PROVEN GROUP LIMITED
(FORMERLY PROVEN INVESTMENTS LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

KPMG
204 Johnsons Centre
No. 2 Bella Rosa Road
Gros Islet
Saint Lucia
Telephone (758) 453-2298
Email: ecinfo@kpmg.lc

INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Opinion

We have audited the consolidated financial statements of Proven Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 10 to 102, which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matter	*How the matter was addressed in our audit*
The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to apply significant judgement and make significant estimates. The key areas requiring greater management judgement include the identification of significant increases in credit risk ('SICR'), the determination of probability of default, loss given default, exposure at default, management overlay and the application of forward-looking information. Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement. *See notes 3(j) and 37(b) of the consolidated financial statements.*	We performed the following procedures: • Obtained an understanding of the models used by management for the calculation of expected credit losses on financial assets. • Tested the design and implementation of the control over management review of the expected credit losses. • Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Challenged management's key assumptions by involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the criteria used to determine significant increases in credit risk and independently assessed the assumptions for probability of default, loss given default and exposure at default.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Key Audit Matters (Continued)

1. *Measurement of Expected Credit Losses on Financial Assets (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
Therefore, the impairment of financial assets has a high degree of estimation uncertainty. *See notes 3(j) and 37(b) of the consolidated financial statements.*	We performed the following procedures (continued): • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's methodology for incorporating forward-looking information and management overlays, and the economic scenarios used along with the probability weightings applied to them. • Assessed the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

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

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the Group's intangible assets, including goodwill as well as its investment in associated companies, may not be recoverable due to changes in the business and economic environment in which the relevant investees operate.	We performed the following procedures: • Evaluated whether there were indicators of impairment of the investments, considering market prices, the economic environment and business performance of each associate. • Tested the design and implementation of the control over management review of impairment testing of the intangible assets and investment in associates.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Key Audit Matters (Continued)

2. Impairment of intangible assets and investment in associates (continued)

Key Audit Matter	*How the matter was addressed in our audit*
These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability. *See notes 3(g), 12 and 14 of the consolidated financial statements.*	We performed the following procedures (continued): • Tested the reasonableness of the forecasts and discounted cash flow calculations, including use of our enterprise valuation specialists to evaluate the assumptions and methodologies used by management and to test the mathematical accuracy of the calculations. • Compared the assumptions to externally derived data as well as our own assessments of key inputs, such as economic factors, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. • Compared the sum of the discounted cash flows to the investees' market capitalisation, where applicable and our understanding of the market conditions, to assess the reasonableness of those cash flows. • Compared the carrying values to the computed recoverable amounts. • Assessed the adequacy of the Group's disclosures about the key assumptions and the sensitivity of the impairment assessments to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Key Audit Matters (Continued)

3. Valuation of investment securities

Key Audit Matter	*How the matter was addressed in our audit*
The valuation of the Group's investment securities requires significant estimation, which is impacted by uncertainty of market factors. These market or economic conditions either has a direct impact on the Fair value measurement if fair value is determined based on market prices, or indirectly if a valuation technique is based on inputs that are derived from the market. *See notes 3(b), 5 and 38 of the consolidated financial statements.*	We performed the following procedures: • Tested the design and implementation of the control over management review of the valuation of investment securities. • Involved our valuation specialists in challenging the valuation methodologies and assumptions used by management to determine the fair value of investment securities. This included independent computations and comparison of the fair value of investment securities. • Reviewed management's assessment and considered whether impairment is appropriately considered and reflected in the measurement of investments. • Assessed the adequacy of the Group's disclosures about fair value measurements and the sensitivity of the fair values to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Other Information

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix of this auditors' report. This description, which is located at pages 8-9, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Lisa Brathwaite.

KPMG

Chartered Accountants
Castries
Saint Lucia

August 2, 2023

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Appendix to the Independent Auditors' report

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Appendix to the Independent Auditors' report (continued)

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Consolidated Statement of Financial Position
As of March 31, 2023
(Presented in United States dollars, except as otherwise stated)

	Notes	2023 $'000	Restated* 2022 $'000	Restated* 2021 $'000
ASSETS				
Cash and cash equivalents	3(c)(ii)	144,798	286,147	151,859
Resale agreements	4	3,633	8,237	6,458
Owed by related party		819	275	91
Investment securities	5	378,680	335,192	265,291
Assets held for sale		-	-	266
Loans receivable	6	243,337	207,376	31,962
Trade and other assets	7	33,094	25,677	13,903
Inventories	8	10,124	7,972	-
Property development in progress	9	23,652	38,378	23,087
Income tax recoverable		698	403	235
Property, plant and equipment	10	30,834	31,359	4,014
Investment property	11	20,842	14,841	10,678
Intangible assets	12	39,461	46,370	20,441
Investment in associates	14	131,279	138,935	145,167
Deferred tax asset	16	1,815	1,041	83
Total assets		1,063,066	1,142,203	673,535
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities				
Repurchase agreements	17	78,333	67,243	68,318
Owed to related parties	18	-	662	1,548
Due to banks		3,687	520	520
Due to customers	19	568,685	661,493	286,293
Notes payable	20	228,352	210,768	134,845
Current income tax payable		1,028	346	792
Other liabilities	21	24,117	21,770	6,877
Defined benefit obligations	15(b)	3,282	2,917	-
Deferred income		4,844	9,319	3,910
Lease liabilities	22	1,395	1,679	2,013
Preference shares	23	1	1	1
Total liabilities		913,724	976,718	505,117
Stockholders' equity				
Share capital	24	125,961	115,754	115,754
Fair value reserve	25	(28,399)	(21,971)	6,867
Foreign exchange translation reserve	26	4,559	5,729	2,783
Retained earnings		29,513	41,549	35,270
Equity attributable to owners of the Company		131,634	141,061	160,674
Non-controlling interest	27	17,708	24,424	7,744
Total stockholders' equity		149,342	165,485	168,418
Total liabilities and stockholders' equity		1,063,066	1,142,203	673,535

The financial statements on pages 10 to 102 were approved for issue by the Board of Directors on July 31, 2023 and signed on its behalf by:

Rhory McNamara Director

Jeffrey Gellineau Director

*Restated, see note 39.

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Consolidated Statement of Profit or Loss
Year ended March 31, 2023
(Presented in United States dollars, except as otherwise stated)

	Notes	2023 $'000	Restated* 2022 $'000
Net interest income, calculated using the effective interest method			
Interest income	28	33,407	12,639
Interest expense	28	(16,037)	(7,558)
		17,370	5,081
Gross profit on manufacturing operations			
Gross revenue		74,802	53,694
Cost of sales		(64,834)	(45,160)
		9,968	8,534
Gross profit on property sales			
Property sales		31,680	-
Property expenses		(29,655)	(34)
		2,025	(34)
Fees and commissions		11,821	9,296
Net fair value adjustments and realised gains	29	783	2,249
Dividends		116	204
Net foreign exchange gains		364	830
Pension management income		3,524	3,338
		16,608	15,917
Operating revenue, net		45,971	29,498
Other income		3,671	4,688
Loss on disposal of associate	14	-	(23)
Bargain purchase gain on acquisition of subsidiary	13(a)	-	4,563
		49,642	38,726
Operating expenses			
Staff costs	30	20,840	11,955
Depreciation and amortisation	10,12	6,768	3,108
Impairment (reversal)/loss on loans and other assets		(90)	20
Impairment (reversal)/loss on investments		(61)	1,196
Other operating expenses	31	34,932	19,030
Total		62,389	35,309
Operating (loss)/profit		(12,747)	3,417
Preference share dividend	33(f)	-	(2,556)
Share of profit of associates	14	8,481	15,214
(Loss)/profit before income tax		(4,266)	16,075
Income tax charge	32	(1,095)	(1,165)
(Loss)/profit for the year		(5,361)	14,910
(Loss)/profit attributable to:			
Owners of the company		(4,864)	11,967
Non-controlling interest	27	(497)	2,943
(Loss)/profit for the year		(5,361)	14,910
Earnings and diluted earnings per stock unit	34	(0.62)¢	1.58¢

*Restated, see note 39.

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2023
(Presented in United States dollars, except as otherwise stated)

	Notes	2023 $'000	Restated* 2022 $'000
(Loss)/profit for the year		(5,361)	14,910
Other comprehensive loss			
Items that are or may be reclassified to profit or loss:			
Realised gains/(losses) on debt securities at FVOCI		1,554	(119)
Unrealised losses on debt securities at FVOCI		(369)	(11,092)
Deferred tax on fair value adjustment on securities at FVOCI		374	983
Deferred tax on employee benefit assets and obligations		-	(29)
Exchange differences on translation of foreign operations		(444)	1,245
Share of other comprehensive loss in associates		(8,367)	(18,962)
		(7,252)	(27,974)
Items that will not be reclassified to profit or loss:			
Share of other comprehensive (loss)/profit in associates		(147)	45
Remeasurement of employee benefit assets and obligations		(196)	953
		(343)	998
Total other comprehensive loss		(7,595)	(26,976)
Total comprehensive loss for the year		(12,956)	(12,066)
Other comprehensive loss attributable to:			
Owners of the company		(7,697)	(25,425)
Non- controlling interest	27	102	(1,551)
		(7,595)	(26,976)
Total comprehensive loss attributable to:			
Owners of the company		(12,561)	(13,458)
Non-controlling interest		(395)	1,392
Total comprehensive loss for the year		(12,956)	(12,066)

*Restated, see note 39.

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Consolidated Statement of Changes in Equity
Year ended March 31, 2023
(Presented in United States dollars, except as otherwise stated)

	Share capital $'000 (Note 24)	Fair value reserve $'000 (Note 25)	Foreign exchange translation reserve $'000 (Note 26)	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interest $'000 (Note 27)	Total $'000
Balances at April 1, 2021	**115,754**	**6,867**	**2,783**	**36,277**	**161,681**	**7,744**	**169,425**
Prior year adjustment	-	-	-	(1,007)	(1,007)	-	(1,007)
As restated (Note 39)	**115,754**	**6,867**	**2,783**	**35,270**	**160,674**	**7,744**	**168,418**
Total comprehensive income for 2022							
Profit for the year	-	-	-	12,537	12,537	2,943	15,480
Prior year adjustment	-	-	-	(570)	(570)	-	(570)
As restated (Note 39)	-	-	-	11,967	11,967	2,943	14,910
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	1,245	-	1,245	-	1,245
Realised gain on debt securities at FVOCI	-	(119)	-	-	(119)	-	(119)
Unrealised loss on debt securities at FVOCI	-	(9,084)	-	-	(9,084)	(2,008)	(11,092)
Deferred tax credit on fair value adjustments	-	983	-	-	983	-	983
Remeasurement of employee benefit assets	-	-	-	481	481	472	953
Deferred tax on employee benefit assets	-	-	-	(14)	(14)	(15)	(29)
Share of associates' other comprehensive loss	-	(20,618)	1,701	-	(18,917)	-	(18,917)
Other comprehensive income/ (loss) for year, net of tax	-	(28,838)	2,946	467	(25,425)	(1,551)	(26,976)
Total comprehensive loss for the year	-	(28,838)	2,946	12,434	(13,458)	1,392	(12,066)
Transactions with owners recorded directly in equity							
Dividends to equity holders (Note 35)	-	-	-	(6,155)	(6,155)	(1,119)	(7,274)
Non-controlling interest arising on Business combination	-	-	-	-	-	16,407	16,407
Balances at March 31, 2022, as restated (Note 39)	**115,754**	**(21,971)**	**5,729**	**41,549**	**141,061**	**24,424**	**165,485**
Total comprehensive income for 2023							
Loss for the year	-	-	-	(4,864)	(4,864)	(497)	(5,361)
Other comprehensive income for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(444)	-	(444)	-	(444)
Realised loss on debt securities at FVOCI	-	1,355	-	-	1,355	199	1,554
Unrealised loss on debt securities at FVOCI	-	(369)	-	-	(369)	-	(369)
Deferred tax credit on fair value adjustments	-	374	-	-	374	-	374
Remeasurement of defined employee benefits	-	-	-	(99)	(99)	(97)	(196)
Share of associates' other comprehensive loss	-	(7,788)	(726)	-	(8,514)	-	(8,514)
Other comprehensive loss for year, net of tax	-	(6,428)	(1,170)	(99)	(7,697)	102	(7,595)
Total comprehensive loss for the year	-	(6,428)	(1,170)	(4,963)	(12,561)	(395)	(12,956)
Transactions with owners recorded directly in equity							
Issue of new shares [Note 24(a)]	10,207	-	-	-	10,207	-	10,207
Dividends to equity holders (Note 35)	-	-	-	(2,440)	(2,440)	-	(2,440)
Acquisition of non-controlling interest	-	-	-	(4,633)	(4,633)	(6,321)	(10,954)
Balances at March 31, 2023	125,961	(28,399)	4,559	29,513	131,634	17,708	149,342

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Consolidated Statement of Cash Flows
Year ended March 31, 2023
Presented in United States dollars, except as otherwise stated)

	Notes	2023 $'000	Restated* 2022 $'000
Cash flows from operating activities			
(Loss)/profit for the year		(5,361)	14,910
Adjustments for:			
Depreciation	10	3,110	1,549
Amortisation	12	3,682	1,823
Interest income	28	(33,407)	(12,639)
Interest expense	28	16,037	7,558
Dividend income		(116)	(204)
Impairment loss/(reversal) in loans and other assets		(90)	20
Impairment loss/(reversal) on investments		(61)	1,196
Impairment of associate	14	6,609	830
Impairment of intangible assets	12	3,513	353
Write off of intangible asset	12	456	-
Share of profit of associates	14	(8,481)	(15,214)
Fair value adjustment on investment property	29	(1,193)	(624)
Gain on disposal of property, plant and equipment		(20)	-
Unrealised fair value on investments	29	284	648
Loss on disposal of associate	14(i)	-	23
Bargain purchase	13(a)	-	(4,563)
Unrealised foreign exchange gain		(364)	(830)
Income tax charge	32	1,095	1,165
Defined benefit obligation		307	890
		(14,000)	(3,109)
Change in operating assets and liabilities			
Investment securities		(41,175)	13,712
Loans receivable		(36,618)	(10,110)
Other assets		(5,181)	931
Other liabilities		1,608	(985)
Due to customers		(92,808)	58,922
Due to other banks		3,167	-
Inventories		(2,152)	(2,703)
Repurchase agreements		11,090	(1,075)
Resale agreements		4,604	(1,779)
Owed to related party		(662)	(886)
Owed by related party		(544)	(275)
Retirement benefits paid		(138)	(651)
Deferred income		(4,475)	5,409
Development in progress		14,726	(14,513)
		(162,558)	42,888
Interest received		32,970	12,285
Dividend received		116	204
Interest paid		(15,249)	(7,418)
Income tax paid		(1,100)	(1,646)
Net cash (used in)/provided by operating activities		(145,821)	46,313
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		41	-
Proceeds from disposal of associate		-	480
Purchase of investment property		(4,792)	(4,315)
Purchase of property, plant and equipment	10	(2,468)	(2,289)
Acquisition of subsidiaries, net of cash received13		-	25,679
Dividend received from equity accounted investees		1,014	2,083
Purchase of intangible asset	12	(677)	(915)
Net cash (used in)/provided by investing activities		(6,882)	20,723
Net cash flows (used in)/provided by operating and investing activities (carried forward to page 15)		(152,703)	67,036

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Consolidated Statement of Cash Flows (Continued)
Year ended March 31, 2023
Presented in United States dollars, except as otherwise stated)

	Notes	2023 $'000	Restated* 2022 $'000
Net cash flows (used in)/provided by operating and investing activities (brought forward from page 14)		(152,703)	67,036
Cash flows from financing activities			
Proceeds from notes payable		38,246	110,739
Repayment of notes payable		(21,649)	(34,596)
Payment of lease liabilities	22	(314)	(204)
Dividends paid	35	(2,440)	(7,274)
Net cash provided by financing activities		13,843	68,665
Net (decrease)/increase in cash and cash equivalents		(138,860)	135,701
Cash and cash equivalents at beginning of year		286,147	151,859
Effect of exchange rate fluctuations on cash and cash equivalents		(2,489)	(1,413)
Cash and cash equivalents at end of year		144,798	286,147

*Restated, see note 39.

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Notes to the Consolidated Financial Statements
Year ended March 31, 2023
(Presented in United States dollars, except as otherwise stated)

1. Identification

During the year, the Board of Directors of PROVEN Investments Limited ('the Company') passed a resolution to effect a change of the name of the Company from 'PROVEN Investments Limited' to 'PROVEN Group Limited'.

PROVEN Group Limited ("the Company") is incorporated and domiciled in Saint Lucia under the International Business Companies Act, with registered office at 20 Micoud Street, Castries, Saint Lucia. The Company is controlled by MPS Holdings Limited by virtue of the rights associated with the manager's preference shares (see note 23). The Company's shares are listed on the Jamaica Stock Exchange.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding equity in investments. Proven Management Limited (PML), a Jamaican limited liability company, is responsible for managing the operations of the Company including identifying analysing and negotiating potential investments and monetising the performance of these investments. Management fees are paid to PML at a rate of 2% of the average Consolidated Net Asset Value of the Company, together with general consumption tax, if applicable, for services provided [see note 33 (c)].

The Company has the following subsidiaries and associated companies:

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2023	2022
Proven Bank Holding Limited	Cayman	Holding company	100	-
Proven Bank (Cayman) Limited (formerly Fidelity Bank Cayman Limited)	Cayman Islands	Retail Banking Services	100	100
Proven Properties (Cayman) Limited (formerly Real Properties Limited)	Cayman Islands	Real estate investment	100	100
WBR Properties Limited	Cayman Islands	Real estate investment	50.5	50.5
Proven Bank (St. Lucia) Limited (formerly Boslil Bank Limited)	Saint Lucia	Private Banking	100	75
Proven International Holdings Limited (formerly Boslil International Holdings Limited)	Saint Lucia	Holding company	100	75
Proven Bond Fund Limited (formerly Boslil Bond Fund Limited)	Saint Lucia	Structured finance services investment management	100	100
Proven Equity Fund Limited (formerly Boslil Fund Limited)	Saint Lucia	Private mutual fund	100	100
Proven Secretarial Services (formerly Boslil Secretarial Services)	Saint Lucia	Private secretarial services	100	100
Proven Corporate Services Limited (formerly Boslil Corporate Services Limited)	Saint Lucia	Registered agent services	100	100
Proven Finance Limited (formerly Boslil Finance Limited)	Saint Lucia	Structured finance services investment management	100	100
Proven Sudamenco S.A. (formerly Boslil Sudamenco S.A)	Uruguay	Market research translation and business development services	100	100
Proven Investments Holding Limited	St. Lucia	Holding company	100	-
Heritage Education Funds International Inc.	Canada	Scholarship Trust plans	100	100

(Presented in United States dollars, except as otherwise stated)

1. Identification (continued)

The Company has the following subsidiaries and associated companies (continued):

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2023	2022
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, pension fund management and money market and equity trading	100	100
International Financial Planning Jamaica Limited	Jamaica	Fund management	100	100
Proven Wealth (Cayman Limited) (formerly International Financial Planning (Cayman Limited):	Cayman Islands	Investment advisory services	100	100
Proven Wealth Cayman Ltd (formerly IFP Cayman Ltd)	Cayman	Investment advisory services	100	100
Proven Wealth BVI Limited (formerly IFP BVI Limited)	BVI	Investment advisory services	100	100
Proven Wealth Bermuda Limited (formerly IFP Bermuda Limited)	Bermuda	Investment advisory services	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Proven | Properties Limited:	Saint Lucia	Real estate investment	100	100
Real 53 NPW Limited	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Real Millsborough Limited	Saint Lucia	Real estate investment	100	100
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	100
Real PP Limited	Saint Lucia	Real estate investment	100	100
GIAU A1	Saint Lucia	Real estate investment	100	100
Real PP2 Limited	Saint Lucia	Real estate investment	100	100
Real Braemar	Saint Lucia	Real estate investment	100	100
Real Milford	Saint Lucia	Real estate investment	100	100
Real West Kings	Saint Lucia	Real estate investment	100	100
Real Gladstone Limited	Saint Lucia	Real estate investment	60	60
SKILLEX	Jamaica	Real estate investment	60	60
Grove Park Limited	Saint Lucia	Real estate investment	52	52
Omega Bay	Cayman	Real estate investment	40	40
Proven Properties Cayman Limited	Cayman	Real estate investment	100	-
Real Logistics Limited	Jamaica	Real eatate investment	100	-
GIAU B8	Jamaica	Real estate investmen	100	-
GIAU B10	Jamaica	Real estate investmentt	100	-
Proven Properties Jamaica Limited (formerly Proven Reit Limited)	Jamaica	Management services	100	100
Proven Holdings Limited	Saint Lucia	Holding company	100	100
Roberts Manufacturing Company Limited	Barbados	Production and distribution of animal feed	50.5	50.5
Pinnacle Feeds Limited	Barbados	Production and distribution of animal feed	60	60
Associate companies				
JMMB Group Limited	Jamaica	Investment management and banking services	20	20
Access Financial Services Limited	Jamaica	Retail lending	24.72	24.72

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

New and amended standards that became effective during the year:

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

New and amended standards that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards have been issued which were not effective for the current year and which the Group has not early-adopted.

(i) Amendments to IAS 1 Presentation of Financial Statements are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

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

(ii) 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 that are not yet effective (continued):

(ii) (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, the standard requires that a right to defer settlement must have substance and exist at the reporting date.

It has now been clarified that a right to defer exists only if the entity complies with conditions specified in a loan agreement at the reporting date, even if the lender does not test compliance until a later date. With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a reporting 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 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 Group does not expect the amendment to have a significant impact on its 2024 financial statements.

(iii) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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

2. Basis of preparation (continued)

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in United States dollars (USD), which is the functional currency of the Company, rounded to the nearest thousand, unless otherwise indicated. The financial statements of those subsidiaries which have other functional currencies, are translated into USD in the manner set out in note 3(h)(ii).

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies:

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

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

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(i) Key sources of estimation uncertainty

(1) Impairment of financial assets:

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in notes 3(j) and 37(b).

2. Basis of preparation (continued)

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

(i) Key sources of estimation uncertainty (continued)

(2) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets. Accordingly, fair values of such assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach; the fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 5 and 38).

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

Impairment of goodwill, other intangibles and investment in associates is dependent upon management's internal assessment of future cash flows from the cash-generating units that gave rise to the goodwill and intangible assets or for the purposes of determining the value in use of the associate. Those internal assessments determine the amount recoverable from the cash generating units and are sensitive to the discount rates used, as well as the economic assumptions of growth (see notes 12 and 14).

(ii) Critical judgements in applying the Group's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles in IFRS.

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

- Whether the criteria for classifying financial assets are appropriately applied. For example, the determination of whether a security may be classified as at "fair value through profit or loss (FVTPL)", "fair value through other comprehensive income (FVOCI)" or "amortised cost" (note 5) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 38) requires judgement as to whether a market is active [see note 3(b)].

2. Basis of preparation (continued)

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

(ii) Critical judgements in applying the Group's accounting policies (continued)

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

- In determining whether the Group has control or significant influence over an investee and how to account for that investee, management considers the percentage of the investee's share capital that it holds and makes judgements about other relevant factors affecting control or significant influence over the relevant activities of the investee [see notes 2 (c)(i) (4), 3(a), 12, 13 and 14].

3. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

(ii) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iii) Non-controlling interests

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

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

(iv) Investments in associates

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

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

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

(v) Loss of control

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

(vi) Transactions eliminated on consolidation

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

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

3. Significant accounting policies (continued)

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

(i) Classification of financial assets

In applying IFRS 9, the Group classifies its financial assets in the following measurement categories:

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

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

Debt instruments

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

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

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

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 37(b). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within 'Net fair value adjustments and realised gains' in the period in which it arises. Interest income from these financial assets is included in interest income using the effective interest method.

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

3. Significant accounting policies (continued)

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

(i) Classification of financial assets (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

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

Equity instruments (continued)

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Gains and losses on equity investments at FVTPL are included in the 'Net fair value adjustments and realised gains' caption in the statement of profit or loss.

Business model assessment

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

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

1. Past experience on how the cash flows for these assets were collected;
2. How the assets' performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

3. Significant accounting policies (continued)

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

(i) Classification of financial assets (continued)

Business model assessment (continued)

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

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period. During the period, reclassification of investment securities from FVOCI to amortized cost was in effect as at September 30,2022.

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

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

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

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

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

(iii) Financial liabilities

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

3. Significant accounting policies (continued)

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

(iv) Measurement of gains and losses on financial assets

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income calculated using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

Gains and losses on equity instruments classified at FVOCI are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment. However, any difference between the carrying value and the amount realised on sale is recognised in profit or loss.

(c) Financial instruments - Other

(i) Non-trading derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange, or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group makes use of derivatives to manage its own exposure to foreign exchange and interest rate risk.

The Group evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a "host contract"). The Group accounts for an embedded derivative separately from the host contract when (i) the host contract is not itself carried at fair value through profit or loss, (ii) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and (iii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at fair value through profit or loss.

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(ii) Cash and cash equivalents

Cash comprises cash in hand and call deposits. Cash equivalents are short-term, highly liquid financial assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. These include certificates of deposit where the maturities do not exceed three months from the date of acquisition.

Cash and cash equivalents are measured at amortised cost.

(iii) Other assets

Other assets are measured at amortised cost less impairment losses.

(iv) Guarantees and letters of credit

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

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

The Group's commitments under acceptances, guarantees and letters of credit as at March 31, 2023, total $11,167,000 (2022: $8,393,000). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

(v) Other liabilities

Other liabilities are measured at amortised cost.

(vi) Resale and repurchase agreements

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

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(vi) Resale and repurchase agreements (continued)

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

(vii) Share capital

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

(1) equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary, in which case, dividends thereon are recognised as distributions within equity;

(2) liability if it is redeemable on a specific date or at the option of the holders, or if dividends are not discretionary, in which case, dividends thereon are recognised as interest in profit or loss.

Incremental costs directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instruments.

(viii) Loans and notes receivable and other receivables

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

(ix) Trade receivables

Trade receivables are amounts due from customers for the sale of goods in the ordinary course of business. Trade receivables without a significant financing component are recognised at the transaction price and subsequently measured at amortised cost using the effective interest method, less expected credit losses as disclosed in note 3 (j). If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(x) Accounts payable

Accounts payable are measured at amortised cost.

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(xi) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(xii) Offsetting

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

(xiii) Amortised cost

Amortised cost is calculated using the effective interest method. Premiums, discounts, and initial transaction costs are included in the carrying amount of the related instruments and amortised based on the effective interest rates.

(d) Property development costs

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

(e) Investment property

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

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

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

(Presented in United States dollars, except as otherwise stated)

3. Significant accounting policies (continued)

(f) Property, plant and equipment

(i) Cost

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

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

(ii) Depreciation

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

Buildings	2% - 10%
Computers	25% - 33⅓%
Furniture, fixtures and equipment	6.67% - 25%
Leasehold improvements	10% - 20%
Motor vehicles	10% - 25%

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

(g) Intangible assets

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (note 12) and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the equity accounted investee as a whole.

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

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

3. Significant accounting policies (continued)

(g) Intangible assets (continued)

(iii) Software

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

(iv) Subsequent expenditure

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

(v) Amortisation

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

The estimated useful lives are as follows:

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

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

(h) Foreign currency translation

(i) Transactions and balances

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

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

3. Significant accounting policies (continued)

(h) Foreign currency translation (continued)

(ii) Foreign operations

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

(i) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which it is recognised accordingly.

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporaruy differences and it is probable that they will notreverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the reporting date.

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

(j) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial instruments measured at amortised cost and debt instruments at FVOCI. No impairment loss is recognised on equity instruments which are measured at FVTPL.

3. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Framework

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. See below for a description of how the Group determines when a significant increase in credit risk has occurred.

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

- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

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

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below and note 37(b) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

Credit-impaired financial assets

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

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

3. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset for the determination of ECL.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. See note 37(b) for an explanation of how the Group has incorporated this in its ECL models.

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for debt investment securities with low credit risk at the reporting date and certain financial assets on which credit risk has not increased significantly, which are measured as 12-month ECL.

3. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Measurement of ECL (continued)

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

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

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

ECL is a probability-weighted estimate of credit losses, measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

ECL is a probability-weighted estimate of credit losses, measured as follows (continued):

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

Trade receivables

The Group applies the simplified approach for trade receivables as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies specific provisions for higher risk accounts using a risk-based methodology based on certain factors, including customer profile and the nature of products sold or services rendered. All other non-specific accounts were grouped together and aged using a ‘provisions matrix’. Scaled loss rates were then calculated based in historical payment profiles and applied to the different aging buckets as at the balance sheet date. The loss rates were adjusted to incorporate forward-looking information.

3. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

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

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

(k) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than goodwill and intangible assets with indefinite useful lives [see note 3(g)], are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Cost of finished products includes materials, labour, direct expenses and a relevant proportion of all overhead expenses based on the level of activity attained during the year. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made for obsolete, slow-moving and defective stock.

(m) Leases

(a) As a lessee

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

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

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

3. Significant accounting policies (continued)

(m) Leases (continued)

(a) As a lessee (continued)

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

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

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

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

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

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

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

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

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

3. Significant accounting policies (continued)

(m) Leases (continued)

(a) As a lessee (continued)

Short-term leases

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

(n) Revenue recognition

Revenue comprises interest income, fees and commissions, dividends, income and gains from holding and trading securities, property sales, sale of animal feed, oils and butter.

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not 'POCI' but have subsequently become credit impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss allowance).

(ii) Fee and commission income

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

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

(iii) Revenue from the sale of goods

Customers obtain control of products when the goods are delivered and have been accepted at their premises, or in certain cases when the goods have been collected from the Group's premises. Invoices are generated at that point and are payable within a range of terms that vary from immediately to 60 days.

3. Significant accounting policies (continued)

(n) Revenue recognition (continued)

(iii) Revenue from the sale of goods (continued)

Some products are sold with volume discounts based on aggregate sales over a one-month period. Revenue from these sales are recognised based on the price specified, net of volume discounts.

Revenue is recognised at the point in time that the goods are delivered and have been accepted by the customers. For contracts that permit return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

(iv) Property sales

Revenue is recognised from the sale of housing units income when the customer obtains control of the housing unit.

(v) Dividends

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

(vi) Gains or losses on holding and trading securities

Gains or loss on securities trading are recognised when the Group becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

(o) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

The effective interest rate is established on initial recognition of the financial liability and not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortisation of premium on instruments issued at other than par.

(p) Operating profit

Operating profit is defined as the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes preference share dividend, share of profit of associates and income taxes.

(q) Employee benefits

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

3. Significant accounting policies (continued)

(q) Employee benefits (continued)

(i) General benefits

Short-term employee benefits, including pension benefits under a defined contribution plan, are recognised over the period of service and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

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

(ii) Defined benefit plans

The asset or liability recognised in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Current and past-service costs are recognised in profit or loss as the benefits accrue.

(iii) Share-based payments

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

(r) Inventories

Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on a FIFO basis and includes transport and handling costs. Cost of finished products includes materials, labour, direct expenses and a relevant proportion of all overhead expenses based on the level of activity attained during the year. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made for obsolete, slow-moving and defective stock.

4. Resale agreements

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

Resale agreements result in credit exposure, as the counterparty to the transaction may be unable to fulfill its contractual obligations. At the reporting date, the fair value of the securities held as collateral for resale agreements was $4,960,000 (2022: $9,960,000). Certain securities have been pledged to third parties in repurchase agreements (note 17).

5. Investment securities

	2023 $'000	2022 $'000
Financial assets at fair value through profit or loss		
Quoted equities	1,401	5,669
Global bonds	4,167	-
Unit Trust	5,819	6,103
Foreign sovereign debt	-	9,787
Private equity funds	453	443
Principal Protected Note warrant asset [see (a) below]	1,458	2,352
	13,298	24,354
Financial assets at fair value through other comprehensive income		
Global bonds	82,598	159,631
Government of Jamaica securities	40,050	27,094
Corporate bonds	13,969	8,579
Certificate of deposits	1,163	2,326
Foreign sovereign debt	10,328	7,902
	148,108	205,532
Amortised cost		
Global bonds	175,609	56,528
Corporate bonds	42,274	49,405
	217,883	105,933
Less allowance for expected credit losses	(609)	(627)
	217,274	105,306
Total investment securities	378,680	335,192

(a) The Group purchased a call option from an independent third party to cover the interest charges due to maturity on the principal protected note [see note 20(ii)] issued by the Group.

(b) As at March 31, 2023, $248,023,225 (2022: $214,228,000) of investment securities is expected to be recovered after 12 months from the reporting date.

(c) The carrying value of debt securities pledged to third parties in repurchase agreements (see note 17) was $64,750,000 (2022: $51,069,000). These transactions are conducted under terms that are usual and customary for standard lending and securities borrowing and lending activities, as well as requirements determined by exchanges where the Group acts as an intermediary.

5. Investment securities (continued)

(d) During the period the Group reclassified financial assets from FVOCI to amortized cost. The reclassification was effective September 30, 2022. With the purchase of Proven Bank (Cayman) Limited by Proven Group Limited (Ultimate Parent) in February 2022, the alignment of the Banking Division within Proven Group Limited saw PBSL becoming a subsidiary of Proven Bank (Cayman) Limited. As a result of this external change, management assessed the change as significant to PBSL's operations and reviewed the business model test in relation to its aggregate securities portfolio. The result was the reclassification of a tranche of securities previously classified as FVOCI to amortized cost. The effect on the financial statements was an increase in assets carried at amortized cost and a reduction in assets carried at FVOCI. The result is that there was a decrease in the unrealized loss on debt investments at FVOCI for the period and an increase in equity. The amount reclassified was $78.320 million from FVOCI securities to $87.816 million in amortized cost securities. The equity impact was $9.496 million. The additional fair value loss that would have been recognised in other comprehensive income during the reporting period if the financial assets had not been reclassified is $1,771,050.

6. Loans receivable

	2023 $'000	2022 $'000
Loans and advances to customers [see (a) below]	42,570	30,268
Mortgages	145,621	128,720
Margin loans [see (a) below]	337	337
Corporate notes	12,657	19,948
Other loans	49,275	36,739
	250,460	216,012
Unamortized loan origination fees	(1,406)	(1,094)
Accrued interest	1,594	965
Less: Allowance for expected credit losses [see (b)]	(7,311)	(8,507)
	243,337	207,376

(a) Loans and advances to customers and margin loans represent advances made by the Group to facilitate the purchase of securities by its clients. The securities purchased are pledged as collateral for the outstanding advances. The fair value of collateral pledged by clients was $21,349,000 (2022: $21,537,000). Certain of these securities have been re-pledged by the Group. At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was $2,223,000 (2022: $2,065,000).

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

	2023				
	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
Loans and advances to customers	312	11,440	27,249	39,296	78,297
Corporate notes	3,831	13,081	4,175	124,666	145,753
Mortgages	56	-	27	6,580	6,663
Other loans	57	6,886	5,681	-	12,624
	4,256	31,407	37,132	170,542	243,337

6. Loans receivable (continued)

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

	2022				
	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
Loans and advances to customers	443	11,209	11,785	-	23,437
Corporate notes	6,517	1,552	686	902	9,657
Mortgages	94,175	2,652	8,596	15,144	120,567
Other loans	9,129	3,652	19,979	20,955	53,715
	110,264	19,065	41,046	37,001	207,376

The movement on the expected credit losses is as follows:

	2023 $'000	2022 $'000
Balance at beginning of year	8,507	326
Acquired through business combination	-	7,770
Impairment allowance (credit)/ charge	(1,196)	412
Effect of exchange rate movements	-	(1)
Balance at end of year	7,311	8,507

7. Trade and other assets

	2023 $'000	2022 $'000
Trade receivables	7,935	12,485
Withholding tax recoverable	2,808	2,736
Interest receivable	1,958	1,521
Due from clients	1,714	1,592
Prepayments	2,484	2,297
Membership fee receivable	2,154	1,718
Due from affiliated companies	1,172	860
Pre-construction advances	2,880	3,106
Employee related receivables (see note below)	2,642	2,714
Other assets	9,914	5,104
	35,661	34,133
Less allowance for expected credit losses	(2,567)	(8,456)
	33,094	25,677

As of March 31, 2023, employee related receivables includes $2,642,000 (2022: $2,714,000) which is due from Massy Barbados Limited relating to the agreed transfer value for those employees who were previously members of the defined benefit pension plan which was administered by Massy Barbados Limited.

7. Trade and other assets (continued)

	2023 $'000	2022 $'000
Due from affiliated companies comprise the following:		
A.S Bryden & Sons (Antigua) Limited	257	459
Alston Marketing Company Limited	138	180
Ansa McAL Trading Ltd- Guyana	113	29
Brydens & Minors Limited	-	41
Brydens Stokes Limited	664	151
	1,172	860

The movement in expected credit losses is as follows:

	2023 $'000	2022 $'000
Balance at beginning of year	8,456	230
Acquired through business combination	-	7,826
Expected credit losses charged/ (reversed)	(5,893)	422
Effect of exchange rate movements	4	(22)
Balance at end of year	2,567	8,456

8. Inventories

	2023 $'000	2022 $'000
Raw materials	6,062	4,181
Finished products	3,785	1,869
	9,847	6,050
Goods in transit	277	1,922
	10,124	7,972

In 2023, inventories of $54,889,000 (2022: $21,920,000) were recognised as an expense and included in 'cost of sales'.

9. Property development in progress

This comprises land and associated costs on projects to develop residential and commercial property.

Of this amount, $Nil (2022: $778,000) was transferred from investment property during the year (note 11).

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Notes to the Consolidated Financial Statements (Continued)
Year ended March 31, 2023
(*Presented in United States dollars, except as otherwise stated)*

10. Property, plant and equipment

	Right-of-use on leasehold properties $'000	Land and building $'000	Leasehold improvements $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Work in progress $'000	Art-work $'000	Total $'000
Cost:									
March 31, 2021	2,515	-	1,418	1,280	232	1,208	153	5	6,811
Acquired through business combination	-	23,304	470	2,005	546	377	-	-	26,702
Additions	48	755	8	1,114	232	82	50	-	2,289
Transfers	-	-	14	-	171	-	(185)	-	-
Disposals	-	-	-	-	-	(50)	-	-	(50)
Translation	-	-	(12)	(13)	-	(46)	-	-	(71)
March 31, 2022	2,563	24,059	1,898	4,386	1,181	1,571	18	5	35,681
Additions	73	824	176	540	180	410	265	-	2,468
Disposals	-	-	-	(163)	(149)	(21)	-	-	(333)
Translation	26	-	4	5	-	19	-	-	54
Adjustment	(79)	209	(25)	20,538	1,049	661	(18)	(1)	22,334
March 31, 2023	2,583	25,092	2,053	25,306	2,261	2,640	265	4	60,204
Depreciation:									
March 31, 2021	617	-	243	824	111	1,002	-	-	2,797
Charge for the year	378	174	161	408	339	89	-	-	1,549
Eliminated on disposals	-	-	-	-	-	(50)	-	-	(50)
Translation adjustment	49	39	(2)	(6)	-	(54)	-	-	26
March 31, 2022	1,044	213	402	1,226	450	987	-	-	4,322
Charge for the year	373	980	257	945	99	456	-	-	3,110
Eliminated on disposal	-	-	-	(163)	(149)	-	-	-	(312)
Translation	15	-	1	3	-	15	-	-	34
Adjustment	(68)	1,141	(39)	19,521	1,220	441	-	-	22,216
March 31, 2023	1,364	2,334	621	21,532	1,620	1,899	-	-	29,370
Net book values:									
March 31, 2023	1,219	22,758	1,432	3,774	641	741	265	4	30,834
March 31, 2022	1,519	23,846	1,496	3,160	731	584	18	5	31,359

Depreciation charge for certain plant and equipment are included in 'cost of sales' $306,000 (2022:$264,000).

11. Investment property

	2023 $'000	2022 $'000
At beginning of year	14,841	10,678
Investment property acquired	4,792	4,315
Fair value adjustment (note 29)	1,193	624
Transfer to property development in progress (note 9)	-	(778)
Foreign exchange translation adjustment	16	2
	20,842	14,841

11. Investment property (continued)

The last external valuation of the Group's properties were done in March 2023 by independent valuators, DC Tavares Finson Realty Company Limited. At each reporting date management considers the fair value and assesses the reasonable approximation of the external valuations at the reporting date. The valuations were done on the basis of open market value. The fair value of the investment property is categorised as Level 3 in the fair value hierarchy.

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

12. Intangible assets

	Customer relationships	Members agreements	Non-compete agreements	Trademark & tradename	Goodwill	Brand	Deposits	Assembled workforce	Distribution networks	License	Computer software	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:													
March 31, 2022	17,373	1,669	3,200	1,456	14,347	3,340	4,923	1,138	1,400	368	5,219	83	54,516
Additions	-	-	-	-	-	-	-	-	-	-	472	205	677
Adjustment	-	-	-	-	-	-	-	-	248	-	170	-	418
FX translation	-	-	-	-	-	-	-	-	-	3	88	5	96
March 31, 2023	17,373	1,669	3,200	1,456	14,347	3,340	4,923	1,138	1,648	371	5,949	293	55,707
Amortisation:													
March 31, 2022	5,065	1,544	-	-	-	-	-	-	-	-	1,537	-	8,146
Amortisation for the year	1,298	14	379	-	-	-	703	163	184	-	941	-	3,682
Impairment	1,756	-	-	300	1,457	-	-	-	-	-	-	-	3,513
Write off	-	-	-	456	-	-	-	-	-	-	-	-	456
Adjustment	-	-	-	-	-	-	-	-	77	-	344	-	421
FX translation	-	-	-	-	-	-	-	-	-	-	28	-	28
March 31, 2023	8,119	1,558	379	756	1,457	-	703	163	261	-	2,850	-	16,246
Net book values:													
March 31, 2023	9,254	111	2,821	700	12,890	3,340	4,220	975	1,387	371	3,099	293	39,461
March 31, 2022	12,308	125	3,200	1,456	14,347	3,340	4,923	1,138	1,400	368	3,682	83	46,370

12. Intangible assets (continued)

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

For the purpose of impairment testing, goodwill has been allocated to the Group's cash generating units (operational divisions) as follows:

	2023 $'000	2022 $'000
Wealth management	9,633	9,633
Production and distribution	4,714	4,714
	14,347	14,347

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

	2023	2022
Wealth Management (CGUs)		
Discount rate	18.6%	16.7%
Terminal value	2.3%	2.5%
Attrition rate	7.3%	6.1%

The carrying amount of goodwill was determined to be higher than its recoverable amount. The Group recognised an impairment of $1,457,000 during the year (2022: $Nil). The impairment loss was recognised in the profit or loss statement included in "other operating expenses.

	2023	2022
Production and distribution (CGUs)		
Discount rate	12.6%	- %
Terminal value	1.93%	- %

In determining the value of the customer contracts and related relationships, an income approach method, specifically the Multi-Period Excess Earnings Method ("MEEM") was used. The principle behind the MEEM is that the value of an intangible asset is equal to the present value of the after-tax cash flows attributable only to that intangible asset.

12. Intangible assets (continued)

Production and distribution (CGUs) (continued)

The carrying amount of Proven Wealth (Cayman Limited) customer relationships was determined to be higher than its recoverable amount. The Group recognised an impairment of $1,756,000 during the year (2022: $353,000). The carrying amount of Heritage Education Funds International Inc tradename was determined to be higher than its recoverable amount. The Group recognised an impairment of $300,000 during the year (2022: Nil). The impairment losses were recognised in the profit or loss statement included in "other operating expenses. Key assumptions are set out below:

13. Investment in subsidiaries

(a) Acquisition of Fidelity Bank (Cayman) Limited

Effective February 1, 2022, the Company acquired 3,800,000 common shares, representing a 100% interest in Fidelity Bank (Cayman) Limited (FBCL) from Fidelity Bank & Trust International Limited for a consideration of $32,116,949. FBCL is incorporated in the Cayman Islands with registered office located at Willow House, Cricket Square, 171 Elgin Avenue, George Town. FBCL is licensed under the Bank and Trust Companies Act, as a Category A Bank to carry on banking business in the Cayman Islands, subject to certain restrictions contained in the terms of the licence. FBCL and its subsidiaries offers a full range of retail banking services, including internet and telephone banking, acceptance of deposits, granting of loans and the provision of foreign exchange services through each of its two (2) branches in Grand Cayman.

The Group's rationale for acquiring FBCL is that it supports the vision of being the premier Caribbean and Latin American Private Equity firm and fits into its core Banking and Wealth division business model. FBCL is expected to play a key role in extracting synergies across the financial services ecosystem as the Group will now have a complete suite of banking and wealth management products. The acquisition also provides the Group with an opportunity to grow its assets under management portfolio, leverage cost synergies with existing portfolio assets while expanding its footprint in the Cayman Islands and the wider Caribbean.

FBCL contributed revenue of $2,037,000 and attributable post-acquisition losses of $828,000 to the Group's results in the period to March 31, 2022. If the acquisition had occurred on April 1, 2021, management estimates that consolidated revenue from FBCL would have been $12,420,000, and consolidated loss for the year would have been $1,811,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 1, 2021.

13. Investment in subsidiaries (continued)

(a) Acquisition of Fidelity Bank (Cayman) Limited (continued)

The consideration of $32,117,000 is less than the net assets of the business of $36,680,000 million thereby resulting in a gain of $4,563,000, recognised in the statement of profit and loss and other comprehensive income. This acquisition resulted in a gain as the seller had been winding down its operations in the Cayman Islands and was motivated to sell.

The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition.

i. Identifiable assets acquired and liabilities assumed:

	2022 $'000
Property, plant and equipment	18,128
Intangible asset	8,000
Inventory	5,270
Trade receivable	4,801
Other assets	2,459
Cash and cash equivalents	1,157
Investment securities	766
Accounts payable	(3,321)
Accrued expenses and other liabilities	(3,077)
Employee benefit obligation	(1,036)
Net assets acquired	33,147
Non-controlling interest	(16,408)
Goodwill acquired	4,714
Total consideration on acquisition	21,453

ii. Cash flow on acquisition

	2022 $'000
Cash acquired	86,287
Less cash consideration	(32,117)
Net cash inflow on acquisition	54,170

iii. The fair values of material asset categories were established as follows:

- Intangible assets: The value of customer deposits was assessed using the cost savings method. Customer relationships are inherently tied to the customer base and so this asset was not separately valued. The value of the assembled workforce in place is value is determined by calculating the training cost avoided and salary costs avoided in the time it takes for new staff to become fully productive.
- The other assets comprise gross contractual amounts which were expected to be fully collectible at the date of acquisition.
- Loans receivable comprise gross contractual amounts due of $173,094,000, of which $7,770,000 was expected to be uncollectable at the date of acquisition.

13. Investment in subsidiaries (continued)

(a) Acquisition of Fidelity Bank (Cayman) Limited (continued)

iv. Acquisition-related costs

The Group incurred acquisition-related costs of $946,000 on legal fees and due diligence costs. These costs have been included in 'other operating expenses' in the statement of profit or loss and other comprehensive income for the year ended March 31, 2022.

(b) Acquisition of Roberts Manufacturing Company Limited

Effective June 8, 2021, the Company acquired 5,806,495 common shares, representing a 50.5% interest in Roberts Manufacturing Company Limited (RMCL) for a consideration of $21,452,500. RMCL, is incorporated in Barbados with registered office located at Lower Estate, St. Michael, Barbados. The principal activities of RMCL is the production and distribution of animal feed, dog food, margarine and shortening, soybean meal and soybean oil.

The Group's rationale for acquiring RMCL helps to achieve the objective of diversifying the private equity investment portfolio away from financial services while capturing the opportunity to leverage and grow the brand across the Caribbean. Also, food manufacturing is seen as vital in regional food security and there is the prospect of improving shareholder value through strategic guidance and support of this business.

RMCL contributed revenue of $53,694,000 and attributable post-acquisition profits of $3,876,000 to the Group's results in the period to March 31, 2022. If the acquisition had occurred on April 1, 2021, management estimates that consolidated revenue from RMCL would have been $63,833,000, and consolidated loss for the year would have been $3,999,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 1, 2021.

The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition.

i. Identifiable assets acquired and liabilities assumed:

	2022 $'000
Property, plant and equipment	18,128
Intangible asset	8,000
Inventory	5,270
Trade receivable	4,801
Other assets	2,459
Cash and cash equivalents	1,157
Investment securities	766
Accounts payable	(3,321)
Accrued expenses and other liabilities	(3,077)
Employee benefit obligation	(1,036)
Net assets acquired	33,147
Non-controlling interest	(16,408)
Goodwill acquired	4,714
Total consideration on acquisition	21,453

13. Investment in subsidiaries (continued)

(b) Acquisition of Roberts Manufacturing Company Limited (continued)

ii. Cash flow on acquisition

	2021 $'000
Cash acquired	1,157
Less cash consideration	(21,453)
Net cash outflow on acquisition	(20,296)

iii. The fair values of material asset categories were established as follows:

- Intangible assets: The value of customer deposits was assessed using the Income approach's Multi-Period Excess Earnings method (MPEEM). The value of the Brand was assessed using the Income approach's Relief -from Royalty method (RFR).
- Property, plant and equipment: The value of land was assessed through market comparison techniques by qualified independent valuation assessors. The value of buildings and certain equipment was assessed through cost techniques, specifically the depreciated replacement cost methodology to account for physical deterioration as well as functional and economic obsolescence.
- The other assets comprise gross contractual amounts which were expected to be fully collectible at the date of acquisition.
- Trade receivable comprise gross contractual amounts due of $11,809,000, of which $7,008,000 was expected to be uncollectable at the date of acquisition.
- The measurement of the employee benefits assets/obligations have been measured on a provisional basis as the pension arrangements in respect of current and former employees of RMCL have not been finalised as at March 31, 2022 [note 15 (a)].

iv. Acquisition-related costs

The Group incurred acquisition-related costs of $567,000 on legal fees and due diligence costs. These costs have been included in 'other operating expenses' in the statement of profit or loss and other comprehensive income for the year ended March 31, 2022.

13. Investment in subsidiaries (continued)

(c) Acquisition of Heritage Education Funds International Inc.

Effective October 1, 2021, the Company acquired 100 common shares, representing a 100% interest in Heritage Education Funds International Inc (HEFI) from Knowledge First Foundation for a consideration of $8,289,758. HEFI, is incorporated in Canada with registered office located at 50 Burnhamthorpe Road, Mississauga, Ontario. The principal activities of the company is the distributor of the Heritage International Scholarship Trust Plan- Fund D and assist the Heritage International Scholarship Trust Plan Foundation in administering the Plan. The Plan is currently distributed in the Bahamas, Bermuda, Jamaica and the British Virgin Islands.
The Group's rationale for acquiring HEFI includes the opportunity to expand the wealth management business in the Caribbean. The Group is also able to cross sell complementary financial products with operations in similar jurisdictions.

HEFI contributed revenue of $1,381,000 and attributable post-acquisition profits of $173,000 to the Group's results in the period to March 31, 2022. If the acquisition had occurred on April 1, 2021, management estimates that consolidated revenue from HEFI would have been $2,064,000, and consolidated profit for the year would have been $993,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 1, 2021.

The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition.

i. Identifiable assets acquired and liabilities assumed:

	2022
	$'000
Intangible assets	5,600
Membership fees receivable	914
Receivable from affiliated companies	692
Investments	431
Cash and cash equivalents	92
Other assets	288
Note payable	(2,162)
Accrued expenses and other liabilities	(590)
Net assets acquired	5,265
Goodwill acquired	3,025
Total consideration on acquisition	8,290

ii. Cash flow on acquisition

	2022
	$'000
Cash acquired	95
Less cash consideration	(8,290)
Net cash outflow on acquisition	(8,195)

13. Investment in subsidiaries (continued)

(c) Acquisition of Heritage Education Funds International Inc (continued)

iii. The fair values of material asset categories were established as follows:

- Intangible assets: The value of member agreement was assessed using the Income approach's Multi-Period Excess Earnings method (MPEEM). The value of the distribution network was assessed using the Income approach's . The value of trademarks was assessed using the Relied from Royalty method (RFR) of the income approach.
- The other assets comprise gross contractual amounts which were expected to be fully collectible at the date of acquisition.
- Membership fee receivable comprise gross contractual amounts due of $1,059,000, of which $145,000 was expected to be uncollectable at the date of acquisition.

iv. Acquisition-related costs

The Group incurred acquisition-related costs of $128,000 on legal fees and due diligence costs. These costs have been included in 'other operating expenses' in the statement of profit or loss and other comprehensive income for the year ended March 31, 2022.

(d) Proven Holdings Limited

During the financial year, capital injection of $2,708,000 (2022: $2,092,000) cash was made in Proven Holdings Limited.

(e) Proven Properties Limited (formerly Real Properties Limited)

During the financial year, capital injection of $3,784,000 (2022: $3,569,000) cash was made in Proven Properties Limited.

(f) Proven Bank (Cayman) Limited (formerly Fidelity Bank (Cayman) Limited)

During the financial year, capital injection of $3,000,000 cash was made in Proven Bank (Cayman) Limited.

(g) Proven Bank (St. Lucia) Limited (formerly Boslil Bank limited)

Effective October 6, 2022, PGL acquired the remaining 25% shares in Proven Bank St. Lucia Limited from a minority shareholder for $10,900,000 by issuing additional PGL shares of 42,300,000 (see note 24).

14. Investment in associates

	2023 $'000	2022 $'000
Carrying amount of interest in associate:		
JMMB Group Limited	114,633	116,671
Plastic Containers Ltd	692	957
Access Financial Services Limited	15,954	22,884
	131,279	140,512

The Group's share of profit/(loss) comprises:

	2023 $'000	2022 $'000
JMMB Group Limited	8,092	14,455
Access Financial Services Limited	470	689
	8,562	15,144
Others	(81)	70
	8,481	15,214

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

This represents a 24.72% shareholding in Access Financial Services Limited, a personal loan and microfinance company. As at March 31, 2023, the fair value of the investment was $11,525,000 (2022: $8,872,000).

During the year, Access reported lower net cash flows and operating profits than budgeted and previous year's results. These conditions were considered in determining that there are indicators of impairment. In testing the investment of associate for impairment, the recoverable amount was compared to the carrying amounts of AFS. The recoverable amount was determined by assessing the value in use (VIU). The income approach, specifically the discounted cashflow method was used to estimate the VIU. The recoverable amount for Access was $15,954,000 (2022: $22,884,000).

The carrying amounts of AFS was determined to be higher than its recoverable amount and an impairment of $6,609,000 (2022: $830,000) was recognised. The impairment loss was recognised in the statement of profit or loss and is included in "other operating expenses". Key assumptions are set out below:

	2023	2022
Retail lending cash generating units (CGUs)		
Discount rate	23%	18%
Terminal multiple	11.1x	10.1x

(ii) Investment in JMMB Group Limited

This represents a 20% shareholding or 391,310,526 shares in JMMB Group Limited (JMMBGL). The principal activities of JMMBGL are investment management and banking services. The purpose of the acquisition is to generate dividend income. JMMBGL is listed on Jamaica Stock Exchange. As at March 31, 2023 the fair value of the investment was $78,736,000 (2022: $113,154,000).

14. Investment in associates (continued)

(iii) The following table summarises the financial information of JMMBGL and Access, as included in the Group's financial statements as at March 31, 2023, reflecting adjustments for differences in accounting policies.

	2023			2022		
	JMMBGL	Access	Total	JMMBGL	Access	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Percentage ownership interest	20%	24.72%		20%	24.72%	
Statement of financial position:						
Intangible assets	28,764	2,951	31,715	21,983	3,120	25,103
Tangible assets	4,393,960	39,900	4,433,860	3,980,788	33,877	4,014,665
Liabilities	(4,061,379)	(24,601)	(4,085,980)	(3,635,421)	(18,770)	(3,654,191)
Net assets attributable to equity holders (100%)	361,345	18,250	379,595	367,350	18,227	385,577
Non-controlling interests	(6,828)	-	(6,828)	(9,524)	-	(9,524)
Adjusted net assets	354,517	18,250	372,767	357,826	18,227	376,053
Group's share of net assets	70,903	4,511	75,414	71,565	4,506	76,071
Goodwill	35,964	8,822	44,786	35,964	16,276	52,240
Foreign exchange adjustment	7,766	2,621	10,387	9,142	2,102	11,244
Carrying amount of investment	114,633	15,954	130,587	116,671	22,884	139,555
Revenue	319,818	15,339	335,157	277,647	14,884	292,531
Profit from continuing operations	40,439	1,902	42,341	74,989	2,870	77,859
Adjustments	-	-	-	(2,750)	(78)	(2,828)
Other comprehensive income/(loss), net of tax	(42,411)	(114)	(42,525)	(95,019)	370	(94,649)
Total comprehensive income/(loss)	(1,972)	1,788	(184)	(22,780)	3,162	(19,618)
Share of total comprehensive income/(loss) since date of investment:						
Profit for the year	8,092	470	8,562	14,455	689	15,144
Other comprehensive income/(loss)	(8,486)	(28)	(8,514)	(19,014)	97	(18,917)
	(394)	442	48	(4,559)	786	(3,773)

15. Employee benefit obligations

(a) Pension fund liability

Roberts Manufacturing Company Limited (RMCL) was a participating contributor of Massy (Barbados) Limited (MBL) defined benefit pension plan scheme known as the BS&T Pension Scheme up to June 8, 2021. The assets of this plan are held in a separate fund administered by Trustees appointed by Trustees appointed by Massy (Barbados) Ltd. and it was funded by payments from the group taking into account the recommendation of independent qualified actuaries. The pension arrangements in respect of current and former employees of RMCL have not been finalised as at March 31, 2023. The agreed transfer value for those employees who were previously members of the MBL defined pension plan is included in trade and other assets (note 7). The disclosures have been made using the following assumptions:

- The liabilities in respect of deferred pensioners and pensioners who were employed by the RMCL will remain liabilities of the BS&T Pension Scheme.
- The transfer value that will be paid in respect of current employees of the RMCL will be calculated as the present value of their defined benefit obligation at the acquisition date. The assumptions used in calculating the transfer value were the same assumptions used in calculating the solvency position of the BS&T Pension Scheme at its last triennial valuation as at September 30, 2020.

Certain employees participate in a non-contributory defined benefit pension and post-employment medical scheme.

The amount recognised in the statement of financial position is as follows:

	2023	2022
	$'000	$'000
Present value of funded obligations at end of year	(2,378)	(2,005)

The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	2023	2022
	$'000	$'000
Current service costs	56	632
Interest cost	156	115
Net amount included in staff costs	212	747
Remeasurements included in other comprehensive income, being experience loss	(263)	(475)

15. Employee benefit obligations (continued)

(a) Pension fund liability (continued)

Changes in the present value of the defined benefit obligations are as follows:

	2023 $'000	2022 $'000
Balance at beginning of period	2,005	-
Defined benefit obligations acquired through business combination	-	7,255
Interest cost	156	632
Current service cost	56	115
Benefits paid	(102)	(595)
Liabilities transferred out	-	(4,927)
Remeasurements:		
Actuarial gains on obligation	263	(475)
Defined benefit obligation at the end of period	2,378	2,005

Principal actuarial assumptions used for accounting purposes are as follows:

	2023 %	2022 %
Pension plan		
Discount rate	7.75	7.75
Expected return on plan assets	7.75	7.75
Future promotional salary increases	2.00	2.00
Future inflationary salary increases	3.75	3.75
Future pension increases	0.75	0.75
Proportion of employees opting for early retirement	15.00	5.00
Future increases in NIS ceiling for earnings	3.50	3.50
Post retirement mortality for pensioners at 65		
Male	UP 94	UP 94
Female	UP 94	UP 94

The weighted average duration of the defined benefit obligation is 12.35 years.

Roberts Manufacturing Company Limited contributes to the scheme at a rate recommended by the actuary based on a triennial valuation. The last triennial valuation was performed at September 30, 2020 and the contribution rate was determined at 14% of salaries.

15. Employee benefit obligations (continued)

(b) Medical fund liability

The amount recognised in the statement of financial position comprises:

	2023 $'000	2022 $'000
Medical fund liability	(904)	(912)

The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	2023 $'000	2022 $'000
Current service cost	24	38
Interest cost	71	105
Amount included in staff costs	95	143

Experience gains of $67,425 (2022:$67,000) are recognized in other comprehensive income.

Changes in the present value of the post-retirement benefit obligation are:

	2023 $'000	2022 $'000
Balance at beginning of period/year	912	893
Interest cost	71	105
Current service cost	24	37
Benefits paid	(36)	(56)
Remeasurements:		
Actuarial gain on obligations	(67)	(67)
Balance at the end of the period	904	912

The principal actuarial assumptions used for accounting purposes were:

Discount rate at end of year	7.75%	7.75%
Future medical claims/premium inflation	4.50%	4.50%

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Notes to the Consolidated Financial Statements (Continued)
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16. Deferred tax asset

	2023			
	Balance at March 31, 2022 $'000	Recognised in profit or loss $'000 (note 32)	Recognised in other comprehensive income $'000	Balance at March 31, 2023 $'000
Property, plant and equipment	255	181	-	436
Loans receivable	-	5	-	5
Other receivables	(547)	(68)	-	(615)
Unrealised foreign exchange net	140	(83)	-	57
Investment property	15	(17)	-	(2)
Investment at FVOCI	1,086	-	453	1,539
Investment at FVPTL	(11)	1	-	(10)
Impairment loss on instruments at FVOCI	2	84	(79)	7
Other liabilities	19	169	-	188
Lease liabilities, net	25	-	-	25
Tax losses	24	-	-	24
Exchange difference on translation	(86)	8	13	(65)
Other	119	112	(5)	226
	1,041	392	382	1,815

	2022				
	Balance at March 31, 2021 $'000	Acquired through business combination $'000	Recognised in profit or loss $'000 (note 32)	Recognised in other comprehensive income $'000	Balance at March 31, 2022 $'000
Property, plant and equipment	14	103	138	-	255
Loans receivable	(27)	-	27	-	-
Other receivables	(369)	-	(178)	-	(547)
Unrealised foreign exchange net	219	-	(79)	-	140
Investment property	(18)	-	33	-	15
Investment at FVOCI	174	-	-	912	1,086
Investment at FVPTL	(11)	-	-	-	(11)
Impairment loss on instruments at FVOCI	2	-	(71)	71	2
Other liabilities	66	-	(47)	-	19
Lease liabilities, net	16	-	9	-	25
Tax losses	24	-	-	-	24
Exchange difference on translation	(82)	-	-	(4)	(86)
Other	75	18	35	(9)	119
	83	121	(133)	970	1,041

17. Repurchase agreements

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

	2023 $'000	2022 $'000
Denominated in Jamaica Dollars	26,048	24,350
Denominated in United States Dollars	52,231	42,739
Denominated in Pound Sterling	46	154
Denominated in Canadian Dollars	8	-
	78,333	67,243

18. Owed to related parties

	2023 $'000	2022 $'000
Current accounts	-	276
Dividend payable	-	386
	-	662

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

19. Due to customers

	2023 $'000	2022 $'000
Time deposits	21,705	11,210
Term deposits	270,993	325,435
Interest bearing accounts	2,000	1,759
Non-interest bearing accounts	273,987	323,089
	568,685	661,493

20. Notes payable

	2023 $'000	2022 $'000
Structured notes [see (i) below]	159,811	150,844
Principal protected notes [see (ii) below]	15,845	-
Long-term loan [see (iii) below]	42,542	41,702
Other	10,154	18,222
	228,352	210,768

20. Notes payable (continued)

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

(ii) The Group issued and guaranteed US dollar denominated principal protected notes. The returns on these United States Dollar notes are based on the movement in the prices of certain underlying shares, the holder benefits from any upward movements in the share price, any downward movements are absorbed by the company. The notes also have a guaranteed interest rate of 1% per annum paid semi-annually in arrears up to and including the maturity date. The obligor is an independent third party. Accordingly, the company recognised a liability in relation to the principal on its statement of financial position. The notes are for a period of sixteen and eighteen months. The entity has entered into various call options to hedge the movements in the share prices [see note 5(a)]. The entity does not apply hedge accounting per IFRS 9.

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

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

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

21. Other liabilities

	2023 $'000	2022 $'000
Interest payable	2,066	1,327
Payable to clients	6,152	7,743
Accrued charges	4,897	938
Other	9,165	9,643
Due to affiliated companies	1,837	2,119
	24,117	21,770
Due to affiliated companies comprise the following:		
Ansa McAL (Barbados) Limited	2	88
ADM Barbados Mills Limited	1,734	2,031
Ansa McAL (Barbados)	78	-
HISTF	23	-
	1,837	2,119

22. Lease liabilities

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

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

Leases as lessee (IFRS 16)

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see note 10).

	Leasehold properties $'000
Balance at March 31, 2022	1,596
Additions	
Accumulated depreciation	(376)
Balance at March 31, 2023	1,220

(ii) Lease liabilities:

Undiscounted cashflows of lease liabilities

	2023 $'000	2022 $'000
Less than one year	402	350
One to five years	1,118	1,268
More than five years	114	276
	1,634	1,894
Less: Future interest	(239)	(215)
Carrying amount of lease liabilities	1,395	1,679

	2023 $'000	2022 $'000
Current	375	633
Non-current	1,020	1,046
	1,395	1,679

(iii) Amounts recognised in profit or loss

	2023 $'000	202 $'000
Leases under IFRS 16 interest on lease liabilities	49	126

22. Lease liabilities (continued)

(iv) Amounts recognised in statement of cash flows

	2023 $'000	2022 $'000
Total cash outflow for leases:		
Interest	115	127
Principal	314	204
	429	331

(v) Extension options

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

23. Preference shares

	2023 $'000	2022 $'000
Manager's preference shares [see (i)]	1	1
8.25% Cumulative redeemable preference shares [see (ii)]		

The terms and conditions of the manager's preference shares (note 24) include the following:

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

(ii) Each manager's preference share has votes attaching to it that are a multiple of the votes attaching to each ordinary stock unit on all resolutions and decisions at a general meeting, such that the preference share votes will be at least equal to the votes of the ordinary stock units, except on any resolution intended to vary the formula for computing the dividend payable to the preference shareholders, in which case each manager's preference share is entitled to one vote.

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

(1) 25% of the profits and gains of the Group in each financial year in excess of the Annual Earnings Hurdle (computed in accordance with the formula set out in the terms and conditions of issue) for such financial year, divided by

(2) the number of manager's preference shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the hurdle rate is applied to the average equity of the Company during such financial year.

23. Preference shares (continued)

(iv) Apart from the right to the cumulative annual preference dividend, the manager's preference shares have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a *pari passu* basis with the capital paid on the ordinary stock units.

24. Share capital

	2023 Units	2022 Units
Authorised:		
2,999,990,000 Ordinary shares, par value US$0.01 each	29,999,900	29,999,900
10,000 Manager's Preference Shares, par value US$0.01 each	100	100
300,000,000 8.25% Cumulative Redeemable Preference Shares, par value US$0.01 each	3,000,000	3,000,000
700,000,000 cumulative redeemable Preference share, par value US$0.01 each	7,000,000	7,000,000
	40,000,000	40,000,000

	2023 Units	2022 Units	2023 $'000	2022 $'000
Issued and fully paid:				
Ordinary shares	801,732,000	759,432,000	125,961	115,754
Manager's Preference Shares	10,000	10,000	1	1
			125,962	115,755
Less: Preference shares classified as liability (see note 23)			(1)	(1)
			125,961	115,754

(a) On October 6, 2022, the Board of Directors passed a resolution for the agreement of sale and transfer of shares for the purchase of the 25% non-controlling interest in Proven Bank (St. Lucia) Limited (formerly Boslil Bank Limited). The Company settled its obligation to pay the purchase price partly by the issue of 42,300,000 newly issued ordinary shares [see note 13 (g)].

(b) On November 5, 2020, the Board of Directors passed a resolution for the issue of shares through an additional public offer thereby approving the issue up to 134,124,037 ordinary shares for $29,038,000. The total shares approved for issue through the additional public offer was fully subscribed.

(c) The holders of the ordinary shares are entitled to receive dividends from time to time, and are entitled to one vote per share at meetings of the Company.

(d) The rights and entitlements of the holders of the preference shares are set out in note 23.

25. Fair value reserve

This represents the cumulative net unrealised gains and losses in fair value, net of taxation, on the revaluation of FVOCI investment securities, and remains until the securities are derecognised or impaired.

26. Foreign exchange translation reserve

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

27. Non-controlling interest

During the year the Group acquired the non-controlling interest in Proven Bank (St. Lucia) Limited [see note 13 (g)].

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

	2023		
	Roberts Manufacturing $'000	Intra-group adjustments $'000	Total $'000
PIL percentage	50.5%		
NCI percentage	49.5%		
Total assets	31,955		
Total liabilities	(15,346)		
Net assets	16,609		
Carrying amount of NCI	8,222	9,486	17,708
Revenue	74,802		
Profit for the year	(274)		
Profit allocated to NCI	(136)	(361)	(497)
OCI for the year	(196)	-	(196)
OCI allocated to NCI	(97)	-	(97)
Cash flows from operating activities	(3,942)		
Cash flows from investment activities	(1,233)		
Cash flows from financing activities	184		
Net decrease in cash and cash equivalents	(4,991)		

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27. Non-controlling interest (continued)

	2022			
	Proven Bank St. Lucia Limited	Roberts Manufacturing	Intra-group adjustments	Total
	$'000	$'000	$'000	$'000
NCI percentage	25%	49.5%		
Total assets	357,857	28,349		
Total liabilities	(338,236)	(10,518)		
Net assets	19,621	17,831		
Carrying amount of NCI	4,905	8,826	10,693	24,424
Revenue	8,565	53,694		
Profit for the year	2,184	3,665		
Profit allocated to NCI	546	1,814	583	2,943
OCI for the year	(8,032)	924	-	(7,108)
OCI allocated to NCI	(2,008)	457	-	(1,551)
Cash flows from operating activities	27,507	4,323		
Cash flows from investment activities	(189)	(1,385)		
Cash flows from financing activities	(2,315)	(1,150)		
Net decrease in cash and cash equivalents	25,003	1,788		

28. Net interest income

	2023	2022
	$'000	$'000
Interest income, calculated using the effective interest method:		
GOJ benchmark investment notes	606	742
Regional and corporate bonds	360	3,343
Global bonds	4,569	2,698
Resale agreements	488	308
Corporate notes	502	792
Other loans receivable	19,541	3,252
Other	7,341	1,504
	33,407	12,639
Interest expense, calculated using the effective interest method:		
Repurchase agreements	3,577	1,278
Notes payable	5,817	4,534
Finance cost	48	53
Other	6,595	1,693
	16,037	7,558
Net interest income	17,370	5,081

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29. Net fair value adjustments and realised gains

	2023 $'000	2022 $'000
Fair value adjustment for investment property (note 11)	1,193	624
Fair value gains on fixed income securities	1,180	2,270
Fair value (losses)/gains on equity securities	(1,306)	3
Unrealised fair value (losses) on investments	(284)	(648)
	783	2,249

30. Staff costs

	2023 $'000	2022 $'000
Salaries, wages and related costs	17,807	9,712
Bonus and ex-gratia payments	144	789
Statutory payroll contributions	684	341
Pension costs - defined contribution plan	354	112
Staff welfare	214	110
Directors fees	258	227
Other	1,379	664
	20,840	11,955

Included in staff costs are the following directors' and key management's emoluments [note 33(d):

	2023 $'000	2022 $'000
Fees	178	256
Management remuneration	2,358	2,243

31. Other operating expenses

	2023 $'000	2022 $'000
Irrecoverable GCT	231	243
Insurance	138	73
Legal and other professional fees	5,230	4,004
Licenses and permits	657	556
Marketing and advertising	1,791	737
Miscellaneous	1,504	111
Management fees [note 33(f)]	2,673	3,304
Irrecoverable income tax withheld	41	35
Office rent	150	273
Commission expenses and fees	100	593
Printing and stationery	111	98
Repairs and maintenance	2,840	1,141
Subscriptions and donations	106	95
Courier and collection services	-	179
Travelling	270	464
Utilities	286	337
Impairment of associate	6,609	830
Impairment of goodwill and other intangible assets	3,513	353
Other operating expenses	8,682	5,604
	34,932	19,030

32. Taxation

(a) Depending on the jurisdiction and nature of business, income tax is computed at 2.74%, 25%, 30% and 33⅓% of profit for the year as adjusted for tax purposes, and is made up as follows:

	2023 $'000	2022 $'000
(i) Current tax charge:		
Charge on current period's profits:		
Income tax at 2.74%	699	82
Income tax at 25%	152	70
Income tax at 30%	26	8
Income tax at 33⅓%	621	769
	1,498	929
(ii) Deferred tax (note 16):		
Origination and reversal of temporary differences	(380)	287
(iii) Prior year over provision	(23)	(51)
Total income tax charge	1,095	1,165

32. Taxation (continued)

(b) Reconciliation of actual tax expense:

The tax rate for two of the subsidiaries is 25% and 33⅓% of profit before income tax adjusted for tax purposes, while the tax rate for the company is 30%. The actual charge for the year is as follows:

	2023 $'000	2022 $'000
(Loss)/profit before taxation	(4,266)	16,645
Computed "expected" tax expense at 2.74%	(43)	25
Computed "expected" tax expense at 25%	1,088	70
Computed "expected" tax expense at 33⅓%	350	1,132
	1,395	1,227
Difference between profits for financial statements and tax reporting purposes on:		
Depreciation charge and capital allowances	(10)	5
Income exempt from income tax	(145)	(244)
Financial asset at fair value not taxable	(5)	(6)
Prior period over provision	(23)	(51)
Other	(117)	234
Actual tax expense	1,095	1,165

33. Related party transactions

(a) Definition of related party

A related party is a person or entity that is related to the Company.

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

(1) has control or joint control over the Company;

(2) has significant influence over the Company; or

(3) is a member of the key management personnel of the Company or of a parent of the Company.

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

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

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

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

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

33. Related party transactions (continued)

(a) Definition of related party (continued)

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

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

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

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Group.

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

(b) Identity of related parties

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

(c) The Group has engaged a related party, Proven Management Limited, to provide investment management services in relation to financial instruments held in a number of funds, and the business and operations of the Group, for a fee. The fee is charged at 2% of the Group's Average Net Asset Value in the financial year [see note 33(f)].

	2023 $'000	2022 $'000
Investment management fees paid for the year	2,449	3,029
Fees under-accrued at end of year	224	275
	2,673	3,304

(d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the relevant activities of the Group, directly or indirectly. Such persons comprise the directors and executive officers. Key management compensation for the year is included in staff costs (note 30).

(e) The statement of financial position includes balances, arising in the ordinary course of business, with its related parties, as follows:

	2023 $'000	2022 $'000
JMMB Group Limited -deposits	6,949	12,024
Directors and key management		
Loan receivable	2,399	318
Interest receivable	30	5
Repurchase agreements	127	268
Other liabilities	118	-

Other amounts with related parties are disclosed in notes 7, 18 and 20.

33. Related party transactions (continued)

(f) The statement of profit or loss and other comprehensive income includes the following expenses incurred in, transactions with related parties:

	2023 $'000	2022 $'000
MPS Holding Limited		
Dividends paid	-	2,556
Proven Management Limited		
Management fees	2,673	3,304
Directors and key management		
Interest income	97	28
Interest expense	3	2

34. Earnings and diluted earnings per stock unit

Earning and diluted earnings per stock unit is computed by dividing the loss/profit attributable to stockholders of the parent, of $4,864,000 (2022: $11,967,000), by the weighted average number of ordinary stock units in issue during the year, numbering 780,582,000 (2022: 759,432,000). There are no dilutive instruments in issue.

35. Distribution to equity holders

	2023 $'000	2022 $'000
Distribution to ordinary shareholders of		
At 0.31¢ (2022: 0.81¢) per stock unit - parent	2,440	6,155
- non-controlling interest	-	1,119
	2,440	7,274

36. Segment financial information

The Group is organised into five main business segments:

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

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

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

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

(e) Production and distribution – this incorporates the production and distribution of animal feed, dog food, margarine and shortening, soybean meal and soybean oil.

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36. Segment financial information (continued)

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

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

	2023						
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Production & distribution $'000	Eliminations $'000	Group $'000
Gross revenue	24,027	31,856	-	35,993	75,841	-	167,717
Inter-segment revenue	(5,104)	(1,463)	-	(982)	-	-	(7,549)
Revenue from external customers	18,923	30,393	-	35,011	75,841	-	160,168
Segment results	(1,673)	8,687	-	1,502	(919)	(10,244)	(2,647)
Impairment losses	(3,564)	73	(6,609)	-	-	-	(10,100)
Share of profit of associates	8,092	-	470	-	(81)	-	8,481
Loss before income tax							(4,266)
Taxation							(1,095)
Loss for the year							(5,361)
Total segment assets	394,847	662,654	-	154,901	33,120	(181,291)	1,064,231
Total segment liabilities	275,281	575,494	-	70,333	16,511	(22,730)	914,889
Interest income	8,575	25,511	-	94	-	(773)	33,407
Interest expense	(10,743)	(3,007)	-	(3,356)	(51)	1,120	(16,037)
Depreciation and amortisation	1,196	1,271	-	31	1,003	3,574	7,075

	2022						
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Production & distribution $'000	Eliminations $'000	Group $'000
Gross revenue	25,265	10,316	-	4,579	54,966	-	95,126
Inter-segment revenue	(6,607)	(736)	-	(666)	(958)	-	(8,967)
Revenue from external customers	18,658	9,580	-	3,913	54,008	-	86,159
Segment results	485	1,356	-	741	3,815	(1,797)	4,600
Impaitment losses	(353)	-	(830)	-	-	-	(1,183)
Preference share dividend							(2,556)
Share of profit of associates	14,435	-	709	-	70	-	15,214
Profit before income tax							16,075
Taxation							(1,165)
Profit for the year							14,910
Total segment assets	362,395	715,693	-	163,488	28,346	(128,147)	1,141,775
Total segment liabilities	243,685	666,285	-	82,270	10,518	(28,045)	974,713
Interest income	6,549	6,970	-	119	-	(999)	12,639
Interest expense	(5,807)	(314)	-	(2,517)	(2)	1,082	(7,558)
Depreciation and amortisation	1,072	740	-	32	540	988	3,372

36. Segment financial information (continued)

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

	2023						
	St. Lucia	Jamaica	Cayman	Barbados	Canada	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross revenues	50,721	15,963	22,579	75,841	2,613	-	167,717
Eliminations	(5,429)	(1,045)	(1,075)	-	-	-	(7,549)
External revenues	45,292	14,918	21,504	75,841	2,613	-	160,168
Non-current assets	27,607	98,609	8,336	8,805	2,118	78,797	224,272

	2022						
	St. Lucia	Jamaica	Cayman	Barbados	Canada	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross revenues	18,530	14,781	5,468	54,966	1,381	-	95,126
Eliminations	(5,681)	(1,925)	(780)	(581)	-	-	(8,967)
External revenues	12,850	12,854	4,688	54,386	1,381	-	86,159
Non-current assets	22,036	98,290	8,460	9,527	1,960	94,585	234,858

37. Financial instruments - risk management

(a) Introduction and overview:

By their nature, the Group's activities are principally related to the use of financial instruments. The Group's activities therefore expose it to a variety of financial risks: credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate risk and price risk. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees for managing and monitoring risks, as follows:

(i) Investment Management Committee
(ii) Audit Committee

The Investment Management Committee oversees management's compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

37. Financial instruments - risk management (continued)

(a) Introduction and overview (continued):

The Group accepts investments from customers at both fixed and floating rates and for various periods and seeks to earn above-average interest margins by investing these funds in high quality assets.

The Group seeks to increase these margins by consolidating short-term funds and investing for longer periods at higher rates while maintaining sufficient liquidity to meet encashments as they fall due.

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in bond prices and in foreign exchange and interest rates. To manage the associated risks, trading limits are placed on the level of exposure that can be taken.

Additionally, the Group implemented a number of specific measures to mitigate unexpected liquidity adversitities. These included but are not limited to:

1. The implementation of a Group Liquidity Assessment and Strategy Response, which included a Liquidity Recovery Plan for all subsidiaries and related entities guided by the recommendations of the regulators. The key aspects of the Plan are aimed at:
   - Assessing the daily inflow and outflow of funds (liquidity forecasting)
   - Identifying and assessing the adequacy of financial resources for contingent needs
   - Implementing measures geared at strengthening the entity's capital base
   - Clear description of the escalation and decision-making process in place to ensure that the Plan is executed timely.
2. The Investment Management Committee and Asset & Liabilities Committee within the Group meet frequently to monitor liquidity and capital management issues that might arise.

(b) Credit risk:

Management of credit risk attaching to key financial assets

Investment securities and loans receivable

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

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

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

37. Financial instruments - risk management (continued)

(b) Credit risk:

Management of credit risk attaching to key financial assets

Investment securities and loans receivable

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

- Debt securities and other financial assets at amortised cost:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Cash and cash equivalents and resale agreements	148,431	-	-	148,431
Investment grade securities	185,473	598	41	186,112
Non-investment grade securities	22,051	9,107	613	31,771
Other assets	31,216	2,973	1,472	35,661
	387,171	12,678	2,126	401,975
Allowance for impairment losses	(895)	(519)	(1,762)	(3,176)
	386,276	12,159	364	398,799

	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Cash and cash equivalents and resale agreements	294,385	-	-	294,385
Investment grade securities	2,108	114	-	2,222
Non-investment grade securities	95,657	8,054	-	103,711
Other assets	20,411	1,442	7,315	29,168
	412,561	9,610	7,315	429,486
Allowance for impairment losses	(516)	(1,254)	(7,315)	(9,085)
	412,045	8,356	(-)	420,401

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	$'000	$'000	$'000	$'000	$'000
Ageing of trade assets:					
1-30 days category	31,216	-	-	31,216	3,572
31-90 days category	-	2,973	-	2,973	1,085
Over 90 days category	-	-	1,472	1,472	2
	31,216	2,973	1,472	35,661	4,659
Allowance for impairment losses	(390)	(227)	(1,738)	(2,355)	(424)
	30,826	2,746	(266)	33,306	4,235

37. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

Investment securities and loans receivable (continued)

- Debt securities at FVOCI:

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Credit grade								
Investment grade	70,200	955	78	71,233	145,534	141	-	145,675
Non-investment grade	76,504	-	371	76,875	59,070	752	35	59,857
	146,704	955	449	148,108	204,604	893	35	205,532
ECL charge	(427)	(55)	(64)	(546)	(492)	(24)	(21)	(537)

- Loans receivable at amortised cost:

	2023			
	Stage 1	Stage2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	219,972	-	-	219,972
Past due 1-30 days	17,996	-	14	18,010
Past due 61-90 days	-	3,170	-	3,170
Over 90 days	-	-	9,496	9,496
	237,968	3,170	9,510	250,648
Loss allowance	(1,890)	(79)	(5,342)	(7,311)
Total	236,078	3,091	4,168	243,337
Guarantees and letters of credit				
Loss allowance	(194)	-	-	(194)

	2022			
	Stage 1	Stage2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	169,882	-	-	169,882
Past due 1-30 days	12,340	-	-	12,340
Past due 61-90 days	-	743	-	743
Over 90 days	22,827	-	10,091	32,918
	205,049	743	10,091	215,883
Loss allowance	(1,680)	(247)	(6,580)	(8,507)
Total	203,369	496	3,511	207,376
Guarantees and letters of credit				
Loss allowance	(254)	-	-	(254)

37. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

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

Credit risk grades

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

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for personal exposures; and turnover and industry type for commercial exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models incorporate expert judgement from the Credit Risk Officers in determining the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the standard data inputs into the model.

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are monitored and regularly updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

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

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

- quantitative test based on movement in Probabilities of Default (PD). Credit risk is deemed to increase significantly where the probability of default on a security or a loan has moved by six (6) basis points;
- qualitative indicators; and
- a backstop of 30 days past due, determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

37 Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

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

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is monitored for evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Incorporation of forward-looking information

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's Finance team and provide the best and worst estimate view of the economy.

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

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. The Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

(Presented in United States dollars, except as otherwise stated)

37. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

Incorporation of forward-looking information (continued)

The economic scenarios used as at March 31, 2023 and 2022, the following key indicators represents scores used to adjust the forward-looking information for Jamaica for the years 2024 to 2023:

	2024	2023
Unemployment rates:		
Base	26% - 55%	18% - 26%
Upside	3% - 30%	3% -20%
Downside	4% - 39%	4% - 38%
Interest rates:		
Base	31%	27%
Upside	31%	29%
Downside	19%	19%
GDP Growth:		
Base	36% - 53%	27% - 53%
Upside	6% - 67%	6% - 29%
Downside	7% - 54%	7% - 25%
Inflation rates:		
Base	9% - 21%	27%
Upside	17%	14%
Downside	19% - 23%	19%

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

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

37. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

Measurement of ECL

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

Life time PD models calculate probabilities of default at a minimum of an annual frequency all the way out for 20 years. Beyond 20 years, due to lack of available data and the challenge of predicting PDs this far into the future, the model assumes that the 20 year annual marginal PD holds constant from the 20 year mark until maturity.

LGD is the magnitude of the likely loss if there is a default. The recovery rate model provides transparent, timely (point-in-time), quantitative estimates of recovery rates of issues within different liability classes of a given counterparty.

The bond recovery rate model is based on historically realised recovery rates of defaulted bonds. Realised recovery rates are defined as the trading price of defaulted bonds approximately 30 days after default. Effectively, the model is a non-linear factor based model. Historical recovery rate data was compared to a variety of factors in order to determine correlations between these factors and the amount recovered (as defined above). These correlations were then used to determine the coefficients in a non-linear factor model which is used for projecting recovery rates and losses prospectively. The output from this model can be used either on a stand-alone basis to estimate recovery by specific liability class upon default, or as inputs to a more comprehensive portfolio credit risk management system.

EAD represents the expected exposure in the event of a default. The Group uses an established third party service provider to determine client-specific exposure at default ("EAD") amounts on a position-by position or lot-by-lot basis. In preparing the full lifetime ECL calculation, the EAD is calculated at annual intervals from the reporting date out to maturity. The reporting date, transaction date and transaction price are used to calculate the accounting exposure at default. If not provided, an effective interest rate is calculated using the transaction date and price (see section below) and is applied to the future cash flows of the particular instrument to discount these cash flows. This is done on an annual basis from reporting date out to maturity.

37. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

The carrying value of the assets are collaterised to the extent of the percentages shown below:

	2023	2022	Principal type of collateral held
Resale agreements	87	100	Marketable securities
Loans and advances to corporate customers:			
Corporate loans	97	97	Fixed income securities assignment, share pledges
Loans and advances to retail customers:			
Mortgage lending	100	100	Residential properties
Personal loan	100	99	Cash deposits
Flexi loan	100	2	Market securities, PIL notes, Personal Guarantee, Equities and Real estate
Margin loan	26	25	Marketable securities

Loss allowance

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

- Debt securities, loans receivable and resale agreements at amortised cost:

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at March 31, 2021	(1,136)	(28)	(88)	(1,252)
New financial assets originated or purchased	(1,629)	(623)	(14,199)	(16,451)
Financial assets derecognised	279	(456)	14	(163)
Changes to assumptions	162	-	-	162
Foreign currency adjustment	(127)	-	(14)	(141)
Balance at March 31, 2022	(2,451)	(1,107)	(14,287)	(17,845)
New financial assets originated or purchased	(1,873)	(90)	(24)	(1,987)
Financial assets derecognised	1,120	351	8,843	10,314
Changes to assumptions	300	148	(2,888)	(2,440)
Transfer from stage 1 to stage 2	30	(30)	-	-
Transfer from stage 1 to stage 3	31	-	(31)	-
Transfer from stage 2 to stage 1	(128)	128	-	-
Transfer from stage 2 to stage 3	-	12	(12)	-
Transfer from stage 3 to stage 2	-	(9)	9	-
Foreign currency adjustment	(8)	(1)	-	(9)
Write-offs	-	-	1,286	1,286
Balance at March 31, 2023	(2,979)	(598)	(7,104)	(10,681)

37. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

Loss allowance (continued)

- Debt securities at FVOCI:

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at March 31, 2021	(462)	-	-	(462)
New financial assets originated or purchased	(624)	(24)	(21)	(669)
Financial assets derecognised	583	-	-	583
Foreign currency adjustment	11	-	-	11
Balance at March 31, 2022	(492)	(24)	(21)	(537)
New financial assets originated or purchased	(125)	-	-	(125)
Financial assets derecognised	144	6	-	150
Changes to assumption	61	(54)	(36)	(29)
Transfer to stage 1	(11)	11	-	-
Transfer to stage 2	1	(1)	-	-
Transfer to stage 3	-	7	(7)	-
Foreign currency adjustment	(5)	-	-	(5)
Balance at March 31, 2023	(427)	(55)	(64)	(546)

(i) Maximum exposure to credit risk:

The Group manages its credit risk exposure as follows:

- Cash and cash equivalents

  These are held with reputable, regulated financial institutions. Collateral is not required for such accounts, as management regards the institutions as strong.

- Resale agreements

  Collateral is held for resale agreements in amounts that secure the collection of both principal and interest as described in note 4.

- Investment securities

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

- Accounts receivable

  Exposure to credit risk is managed by regular analysis of the ability of the customers and other counterparties to meet repayment obligations.

37. Financial instruments - risk management (continued)

(b) Credit risk (continued):

(i) Maximum exposure to credit risk (continued):

The Group manages its credit risk exposure as follows (continued):

- Loans receivable

  The Group's policy requires that proposed significant loans are approved by the Investment Committee prior to disbursement, with the Committee thereafter monitoring the performance of the credit.

(ii) Concentration of credit risk:

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

(c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management procedures which the Group applies include maintaining sufficient cash and marketable securities and monitoring future cash flows and liquidity daily.

Management has performed various assessments and stress testing of its business plans under multiple scenarios, as part of its business continuity and contingency planning. The risks of the proprietary and investment portfolio have also been examined by the management team particularly with respect to market and liquidity risks exposures and no deterioration is noted.

(i) Liquidity risk management:

The Group's liquidity management process, as monitored by the Investment Management Committee, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can readily be liquidated as protection against any unforeseen interruption to cash flows;

(iii) Optimising cash returns on investment;

(iv) Monitoring liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

37. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(i) Liquidity risk management (continued):

(v) Managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The table below presents the undiscounted cash flows of the Group's financial labilities (both interest and principal cash flows) based on contractual repayment obligations:

	2023							
	0-30 days	31-90 days	91-365 days	366 days to 5 years	Over 5 years	No specific maturity date	Total contractual outflow	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities								
Repurchase agreements	39,654	29,035	14,182	709	-	-	83,580	78,333
Notes payable	-	1,020	70,234	168,763	7,940	-	247,957	228,352
Other liabilities	9,782	-	8,747	-	-	6,117	24,646	24,117
Due to banks	420	-	101	-	-	3,166	3,687	3,687
Due to customers	555,068	2,122	4,158	7,337	-	-	568,685	568,685
Deferred income	-	-	-	4,844	-	-	4,844	4,844
Preference shares	-	-	-	-	-	1	1	1
Lease liabilities	24	59	296	1,159	116	-	1,654	1,395
Total financial liabilities	604,948	32,236	97,718	182,812	8,056	9,284	935,054	909,414

	2022							
	0-30 days	31-90 days	91-365 days	366 days to 5 years	Over 5 years	No specific maturity date	Total contractual outflow	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities								
Repurchase agreements	33,706	26,480	7,496	2,359	-	-	70,041	67,243
Owed to related parties	-	-	-	-	-	662	662	662
Notes payable	-	-	16,833	207,684	6,436	-	230,953	210,768
Other liabilities	7,173	-	9,381	-	-	5,216	21,770	21,770
Due to banks	420	-	100	-	-	-	520	520
Due to customers	654,919	2,028	4,549	-	-	-	661,496	661,493
Deferred income	-	-	-	9,319	-	-	9,319	9,319
Preference shares	-	-	-	-	-	1	1	1
Lease liabilities	19	58	273	1,053	276	-	1,679	1,679
Total financial liabilities	696,237	28,566	38,632	220,415	6,712	5,879	996,441	973,455

(Presented in United States dollars, except as otherwise stated)

37. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(ii) Reconciliation of movements of notes payable to cash flow arising from financing activities

	2023	2022
Balance at April 1, 2022	210,768	134,845
Proceeds from borrowings	38,246	110,739
Repayment of borrowings	(21,649)	(34,596)
Effect of foreign exchange	988	(220)
Balance at March 31, 2023	228,352	210,768

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

These arise mainly from changes in interest rate, foreign currency rates and equity prices and will affect the Group's income or the value of its holdings of financial instruments.

Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. These arise mainly from changes in interest rate, foreign currency rates and equity prices and will affect the Group's income or the value of its holdings of financial instruments. Market risk is monitored by the Investment Management Committee, which carries out extensive research and monitors the price movement of financial assets on the local and international markets.

Various events in the macroeconomic environment, caused significant market volatility which increased the Group's market risk exposure. The downgrading of credit ratings and/or outlooks for investment securities has increased the cost of funding to manage liquidity risk. The reposition of the financial assets portfolio across the Group has served to significantly reduce the negative market risk impacts during the financial year.

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaica dollar (JMD), Great Britain Pound (GBP), Canadian Dollar (CAD), Euro (EUR) and the Australian Dollar (AUD). The Group manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

PROVEN GROUP LIMITED
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Notes to the Consolidated Financial Statements (Continued)
Year ended March 31, 2023
(*Presented in United States dollars, except as otherwise stated)*

37. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

At the reporting date, exposure to foreign currency risk was as follows:

	2023						
	JMD $'000	USD $'000	EUR €'000	GBP £'000	CAD $'000	AUD $'000	Other $'000
Assets							
Cash and cash equivalents	578,070	-	3,856	6,046	4,448	6,688	5,619
Resale agreements	425,086	-	-	-	-	-	-
Investment securities	3,856,738	-	13,822	7,486	-	533	175
Loans receivable	2,638,542	-	-	-	-	-	-
Other	752,659	-	21	11	-	1	841
	8,251,095	-	17,699	13,543	4,448	7,222	6,635
Liabilities							
Owed to related parties	24,525	59	-	-	-	-	(4)
Repurchase agreements	4,537,813	-	-	117	-	-	-
Notes payable	8,228,285	(53)	-	-	-	-	-
Due to customers	-	-	18,542	14,309	4,287	7,242	5,637
Other	374,761	-	-	8	-	-	1,220
	13,165,384	6	18,542	14,434	4,287	7,242	6,853
Net position	(4,914,289)	(6)	(843)	(891)	161	(20)	(218)

	2022					
	JMD $'000	EUR €'000	GBP £'000	CAD $'000	AUD $'000	Other $'000
Assets						
Cash and cash equivalents	270,734	7,251	17,700	3,435	9,286	4,652
Resale agreements	1,178,081	-	-	-	-	-
Investment securities	4,501,277	15,321	8,803	-	748	170
Loans receivable	2,513,641	-	-	-	-	-
Other	590,899	-	10	-	-	1,020
	9,054,632	22,572	26,513	3,435	10,034	5,842
Liabilities						
Repurchase agreements	4,098,962	-	117	-	-	-
Notes payable	8,639,438	-	-	-	-	-
Due to customers	-	23,143	26,773	3,279	10,056	4,649
Other	128,101	2	-	-	-	1,362
	12,866,501	23,145	26,890	3,279	10,056	6,011
Net position	(3,811,869)	(573)	(377)	156	(22)	(169)

Sensitivity to exchange rate movements:

The following indicates the sensitivity to changes in foreign currency exchange rates of the Group's profit and shareholders' equity. It is computed by applying a reasonably possible change in exchange rates to foreign currency denominated monetary assets and liabilities as assessed by management at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

37. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements (continued):

2023

	% change in currency rate	Effect on profit $'000	% change in currency rate	Effect on profit $'000
Currency:				
JMD	1% Revaluation	(330)	6% Devaluation	1,849
GBP	1% Revaluation	(15)	6% Devaluation	53
CAD	1% Revaluation	5	6% Devaluation	(16)
AUD	1% Revaluation	-	6% Devaluation	-
EUR	1% Revaluation	(16)	6% Devaluation	56

2022

	% change in currency rate	Effect on profit $'000	% change in currency rate	Effect on profit $'000
Currency:				
JMD	2% Revaluation	(507)	8% Devaluation	1,839
GBP	2% Revaluation	(6)	8% Devaluation	17
CAD	2% Revaluation	4	8% Devaluation	(11)
AUD	2% Revaluation	-	8% Devaluation	-
EUR	2% Revaluation	(11)	8% Devaluation	29

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37. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

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

The Group's interest rate risk management policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-earning financial assets and interest-bearing financial liabilities. The Investment Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by management and reported monthly to the Committee.

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

	2023						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	37,383	12,472	-	44	-	94,899	144,798
Resale agreements	5,913	(3,968)	-	269	-	1,419	3,633
Investment securities	12,055	22,274	96,940	176,342	69,037	2,032	378,680
Loans receivable	1,693	8,283	199,860	18,547	14,954	-	243,337
Other assets	6,844	-	6	-	-	26,244	33,094
Total assets	63,888	39,061	296,806	195,202	83,991	124,594	803,542
Liabilities							
Repurchase agreements	35,274	28,658	13,725	676	-	-	78,333
Owed to related parties	-	-	-	-	-	-	-
Notes payable	19,247	5,974	58,997	95,156	48,978	-	228,352
Other liabilities	-	-	8,747	-	723	14,647	24,117
Deposits from other banks	-	-	100	-	-	3,587	3,687
Due to customers	168,235	66,608	68,756	5,822	6,417	252,847	568,685
Deferred income	-	-	-	4,844	-	-	4,844
Lease liabilities	31	80	264	905	115	-	1,395
Preference shares	-	-	-	-	-	1	1
Total liabilities	222,787	101,320	150,589	107,403	56,233	271,082	909,414

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37. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	2023						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Interest rate sensitivity gap	(158,899)	(62,259)	146,217	87,799	27,758	(146,488)	(105,872)
Cumulative interest rate sensitivity gap	(158,899)	(221,158)	(74,941)	12,858	40,616	(105,872)	-

	2022 *						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	88,261	29,089	-	1,869	-	166,928	286,147
Resale agreements	5,586	908	-	-	-	1,743	8,237
Investment securities	16,040	5,630	90,417	137,093	78,675	7,337	335,192
Loans receivable	5,827	3,050	179,843	15,904	2,752	-	207,376
Other assets	4,665	-	3	-	-	18,295	22,963
Total assets	120,379	38,677	270,263	154,866	81,427	194,303	859,915
Liabilities							
Repurchase agreements	31,305	26,310	7,329	2,299	-	-	67,243
Owed to related parties	-	-	-	-	-	662	662
Notes payable	28,394	-	6,754	127,493	48,127	-	210,768
Other liabilities	689	-	9,381	-	560	11,140	21,770
Deposits from other banks	-	-	100	-	-	420	520
Due to customers	233,295	20,572	53,308	9,033	1,696	343,589	661,493
Deferred income	-	-	-	9,319	-	-	9,319
Lease liabilities	29	78	243	1,053	276	-	1,679
Preference shares	-	-	-	-	-	1	1
Total liabilities	293,712	46,960	77,115	149,197	50,659	355,812	973,455
Interest rate sensitivity gap	(173,333)	(8,283)	193,148	5,669	30,768	(161,509)	(113,540)
Cumulative interest rate sensitivity gap	(173,333)	(181,616)	11,532	17,201	47,969	(113,540)	-

*The 2022 table was restated to reclassify certain amounts that were due to customers from non-interest sensitive to the 0-30 days bucket.

37. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

The table below summarises the effective interest rate by major currencies for financial instruments at the reporting date.

	2023		2022	
	JMD	USD	JMD	USD
	%	%	%	%
Assets				
Resale agreements	8.3	4.65	5.44	3.7
Investment securities	3.44	4.79	4.7	8.53
Loans receivable	8.14	4.19	9.66	7.15
Liabilities				
Repurchase agreements	7.17	3.88	3.97	2.79
Notes payable	5.60	5.02	4.25	4.9
Preference shares	16.27	-	16.27	-

Sensitivity to interest rate movements

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

	2023	2022
J$ interest rates	Increase by 100 bps	Increase by 300 bps
US$ interest rates	Decrease by 50 bps	Decrease by 50 bps
US$ interest rates	Increase by 100 bps	Increase by 150 bps
	Decrease by 50 bps	Decrease by 50 bps

	2023		2022	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
	$'000	$'000	$'000	$'000
Direction of change in basis points:				
Increase in interest rates	1,591	1,098	(26)	326
Decrease in interest rates	109	(1,948)	4	(5,192)

37. Financial instruments - risk management (continued)

(d) Market risk (continued):

(iii) Price risk:

Sensitivity to equity price movements

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximize risk-adjusted investment returns.

The Group's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of $1,401,000 (2022: $5,669,000).

A 6% (2022: 5%) increase in stock prices at March 31, 2023 would have increased profit by $84,000 (2022: $283,400); a 6% (2022: 5%) decrease in stock prices as at the reporting date would result in a decrease in profit by $84,000 (2022: $283,400).

(e) Capital management:

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

(i) To comply with the capital requirements set by the Financial Services Commission ("the FSC") in Jamaica, Financial Services Regulatory Authority ("the FSRA") in St. Lucia and Cayman Islands Monetary Authority ("CIMA") in Cayman Islands;

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on the guidelines developed by the FSC, the FSRA and CIMA. The required information is filed with the FSC on a monthly basis and with the FSRA and CIMA on a quarterly basis.

The FSC requires each securities dealer to:

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

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

37. Financial instruments - risk management (continued)

(e) Capital management (continued):

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

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

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

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

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

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

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

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

The Cayman Islands regulator, (CIMA) requires each bank to :

(i) hold the minimum level regulatory capital of $400,000, and

(ii) maintain a ratio of total regulatory capital to risk-weighted assets at or above a minimum of 15.00%.

- Tier 1 – share capital, retained earnings and reserves created by appropriations of retained earnings, reduced by the carrying value of goodwill and investments in associates.
- Tier 2 – qualifying subordinated loans, collective loan impairment provisions and unrealised gains that result from measuring equity instruments at fair value.

Risk-weighted assets are measured based on a hierarchy of five (5) risk weights taking into consideration the nature and estimate of credit, market and other risks associated with each asset and counterparty, adjusted for eligible collateral or guarantees. Similar treatment is applied to off-balance sheet exposures

37. Financial instruments - risk management (continued)

(e) Capital management (continued):

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

	Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd		Fidelity Bank Cayman Ltd	
	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Tier 1 capital:								
Ordinary shares	443	434	4,539	4,448	8,277	8,277	37,890	3,800
Retained earnings and reserves	15,783	14,693	(3,283)	(3,215)	24,470	19,977	21,800	21,798
Total qualifying tier 1 capital	16,226	15,127	1,256	1,233	32,747	28,254	59,690	25,598
Tier 2 capital:								
Unrealised losses	-	-	-	-	(5,382)	-	-	-
Redeemable preference shares, being total qualifying tier 2 capital	222	217	-	-	-	-	-	-
Total regulatory capital	16,448	15,344	1,256	1,233	27,365	28,254	59,690	25,598
Total risk-weighted assets	97,077	79,716	1,127	1,080	167,464	181,099	331,245	162,277

The regulators require the subsidiaries to maintain certain specific ratios, as follows:

	Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd		Fidelity Bank Cayman Ltd	
	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(i) Tier 1 capital to total regulatory capital:								
Minimum required	50.00%	50.00%	50.00%	50.00%	-	-	-	-
Actual	98.65%	98.58%	100.00%	100.00%	-	-	-	-
(ii) Regulatory capital to total assets:								
Minimum required	6.00%	6.00%	6.00%	6.00%	-	-	-	-
Actual	13.41%	14.70%	94.92%	96.07%	-	-	-	-
(iii) Regulatory capital to risk-weighted assets:								
Minimum required	10.00%	10.00%	10.00%	10.00%	-	-	15.00%	15.00%
Actual	16.94%	19.21%	111.52%	114.20%	-	-	18.02%	15.77%
(iv) Basel capital ratio:								
Minimum required		-		-	4.00%	4.00%	-	-
Actual	-	-	-	-	19.55%	15.79%	-	-
(v) Basel capital adequacy ratio:								
Minimum required	-	-	-	-	8.50%	8.50%	-	-
Actual	-	-	-	-	16.34%	10.83%	-	-

38. Financial instruments – fair values

(a) Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where a quoted market price is available for an asset or liability, fair value is computed using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of observable data as far as possible.

Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data.

38. Financial instruments – fair values (continued)

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

Type	**Valuation techniques**
Foreign currency forward contracts	• Obtain last traded price of the forward on the date of valuation, provided by the recognised broker/dealer through which the forward contract is obtained. • Apply price to estimate fair value.
Government of Jamaica securities:	
US$ Denominated Securities	• Obtain bid price provided by a recognised independent source, namely, Bloomberg. • Apply price to estimate fair value.
J$ Denominated Securities	• Obtain bid price provided by a recognised industry source (which uses Jamaica-market source indicative bids). • Apply price to estimate fair value.
Global bonds	• Obtain bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Mutual funds	• Obtain prices quoted by unit trust managers. • Apply price to estimate fair value.
Corporate bonds	• Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Credit-linked notes	• Obtain price based on the quoted price of the underlying credit default swap which is derived from Bloomberg on the valuation date, plus the valuation of the underlying note. • Apply price to estimate fair value.

38. Financial instruments – fair values (continued)

(c) Accounting classifications and fair values:

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. The Group does not disclose the fair values of cash and cash equivalents, loans receivable and notes payable because the carrying amounts of these financial instruments are a reasonable approximation of their fair values and are all considered to be within the level 2 of the fair value hierarchy.

	2023							
	Carrying amount				Fair value			
	Amortised cost $'000	Financial assets at FVOCI $'000	Financial assets at FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Quoted equities	-	-	1,401	1,401	1,401	-	-	1,401
Global bonds	175,136	82,598	4,167	261,901	201,242	59,894	765	261,901
Government of Jamaica securities	-	40,050	-	40,050	-	40,050	-	40,050
Corporate bonds	42,138	13,969	-	56,107	-	56,107	-	56,107
Certificate of deposit	-	1,163	-	1,163	-	1,163	-	1,163
Foreign sovereign debt	-	10,328	-	10,328	-	10,328	-	10,328
Investments in unit trust	-	-	5,819	5,819	-	5,819	-	5,819
Private equity funds	-	-	453	453	-	453	-	453
Call/put options	-	-	1,458	1,458	-	1,458	-	1,458
	217,274	148,108	13,298	378,680	202,643	175,272	765	378,680

	2022						
	Carrying amount				Fair value		
	Amortised cost $'000	Financial assets at FVOCI $'000	Financial assets at FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Quoted equities	-	-	5,669	5,669	5,669	-	5,669
Global bonds	56,029	159,631	9,787	225,447	153,226	56,343	209,569
Government of Jamaica securities	-	27,094	-	27,094	-	27,094	27,094
Corporate bonds	49,277	8,579	-	57,856	-	57,856	57,856
Certificate of deposit	-	2,326	-	2,326	-	2,326	2,326
Foreign sovereign debt	-	7,902	-	7,902	-	7,902	7,902
Investments in unit trust	-	-	6,103	6,103	-	6,103	6,103
Private equity funds	-	-	443	443	-	443	443
Call/put options	-	-	2,352	2,352	-	2,352	2,352
	105,306	205,532	24,354	335,192	158,895	160,419	319,314

39. Restatement

The classification or presentation of some items in the statements of financial position, profit or loss and other comprehensive income and cash flows were changed to achieve a more appropriate presentation, as required by the applicable financial reporting framework.

(i) Statement of financial position:

(a) The carrying value for investment in associates have been adjusted as a result of the restatements in the share of profits from associates [see (ii)(b) below].

(b) During the period the Group reclassified the pension fund asset to other assets as a legal separate fund that exists solely to pay or fund employee benefits has not yet been established. This restatement only affects the statement of financial position as at March 31, 2022.

(ii) Statement of profit or loss and other comprehensive income:

(a) The Group previously presented certain direct production expenses as apart of operating expense instead of cost of sales. The Group amended the presentation of cost of sales to include expenses directly or indirectly attributable to the production process. This restatement only affects the Statement of profit or loss and other comprehensive income for the year ended March 31, 2022.

(b) During the period there has been restatements of profit from associates to achieve a more appropriate presentation, as required by the applicable financial reporting framework. These restatements related to loan origination fees being recognised in profit or loss as the services were provided, however IFRS 9 requires these fees to be added to the loans and amortised over the life of the loans. Additionally, there was a restatement to correct the measurement of deferred tax and tax expense in respect of unrealized investment gains. These restatements have resulted in an adjustment to the share of profits from these associates in the prior periods.

(iii) Earnings and diluted earnings per stock unit

Earnings and diluted earnings per stock unit as at March 31, 2022 was reported as $1.65. The restated earnings per stock unit for March 31, 2022 is $1.58

(iv) Statement of cash flows

(a) Changes in notes payable were shown net instead of gross as required by IAS 7. The statement of cash flows has been restated to show the gross amounts net of foreign exchange adjustments.

(b) The statement of cash flows has been affected by the reclassification of dividends received from associates, which was previously included in other assets under cash flow from operating activities. This has now been presented as dividends received from interest in associate under cash flow from investing activities.

(c) The Group has commenced the disclosure of the impact of foreign exchange changes on its foreign cash and cash equivalent balances in accordance with IAS 7.

39. Restatement (continued)

Statement of Financial Position

		Group		
April 1, 2021		**As Previously Reported**	**Adjustments**	**As Restated**
	Notes	**$'000**	**$'000**	**$'000**
Assets				
Investment in associates	(i)(a)	146,174	(1,007)	145,167
Others		528,368	-	528,368
Total Assets		**674,542**	**(1,007)**	**673,535**
Total liabilities		**505,117**	**-**	**505,117**
Retained earnings	(ii)(a)	36,277	(1,007)	35,270
Others		125,404	-	125,404
		161,681	(1,007)	160,674
Non-controlling interest		7,744	-	7,744
Total equity		**169,425**	**(1,007)**	**168,418**
		674,542	**(1,007)**	**673,535**

		Group		
March 31, 2022		**As Previously Reported**	**Adjustments**	**As Restated**
	Notes	**$'000**	**$'000**	**$'000**
Assets				
Investment in associates	(i)(a)	140,512	(1,577)	138,935
Pension fund asset	(i)(b)	709	(709)	-
Trade and other assets	(i)(b)	22,963	2,714	25,677
Others		977,591	-	977,591
Total Assets		**1,141,775**	**428**	1,142,203
Defined benefit obligation		912	2,005	2,917
Others		973,801	-	973,801
Total liabilities		**974,713**	**2,005**	976,718
Retained earnings	(ii)(a)	43,126	(1,577)	41,549
Others		99,512	-	99,512
		142,638	(1,577)	141,061
Non-controlling interest		24,424	-	24,424
Total equity		167,062	(1,577)	165,485
		1,141,775	**428**	1,142,203

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39. Restatement (continued)

Statement of Profit or Loss and Other Comprehensive Income

		Group		
March 31, 2022		**As Previously Reported**	**Adjustments**	**As Restated**
	Notes	**$'000**	**$'000**	**$'000**
Net Interest Income		5,081	-	5,081
Gross profit on manufacturing operations				
Gross revenue	(ii)(a)	53,694	-	53,694
Cost of sales	(ii)(b)	(37,901)	(7,259)	(45,160)
	(ii)(b)	15,793	(7,259)	8,534
Other operating revenue		15,917	-	15,917
Operating revenue net		**36,791**	**-**	**29,532**
Other income		**9,228**	**-**	**9,228**
Operating expenses				
Staff costs		14,918	(2,963)	11,955
Depreciation and amortisation		3,372	(264)	3,108
Impairment loss/(reversal) on financial instruments		1,216	-	1,216
Property expenses		34	-	34
Other operating expense		23,062	(4,032)	19,030
		42,602	**(7,259)**	**35,343**
Operating profit		**3,417**	**-**	**3,417**
Preference share dividend		(2,556)	-	(2,556)
Share of profit of associates		15,784	(570)	15,214
Taxation	(ii)(c)	(1,165)	-	(1,165)
Profit for the year		**15,480**	**(570)**	**14,910**
Other comprehensive loss		**(26,976)**	**-**	**(26,976)**
Total comprehensive loss		**(11,496)**	**(570)**	**(12,066)**

39. Restatement (continued)

Statement of Cash flows

		Group		
March 31, 2022		**As Previously Reported**	**Adjustments**	**As Restated**
	Notes	**$'000**	**$'000**	**$'000**
Cash flows from operating activities				
Profit for the year		15,480	(570)	14,910
Share of profits		(15,784)	570	(15,214)
Other assets	(iv)(b),(c)	3,986	(3,055)	931
Others		45,813	(127)	45,686
Net cash provided by operating activities		49,495	(3,182)	46,313
Cash flow from investing activities				
Dividends received from equity accounted investees	(iv)(b)	-	2,083	2,083
Others		18,640	-	18,640
Net cash provided by investing activities		18,640	-	20,723
Cash flow from financing activities				
Notes payable, net	(iv)(a)	73,758	(73,758)	-
Proceeds from notes payable	(iv)(a)	-	110,739	110,739
Repayment of notes payable	(iv)(a)	-	(34,596)	(34,596)
Others		(7,605)	127	(7,478)
Net cash provided by financing activities		66,153	2,512	68,665
Net increase in cash and cash equivalents		134,288	1,413	135,701
Cash and cash equivalents at beginning of year		151,859	-	151,859
Effect of exchange rate fluctuations on cash and cash equivalents	(iv)(c)	-	(1,413)	(1,413)
Cash and cash equivalents at end of year		**286,147**	**-**	**286,147**