QWI INVESTMENTS LIMITED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of
QWI INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of QWI Investments Limited ("the company"), set out on pages 7 to 33, which comprise the statement of financial position as at September 30, 2021, the 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 company as at September 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
QWI INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

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 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.

Valuation of investments

The Key Audit Matter	*How the matter was addressed in our audit*
The company holds significant investments in equity securities listed on multiple stock exchanges. The company uses quoted mid or closing prices to value these investments. The valuation of these investments although based on observable market prices continues to suffer from increased volatility as a result of the spread of COVID-19. The pandemic has resulted in a decline in trading activities for a number of listed shares. This reduction in trading has also resulted in some listed shares having a wider gap between the bid and ask prices which may indicate that the shares are not actively trading. As a result, judgement may be required to determine whether the quoted prices used by management represents prices from an active market and where mid prices are used, determine whether there is a wide gap between the bid and ask prices and thus does not provide a reasonable indication of fair value. *See note 4 and note 20 (e).*	Our procedures in this area included the following: • Assessing and testing the design and implementation of the company's control over the determination and computation of fair values. • Challenging the reasonableness of prices used by the company by comparing to independent third-party information, including assessing whether prices used falls within the bid ask spread as required by IFRS 13 *Fair Value Measurement*. • Reperforming fair value calculations and assessing whether fair value was appropriately determined by considering the provisions of IFRS 13 *Fair Value Measurement* and reviewing the volume of trade for the securities held by the company at year end. • Assessing the adequacy of the disclosure, including the degree of estimation involved in determining fair values.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
QWI INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
QWI INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 5-6, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

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

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

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

KPMG

Chartered Accountants
Kingston, Jamaica

December 30, 2021

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
QWI INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgement 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
QWI INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report (continued)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters 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.

QWI INVESTMENTS LIMITED

Statement of Financial Position
September 30, 2021

	Notes	2021 $	2020 $
ASSETS			
Investments	4	2,278,660,838	1,629,020,577
Deferred taxation	11	-	54,819,710
Cash and cash equivalents	5	6,861,530	1,044,754
Accounts receivables	6	27,530,640	1,091,278
Total assets		2,313,053,008	1,685,976,319
LIABILITIES AND EQUITY			
Other liabilities	7	14,731,881	10,285,473
Taxation payable		20,728	-
Due to related companies	8(a)	1,815,464	2,923,392
Short-term borrowing	9	75,000,000	-
Margin loan payable	10	341,444,565	195,376,836
Deferred taxation	11	52,884,123	-
Total liabilities		485,896,761	208,585,701
EQUITY			
Share capital	12	1,623,112,948	1,623,112,948
Capital reserves	19	363,592	-
Accumulated surplus/(deficit)		203,679,707	(145,722,330)
Total equity		1,827,156,247	1,477,390,618
Total liabilities and equity		2,313,053,008	1,685,976,319

The financial statements on pages 7 to 33 were approved for issue by the Board of Directors on December 30, 2021 and signed on its behalf by:

Director

John Mahfood

Director

Cameron Burnet

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

QWI INVESTMENTS LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended September 30, 2021

	Notes	2021 $	2020 $
Gains /(losses) from investment activities	13	542,740,213	(467,384,292)
Administrative expenses	14	(54,247,198)	(42,248,659)
		488,493,015	(509,632,951)
Finance income	15(a)	2,985,557	1,922,299
Finance costs	15(b)	(29,710,439)	(19,771,223)
Profit/(loss) before taxation		461,768,133	(527,481,875)
Taxation	16	(112,002,504)	133,158,335
Profit/(loss)for the year, being total comprehensive income/(loss)		349,765,629	(394,323,540)
Earnings per share:			
Basic earnings per ordinary stock unit	17(a)	0.26	(0.29)
Diluted earnings per ordinary stock unit	17(b)	0.25	(0.28)

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

QWI INVESTMENTS LIMITED

Statement of Changes in Equity
Year ended September 30, 2021

	Share capital (Note 12) $	Retained earnings $	Capital Reserves (Note 19) $	Total $
Balances at September 30, 2019	1,622,613,930	248,601,210	-	1,871,215,140
Adjustment to share issuance cost	499,018	-	-	499,018
Comprehensive income:				
Loss for the year, being total comprehensive loss for the year	-	(394,323,540)	-	(394,323,540)
Balances at September 30, 2020	1,623,112,948	(145,722,330)	-	1,477,390,618
Comprehensive income:				
Profit for the year, being total comprehensive profit for the year		349,765,629		349,765,629
Capital distribution received	-	(363,592)	363,592	-
Balances at September 30, 2021	1,623,112,948	203,679,707	363,592	1,827,156,247

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

QWI INVESTMENTS LIMITED

Statement of Cash Flows
Year ended September 30, 2021

	Notes	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) for the year		349,765,629	(394,323,540)
Adjustments for:			
Dividend income	13	(35,513,670)	(22,901,148)
Realised (gains)/losses on disposal of investments	13	(96,259,411)	122,187,942
Interest income	15(a)	(1,031)	(1,922,299)
Interest expense	15(b)	29,710,439	19,771,223
Taxation	16	112,002,504	(133,158,335)
Unrealised fair value (gains)/losses on securities at fair value through profit or loss	13	(410,967,132)	368,097,498
		(51,262,672)	(42,248,659)
Changes in operating assets and liabilities:			
Purchase of investments		(888,136,470)	(1,898,641,677)
Proceeds from sale of investments		745,722,752	1,142,483,335
Other liabilities		555,870	(304,483,024)
Due to related companies		(1,107,928)	(50,838,498)
Accounts receivables		(26,439,362)	1,194,180,018
		(220,667,810)	40,451,495
Tax paid		(4,277,943)	(3,177,246)
Dividend received		35,513,670	22,901,148
Interest received		1,031	1,922,299
Interest paid		(25,819,901)	(20,576,884)
Cash (used)/provided by operating activities		(215,250,953)	41,520,812
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowing		75,000,000	-
Margin loan repaid		(195,376,836)	-
Bank overdraft		-	(49,714,743)
Proceeds from Margin loan		341,444,565	11,101,985
Short-term borrowing repaid		-	(2,000,000)
Net cash provided/(used) by financing activities		221,067,729	(40,612,758)
Increase in cash and cash equivalents		5,816,776	908,054
Cash and cash equivalent at beginning of the year		1,044,754	136,700
Cash and cash equivalent at end of the year		6,861,530	1,044,754

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

QWI INVESTMENTS LIMITED

Notes to the Financial Statements
Year ended September 30, 2021

1. Identification and principal activities

QWI Investments Limited ("the company") is incorporated and is domiciled in Jamaica. The company was incorporated on December 18, 2018, and commenced operations on January 1, 2019. The company's registered office is at 2 Bell Road, Kingston, Jamaica W.I.

The company issued 66% of its ordinary shares to the public on September 9, 2019 and was listed on the Jamaica Stock Exchange on September 30, 2019. The company's remaining shares were held by Jamaican Teas Limited a company listed on the Jamaica Stock Exchange and one of its subsidiaries, KIW International Limited.

As at September 30, 2021 Jamaican Teas owned 309,264,832 shares or 22.66% (2020:236,661,533 shares or 17.34%) in the company and KIW owned 245,000,005 (2020: 245,000,005) shares or 17.95%.

The company's principal activity is the holding of quoted securities. The company's affairs are administered by Jamaican Teas Limited, who has ultimate control over its operations. The company's income/losses for the year represents mainly dividend income and realised and unrealised gains/losses from investment activities.

The Board of Directors appoints an investment committee and delegates the management of the company's investments to the committee, who undertakes the investment decisions on an ongoing basis. Currently, members of the investment committee are also members of the Board; however, the Board may appoint non-board members to the committee as it sees fit. The investment committee members are paid fees pursuant to the company's investment incentive plan, at the rate of 10% of the net investment return of the company in excess of the hurdle rate which is based on MCSI world index.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

New and amended standards that became effective during the year

Certain new and amended standards that were in issue came into effect during the current financial year. The adoption of those new standards and amendments did not have any impact on the amounts recognised or disclosured in the financial statements.

New and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and which the company has not yet adopted. Those standards and interpretations which management considers may be relevant to its operations and their effective dates are indicated below:

- 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.

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

(a) Statement of compliance (continued):

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

- Amendments to IAS 1 *Presentation of Financial Statements (continued)*

  Under existing IAS 1 requirements, entities 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. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the 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 an entity classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the entity's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

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

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

The company does not expect these amendments to have a significant impact on its financial statements.

(b) Basis of preparation and functional currency:

The financial statements are presented in Jamaica dollars (J$), which is the functional currency of the company. The Jamaica dollar is the functional currency, as it is the primary economic environment in which the company operates.

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

(b) Basis of preparation and functional currency (continued):

The financial statements have been prepared on the historical cost basis except for equity securities which are measured at fair value. The significant accounting policies stated in note 3 below conform in all material respects with IFRS.

(c) Use of estimates and judgements:

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

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

Judgements that have a significant effect on the financial statements were made by management in the application of IFRS relates to the determination as to whether the price used to value quoted equities is from an active market. It requires management to make judgement as to what level of volume and frequency of trade indicate that the market for a particular stock is active.

There were no estimates with a significant risk of material adjustment in the next financial period.

3. Significant accounting policies

(a) Revenue recognition:

Dividend income is recognised when the right to receive payment is established on the record date of the dividend.

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

(b) 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 Jamaica dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss. Exchange differences on non-monetary financial assets are a component of the change in their fair values.

3. Significant accounting policies (continued)

(c) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax charges. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the reporting date.

Deferred tax is computed by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

(d) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, investments and accounts receivables. Similarly, financial liabilities include other liabilities, short-term borrowing, amounts due to related companies, bank overdraft and margin loan payable.

Recognition and initial measurement

The company recognises a financial instrument when it becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially recognised on the trade date.

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

3. Significant accounting policies (continued)

(d) Financial instruments (continued):

Recognition and initial measurement (continued)

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

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

Financial assets

Classification and subsequent measurement

On initial recognition, the company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

a) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (‘SPPI’).

All other financial assets of the company are measured at FVTPL.

The classification of financial assets comprises the following captions:
- Investments
- Cash and cash equivalents
- Accounts receivables

Business model assessment

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

3. Significant accounting policies (continued)

(d) Financial instruments (continued):

Financial assets (continued)

Business model assessment (continued)

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

1. How the asset's performance is evaluated and reported to key management personnel;
2. How risks are assessed and managed; and
3. How managers are compensated.

The company has determined that it has two business models.

- *Held-to-collect business model*: This comprises, cash and cash equivalents and accounts receivables. These financial assets are held to collect contractual cash flows.

- *Other business model:* This comprises equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. Significant accounting policies (continued)

(d) Financial instruments (continued):

Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

Impairment losses of financial assets not measured at FVTPL, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. Impairment of financial assets is further detailed in note 3(o).

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of borrowing, plus directly attributable transaction costs. The company's financial liabilities, which include other liabilities, short-term borrowing, due to related companies, bank overdraft and margin loan facility, are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

3. Significant accounting policies (continued)

(d) Financial instruments (continued):

Financial assets (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from company of similar transactions such as in the company's trading activity.

(e) Investments:

Investments comprise quoted securities and are classified as FVTPL.

Gains and losses on equity securities at FVTPL are included in the 'Gains or losses from investment activities' caption in the statement of profit or loss. Gains or loss on securities trading are recognised when the company becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

The realised gains from financial instruments at fair value through profit or loss ("FVTPL") represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transactions price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current period, and its carrying amount at the end of the reporting period.

3. Significant accounting policies (continued)

(f) Derivatives:

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The company holds derivatives in the normal course of business for trading purposes. Derivatives are measured initially at fair value in the statement of financial position. Subsequent to initial recognition, derivatives are measured at fair value and changes in fair value are recognised immediately in profit or loss.

(g) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and are measured at amortised cost.

(h) Accounts receivable:

Accounts receivable are measured at amortised costs, less impairment losses.

(i) Other liabilities:

Other liabilities are measured at amortised cost.

(j) Share capital:

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction from the proceeds of the share issue.

(k) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity", that is, "the company").

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

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or of a parent of the company.

3. Significant accounting policies (continued)

(k) Related parties (continued):

(b) An entity is related to the company if any of the following conditions applies:

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

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

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

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

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

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

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

(viii) The entity or its parent is provided with key management personnel services by the management entity.

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

The company's key related party relationships are with its shareholders and its directors.

(l) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

(m) Determination of fair value:

Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at the date.

The company measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions from the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The company measures instruments quoted in an active market at the mid-price, because this price provides a reasonable approximation of the exit price.

3. Significant accounting policies (continued)

(n) Finance costs:

Finance costs comprise interest expense on borrowings calculated using the effective interest rate method.

(o) Impairment of financial assets:

The company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– financial assets that are determined to have low credit risk at the reporting date; and

– other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The company considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or

– the financial asset is more than 90 days past due.

The company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

3. Significant accounting policies (continued)

(o) Impairment of financial assets (continued):

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(p) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved.

QWI INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2021

4. Investments

	2021 $	2020 $
Investment securities at FVTPL:		
Jamaican quoted equities	1,707,256,370	1,211,575,675
United States quoted equities (US$3,446,450) (2020: $2,549,000)	508,331,717	337,813,592
United States quoted share options (US$1,550) (2020: $428,000)	228,712	60,457,260
Trinidad and Tobago quoted equities (TT$2,972,755) (2020: $945,000)	62,844,039	19,174,050
	2,278,660,838	1,629,020,577

Included in Jamaican quoted equities is United States dollar stock of $153,114 (2020: $157,398).

5. Cash and cash equivalents

	2021 $	2020 $
Bank accounts	6,861,530	1,044,754

The Company has a bank overdraft facility with the Bank of Nova Scotia Jamaica Limited. The Company's assets were charged in the sum of $124,448,975 (2020: $118,007,982) in favour of the bank. The assets charged, comprised listed shares owned by the Company and were pledged to secure an overdraft facility of $50,000,000 at an interest rate of 8.5% per annum. No amounts were outstanding under this overdraft facility as at 30 September 2020 and 2021.

6. Accounts receivables

	2021 $	2020 $
Prepaid expenses	3,851,270	696,858
Due from brokers	23,664,370	210,506
Other receivables	15,000	183,914
	27,530,640	1,091,278

Due from broker includes $12,005,338 (2020: $Nil) due from Victoria Mutual Investments Limited for the sale of securities and $10,598,308 (2020: $Nil) due from Aegis Capital Corporation which represent the receivables from trading.

7. Other liabilities

	2021 $	2020 $
Interest payable	5,483,862	1,593,324
Accruals	8,822,434	7,866,736
Due to brokers	425,585	620,153
Other payables	-	205,260
	14,731,881	10,285,473

Due to brokers represent investments purchase transactions through a brokerage firm awaiting settlement. Included in interest payable is interest due to related party of $3,379,110 on demand loan (see note 9).

QWI INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2021

8. Related party balances and transactions

The following balances were held with related parties:

	2021 $	2020 $
(a) Due to related companies:		
Jamaican Teas Limited – Parent company (management fees)	1,815,464	2,923,419
KIW International Limited – Fellow subsidiary	-	(27)
	1,815,464	2,923,392
(b) Short-term borrowing – Jamaican Teas Limited (note 9)	75,000,000	-

(c) The following transactions were carried out with related parties during the period:

	2021 $	2020 $
Management fees - Jamaican Teas Limited	24,281,000	18,666,055
Directors' fees	7,760,000	6,240,000
Interest expense - Jamaican Teas Limited	3,379,110	-

9. Short-term borrowings

	2021 $	2020 $
Demand loan	75,000,000	-

This loan was obtained from Jamaican Teas Limited during the year and represents a short-term loan that bears interest of 6.5% and is payable on demand. The company assets were charged to the sum of $75,000,000 in favour of Jamaican Teas Limited. The asset charged, comprised listed shares owned by the company and were pledged to secure the loan.

10. Margin loan payable

	2021 $	2020 $
Victoria Mutual Investments Limited	335,694,565	-
Mayberry Investments Limited	-	155,409,996
Aegis Capital Corporation	5,750,000	39,966,840
	341,444,565	195,376,836

Margin loan payable represents short-term debt facility provided by Victoria Mutual Investments Limited and Aegis Capital Corp. to the company to acquire securities held on its own account. The facility is collaterised by the securities held with the brokerage firm and bears interest at 7.5% and 6.3% respectively. In the prior year, the company's short-term loan facility was with Mayberry Investments Limited which bore interest at 9%. The facility was terminated in April 2021.

QWI INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2021

11. Deferred taxation

Deferred tax asset is attributable to the following:

	2021		
	Balance at beginning of year $'000	Recognised in profit or loss $'000 (note 16)	Balance at end of year $'000
Unrealised (loss)/gains on investment	(2,036,488)	(106,642,828)	(108,679,316)
Interest payable	398,331	972,635	1,370,966
Unused Tax losses	56,457,867	(2,033,640)	54,424,227
	54,819,710	(107,703,833)	(52,884,123)

	2020		
	Balance at beginning of year $'000	Recognised in profit or loss $'000 (note 16)	Balance at end of year $'000
Unrealised (loss)/gains on investment	(94,060,864)	92,024,376	(2,036,488)
Interest payable	599,746	(201,415)	398,331
Unused Tax losses	11,945,247	44,512,620	56,457,867
	(81,515,871)	136,335,581	54,819,710

12. Share capital

	2021 $	2020 $
Authorised -		
Unlimited ordinary shares at no par value		
Issued and fully paid -		
1,365,000,015 ordinary shares	1,659,000,000	1,659,000,000
Less: share issuance cost	(35,887,052)	(35,887,052)
	1,623,112,948	1,623,112,948

(a) On September 9, 2019, the company issued 900,000,000 of its ordinary shares at a total value of $1,192,000,000 to the public through an initial public offering. The remaining issued ordinary shares of 220,000,000 were held by Jamaican Teas Limited and 245,000,000 are held by KIW International Limited at no par value.

At September 30, 2021, 309,264,832 (2020: 236,661,533) shares were held by Jamaican Teas Limited and 245,000,005 (2020: 245,000,005) shares were held by KIW International Limited, a subsidiary of Jamaican Teas Limited.

QWI INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2021

12. Share capital (continued)

(b) On March 19, 2019, the directors approved the reservation of 31,000,000 of the company's shares as a stock option plan for members of its Board of Directors. Under the stock option plan, each director may exercise options to buy 1,000,000 of the company's shares per annum (1,200,000 million shares by the Chairman), in whole or in part within five years of July 31, 2019. The price to be paid will be $2.70.

The subscription price for the shares is payable in full at the time that the option is exercised. Each option will be deemed forfeited if not exercised within five years of the date that it became available.

A further amount of 10,000,000 shares for future stock options is to be reserved in addition to the initial 31,000,000 set out above.

As at September 30, 2021 and 2020, no member of the Board of Directors exercised their option.

13. Gains/(losses) from investment activities

	2021 $	2020 $
Unrealised fair value gains/(losses)on investments, net	410,967,132	(368,097,498)
Realised gains/(losses) on sale of investments, net	96,259,411	(122,187,942)
Dividend income	35,513,670	22,901,148
	542,740,213	(467,384,292)

14. Administrative expenses

Profit before taxation is stated after charging:

	2021 $	2020 $
Postage and delivery	1,429,472	966,466
Insurance expense	2,617,348	882,861
Advertising expense	991,945	1,459,109
Commissions and fees	661,529	969,544
Jamaica Central Securities Depository Limited expenses	2,834,063	2,484,150
Management fees	24,281,000	18,666,055
Directors' fees	7,760,000	6,240,000
Audit fees	2,257,835	2,194,500
Irrecoverable General Consumption Tax	5,305,465	4,971,608
Legal expense	945,125	1,430,060
Printing expense	1,679,100	1,188,000
Bank and brokerage fees	1,770,480	-
Other expenses	1,713,836	796,306
	54,247,198	42,248,659

QWI INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2021

15. Finance income/costs

	2021 $	2020 $
(a) Finance income:		
Foreign exchange gains, net	2,984,526	-
Interest income:		
Bank of Nova Scotia deposits	1,031	214,495
NCB Capital Market deposits	-	1,707,804
	1,031	1,922,299
	2,985,557	1,922,299
(b) Finance cost:		
Third party interest:		
Margin loan	25,902,755	19,621,178
Bank overdraft	428,574	150,045
	26,331,329	19,771,223
Related party interest:		
Demand loan	3,379,110	-
	29,710,439	19,771,223

16. Taxation

Taxation is based on profit for the year adjusted for tax purposes and it computed as follows:

	2021 $	2020 $
(a) Current year tax expense:		
Income tax	4,298,671	3,177,246
Deferred taxation (note 11):		
Tax losses	2,033,640	(44,512,620)
Origination and reversal of temporary differences, net	105,670,193	(91,822,961)
	107,703,833	(136,335,581)
Total tax expense/(credit) recognised	112,002,504	(133,158,335)
(b) Reconciliation of effective tax rate:		
Profit/(loss) before taxation	461,768,133	(527,481,875)
Computed "expected" tax expense - @ 25%	115,442,033	(131,870,469)
Difference between profit for financial statements and tax reporting purposes on		
Effect of tax losses	(141,719)	(1,592,349)
Other disallowed expenses	(3,297,810)	304,483
Actual tax charge/(credit)	112,002,504	(133,158,335)

QWI INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2021

16. Taxation (continued)

(c) As at the reporting date, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits was \$217,696,907 (2020:\$225,831,469). Tax losses brought forward are not restricted as the business is in its first (six) 6 years of operations, as per provisions of the Fiscal Incentives (Miscellaneous Provisions) Act, 2013.

17. Earnings per share

(a) Basic earnings per ordinary stock unit

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by a weighted average number of ordinary stock units outstanding.

	2021	2020
Profit/(loss) attributable to shareholders (\$)	349,765,629	(394,323,540)
Weighted average number of stock units in issue	1,365,000,015	1,365,000,015
Basic earnings per stock unit (\$)	0.26	(0.29)

(b) Diluted earnings per ordinary stock unit

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by a weighted average number of ordinary stock units outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2021	2020
Profit/(loss) attributable to shareholders (\$)	349,765,629	(394,323,540)
Weighted average number of stock units in issue	1,406,000,015	1,406,000,015
Diluted earnings per stock unit (\$)	0.25	(0.28)

18. Net asset value per share

	2021	2020
Net asset value (\$)	1,827,156,247	1,477,390,618
Number of stock units in issue	1,365,000,015	1,365,000,015
Net asset value per stock unit (\$)	1.34	1.08

19. Capital Reserves

This represents a capital distribution from Jamaican Teas Limited net of 2% transfer tax. Dividends paid to shareholders from this reserve is not subject to tax.

20. Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors, has overall responsibility for the establishment and oversight of the company's risk management framework. The directors through committees have responsibility for monitoring the company's risk policies and reports to the Audit Committee on its activities.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(a) Credit risk:

The company has exposure to credit risk, which is the risk that its counterparties will fail to discharge their contractual obligations causing the company to suffer a financial loss. Management carefully manages its exposure to credit risk.

Cash and cash equivalents and accounts receivables

Cash and cash equivalents and accounts receivables are held by financial institutions that are appropriately licensed and regulated, therefore, management does not expect any counterparty to fail to meet its obligations.

Maximum exposure to credit risk

The company's maximum exposure to credit risk at period end is represented by its respective carrying amount.

Impairment on cash and cash equivalents and accounts receivables have been measured at 12-month expected loss basis and reflects the short maturities of the exposures. The company considered that cash and cash equivalents and accounts receivables have low credit risk.

No impairment allowances was recognised under IFRS 9.

(b) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

The company's approach to managing liquidity risk is to ensure, as far as possible, that they will always have sufficient cash resources to meet financial obligations when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage of the company's reputation. The company's liabilities are secured by listed equities. The listed equities can be readily converted to cash resources to service the obligations when they fall due.

The contractual cash outflow for the company's liabilities is represented by their carrying amounts and require settlement within 12 months from the reporting date.

20. Financial risk management (continued)

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates, will affect the company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk.

- 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.

  At the reporting date, the company had no material financial asset that was subject to interest rate risk.

  At the reporting date, the carrying value of the company's fixed interest rate financial liabilities was $410,694,565 (2020: $195,376,836).

- Foreign currency risk:

  Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

  The company is exposed to foreign currency risk on transactions that are denominated in a currency other than its functional currency, the Jamaica dollar (J$). The main currency giving rise to this risk is the United States dollar (US$) and Trinidad and Tobago dollar. Presently, the company does not have any procedures in place to hedge against foreign currency risk.

  In respect of monetary assets and liabilities denominated in foreign currency, the company ensures that its net exposure is kept to an acceptable level by monitoring its daily positions against approved limits.

  Net e*xposure to currency risk*

  At the reporting date, the company's net exposure to foreign currency risk was as follows:

	2021 US$	2021 TT$
Due from broker	77,183	-
Margin loan	(38,967)	-
Cash and cash equivalents	3,766	50,830
Investments	3,601,035	2,972,755
	3,643,017	3,023,585

QWI INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2021

20. Financial risk management (continued)

(c) Market risk (continued):

- Foreign currency risk (continued):

Net e*xposure to currency risk (continued)*

Exchange rates as at September 30, 2021 was US$1: J$147.56 and TT$1: J$21.14.

	2020 US$	2020 TT$
Cash and cash equivalents	2,811	-
Investments	2,977,014	945,000
Margin loan	(283,375)	-
	2,696,450	945,000

Exchange rates as at September 30, 2020 was US$1: J$141 and TT$1: J$20.89.

- Foreign currency risk:

Sensitivity analysis

A strengthening/weakening of the Jamaica dollar by the percentages shown against the following currencies at the reporting date would have increased/(decreased) profit for the year by the amounts shown below.

	2021 Effect on profit	
	2% Strengthening $	8% Weakening $
J$	12,029,644	(48,118,574)

	2020 Effect on profit	
	2% Strengthening $	6% Weakening $
J$	8,000,998	(24,002,995)

The analysis assumes that all other variables, in particular interest rates, are held constant.

20. Financial risk management (continued)

(c) Market risk (continued):

- Equity price risk:

  Equity price risk arises from equity securities held by the company as part of its investment portfolio. Management monitors equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

  A 5% (2020: 7%) increase in the market price at the reporting date would cause a increase in the company's profits of $113,933,042 (2020: $114,031,440). A 5% (2020: 12.5%) decrease would cause a decrease in the company's profits of $113,933,042 (2020: $203,627,572).

(d) Capital management:

The company's objectives when managing capital are to safeguard the company'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 company defines as net operating income, excluding non-recurring items, divided by total equity. The net asset value is also used as a measurement tool which the company defines as net asset value divided by total number of stock units in issue.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subjected.

(e) Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's equities are the only financial instrument that is carried at fair value.

Fair values of quoted equities and equity options are based on the mid or closing prices published by the respective Stock Exchanges.

The carrying values reflected in the financial statements for cash and cash equivalents, accounts receivables, other liabilities, due to related companies, bank overdraft and margin loan payable and short-term borrowing are assumed to approximate fair value due to their relatively short-term nature and are classified as level 2 instruments in the fair value hierarchy.

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

20. Financial risk management (continued)

(e) Fair values (continued):

Determination of fair value and fair values hierarchy (continued)

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The company considers relevant and observable market prices in its valuations where possible.

Equity investments including equity share options are classified as Level 1 instruments in the fair value hierarchy.

21. Impact of COVID-19

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices across the world. The company has investments in shares listed on the Jamaica Stock Exchange, the Trinidad and Tobago Stock Exchange and the New York Stock Exchange. Investments are also held in companies across a variety of industries. Management has assessed that the company was adversely impacted by the pandemic through the decline in share prices on the stock markets and the cessation of dividend payments by some investee companies. However, Since November 2020, and particularly in 2021, the COVID related operating restrictions on many of the investee companies have been progressively lifted or eliminated. In addition, as the use of vaccines against COVID have become increasingly widespread, companies dependent on travel and tourism have been able to increase the scope and scale of their operations. This has created opportunities for QWI to shift some of its investments into travel dependent investee companies with strong immediate growth prospects. As the impact of the Pandemic continues to be felt in some areas, Management continues to adopt several measures specifically around risk management. These measures include:

i. Gathering information about the industries within which the company holds investments and the impact the pandemic is having on each industry.
ii. Reorganised the investment portfolio to reduce investment in industries assessed as being volatile to the pandemic.
iii. Diversifying the company's investment portfolio to invest in listed equities outside of Jamaica across thriving industries.
iv. Continuous monitoring of the performance of investee companies.