key management for services is shown below:

	2021 \$	2020 \$
Fees paid to directors	2,112,000	1,258,750
Salaries and other short-term employee benefits	9,956,353	9,956,353
<b>Total</b>	<b>12,068,353</b>	<b>11,215,703</b>

Compensation paid to directors

	2021 \$	2020 \$
Fees paid to directors	2,112,000	1,258,750
Salaries	5,928,560	5,928,560
<b>Total</b>	<b>8,040,560</b>	<b>7,187,310</b>

### 17. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

#### a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

##### i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican Dollar. For transactions denominated in United States Dollars (US\$) the company however, maintains US\$ bank accounts in an attempt to manage this risk.

At the end of the reporting period there were net (liabilities)/assets of approximately US\$61,511 (2020 - \$217,494) which were subject to foreign exchange rate changes as follows:

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 17. Risk management policies (cont'd)

#### a Market risk (cont'd)

##### i Currency risk (cont'd)

#### Concentrations of currency risk

	2021 US\$	2020 US\$
Financial assets		
- Cash and cash equivalents	48,924	12,053
- Receivables	-	50,346
Financial liabilities		
- Trade payables	(17,639)	(85,401)
- Lease liabilities	(92,796)	(194,493)
<b>Total</b>	<b>(61,511)</b>	<b>(217,494)</b>

The above assets/(liabilities) are receivable/(payable) in United States Dollars (US\$). The exchange rate applicable at the end of the reporting period is J\$150.15 to US\$1 (2020 - J\$141.01 to US\$1).

#### Foreign currency sensitivity

The following table illustrates the sensitivity and the impact on profit for the year of company's financial assets and financial liabilities to foreign exchange rates, all other things being equal. The sensitivity analysis is based on the company's foreign currency financial instruments held at each reporting date. Only movements between the Jamaican dollar and the United States dollars are considered, as these are the two major currencies of the company.

Effect on profit before tax:

If the Jamaican dollar weakens by 6% (2020 - 6%) against the United States dollar then this would have the effect shown below on the basis that all other variables remain constant.

	Percentage change %	Effect on earnings \$
2021	6	(369,438)
2020	6	(1,226,758)

If the Jamaican dollar strengthens against the United States dollar by 2% (2020 - 2%) this would have the following effect:

	Percentage change %	Effect on earnings \$
2021	2	(186,307)
2020	2	(241,819)

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### 17. Risk management policies (cont'd)

#### a Market risk (cont'd)

##### ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The company holds cash in interest-earning bank accounts with licensed financial institutions. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

##### iii Other price risk

Other 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 company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

#### b Credit risk

The company faces credit risk in respect of its receivables and bank balances. There is significant concentration of credit risk in receivables. However, this risk is controlled by close monitoring of these assets by the company. In addition, bank balances are maintained with licensed financial institutions considered to be stable.

#### Cash and cash equivalents

Credit risk for cash and cash equivalents is managed by maintaining these balances with licensed financial institutions considered to be stable and creditworthy. Savings and current accounts held with commercial banks are insured under the Jamaica Deposit Insurance Scheme (JDIS) up to a maximum of \$600,000. This was increased to \$1,200,000 effective August 31, 2021.

#### Receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for receivables. To measure expected credit losses on a collective basis, receivables are grouped based on similar credit risk and aging.

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 17. Risk management policies (cont'd)

#### b Credit risk

The expected loss rates are based on the company's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The calculated expected credit losses are detailed below:

June 30, 2021

	Trade receivables days past due			
	Current	More than 30 days	More than 60 days	Total
	\$	\$	\$	\$
Expected credit loss rate	1.02%	2.06%	7.21%	
Gross carrying amount	10,472,720	14,765,819	16,553,019	41,791,558
Lifetime expected credit loss	<b>107,836</b>	<b>304,083</b>	<b>646,637</b>	<b>1,058,556</b>

June 30, 2020

	Trade receivables days past due			
	Current	More than 30 days	More than 60 days	Total
	\$	\$	\$	\$
Expected credit loss rate	1%	1%	1%	
Gross carrying amount	36,548,673	2,701,547	1,465,702	40,715,922
Lifetime expected credit loss	<b>365,487</b>	<b>27,015</b>	<b>14,657</b>	<b>407,159</b>

#### c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash and demand deposits to meet its liquidity requirements.

---

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

---

### 17. Risk management policies (cont'd)

#### c Liquidity risk (cont'd)

The table below presents the undiscounted cash flows payable (both interest and principal) of the company's financial liabilities based on contractual repayment over the next 12 months.

	1 - 3 Months \$	Over 5 Years \$
Payables and accruals	19,008,810	19,008,810
<b>Total</b>	<b>19,008,810</b>	<b>19,008,810</b>

### 18. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities. (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices). (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). (Level 3).

The company's financial assets and liabilities are measured at amortised costs and the fair values for these are disclosed at Note 18.

# Elite Diagnostic Limited

## Notes to the Financial Statements

Year ended June 30, 2021

### 19. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities recognised at the end of the reporting periods under review and be categorised as follows:

	2021 \$	2020 \$
	Amortised costs	Amortised costs
<b>Financial assets at amortised costs</b>		
Receivables and prepayments	49,010,185	48,112,447
Cash and cash equivalents	63,993,795	39,217,930
<b>Total</b>	<b>113,003,980</b>	<b>87,330,377</b>
<b>Financial liabilities at amortised costs</b>		
Trade and other payables	29,791,400	7,842,280
Lease liabilities	13,933,340	27,425,420
Loans	195,000,000	195,533,266
<b>Total</b>	<b>238,724,740</b>	<b>230,800,966</b>

### 20. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to sustain future development of the business. The company's Board of Directors review the financial position of the company at regular meetings.

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

### 21. COVID 19 effect

The spread of the Coronavirus disease (COVID-19) which was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020, has continued to negatively impact the operations of the company. Revenue continues to be impacted as the company continues to operate with reduced operating hours and social distancing protocols reduces the number of patients that are booked per day.

### 22. Subsequent event

On July 6, 2021, the Board declared dividend of \$0.09 per stock unit payable on August 5, 2021. The payment date was subsequently changed to October 5, 2021.



## Elite Diagnostic Limited

### List of Directors, Connected Parties and Senior Managers Shareholdings

As at June 30, 2021

#### Directors and connected parties

##### Directors

Names	Position	Shares Held	Percentages %
Steven Gooden	Chairman	242,230	0.0685
Warren Chung	Executive Director	778,355	0.2203
Neil Fong	Executive Director	140,000	0.0396
Andre Ho Lung	Non-Executive Director	161,494	0.0457
Kevin Donaldson	Non-Executive Director	140,000	0.0396
Paula Wegman	Non-Executive Director	NIL	NIL
Quentin Hugh Sam	Non-Executive Director	824,573	0.2333
Peter D. Chin	Non-Executive Director	140,000	0.0396
William Mahfood	Non-Executive Director	172,025	0.0487
<b>Combined Directors Holdings</b>		<b>2,598,677</b>	<b>0.7353</b>

##### Connected parties

Connected parties	Connected to	Shares Held	Percentages %
Excel Investments	Warren Chung and Neil Fong	130,370,227	36.8903
Barnett Limited	Paula Wegman	15,515,994	4.3905
NCB Capital Markets Limited	Steven Gooden	66,028,392	18.6838
<b>Combined Connected Parties Holdings</b>		<b>211,914,613</b>	<b>59.9646</b>

##### Combined Holdings

**214,513,290 60.6999**

#### Senior Managers Shareholdings

Names	Position	Shares Held	Percentages %
Warren Chung	Chief Executive Officer	778,355	0.2203
Neil Fong	Manager	140,000	0.0396
Marjorie Miller	Manager	-	-
<b>Combined Senior Managers Holdings</b>		<b>918,355</b>	<b>0.2599</b>

##### Connected parties

Connected parties	Connected to	Shares Held	Percentages %
Excel Investments	Warren Chung and Neil Fong	130,370,227	36.8902
<b>Combined Connected Party Holdings</b>		<b>130,370,227</b>	<b>36.8902</b>

##### Combined Holdings

**131,288,582 37.15014**

##### Total issued capital

**353,400,000**



---

## Elite Diagnostic Limited

### List of Directors, Connected Parties and Senior Managers Shareholdings

As at June 30, 2021

---

#### Top 10 Shareholders

Names	Share Held	Percentages %
1. Excel Investments (Connected to Warren Chung and Neil Fong)	130,370,227	36.8903
2. NCB Capital Markets Limited (Connected to Steven Gooden)	66,028,392	18.6838
3. JCSD Trustee Services Limited - Sigma Optima	31,438,024	8.8959
4. West Indies Radiology Outsourcing Ltd.	17,670,000	5.0000
5. Barnett Limited (Connected to Paula Wegman)	15,515,994	4.3905
6. Damian Chin-You	14,513,589	4.1068
7. QWI Investments Limited	4,894,392	1.3849
8. Everton J. Smith	4,822,898	1.3647
9. Lizette Mowatt	3,703,632	1.0480
10. Kevin Keaton Palmer	3,534,000	1.0000
<b>Total units owned by top 10 Shareholders</b>	<b>292,491,148</b>	<b>82.7649</b>
<b>Total Issued Capital</b>	<b>353,400,000</b>	