MAYBERRY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2019

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FINANCIAL STATEMENTS

31 DECEMBER 2019

INDEX

BDO

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INDEPENDENT AUDITORS' REPORT

To the Members of
Mayberry Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mayberry Investments Limited set out on pages 6 to 72, which comprise the group and the company's statements of financial position as at 31 December 2019, and the group and the company's statements of profit or loss, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the group and the company's financial position as at 31 December 2019, and of the group and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Deferred taxation asset

See notes 2(s) and 19 to the consolidated financial statements for management's related accounting policies and disclosures.

The group has a significant amount of deferred tax assets, mainly resulting from tax losses carried forward.

We focused on this area as the assessment of the amount of deferred tax assets to be recognised for tax losses involves judgements and estimates in relation to future taxable profits and hence the capacity to utilise available tax assets. There is also uncertainty involved in estimating the timing of utilization of the tax losses.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Key Audit Matters (Cont'd)

Deferred taxation asset (cont'd)

How our audit addressed the key audit matter

Our audit procedures included amongst others, evaluating management supports for recoverability of the deferred tax assets based on profit projections which contain estimates of, and strategies for, future revenue generation.

We tested the budget forecasts and assessed the assumptions and judgments included in these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts.

We assessed the adequacy of the tax disclosures (note 19) in the financial statements setting out the basis of the deferred tax balance and the level of estimation involved.

We found the assumptions reasonable and in line with expectations.

Expected credit losses in respect of investment securities and promissory notes (loans)

See notes 2(j), 14, and 16 to the consolidated financial statements for management's related accounting policies and disclosures.

At 31 December 2019, investment securities and promissory notes at amortised cost, net of provision for credit losses amounted to $27 billion or 74% of total assets of the group. Impairment provisions of $583 million have been recognised for the group.

Under IFRS 9, establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL require significant judgement.

We focused on the impairment assessment as the assumptions used for estimating both the amount and timing of future cash flows are complex and involve significant judgement by management.

How our audit addressed the key audit matter

We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. These controls included those over identification of which investment securities and promissory notes were impaired. We determined whether we could rely on these controls for the purposes of our audit.

We challenged management's process by examining a sample of investment securities and promissory notes which had not been identified by management as potentially impaired and, from evaluation, formed our own judgement as to whether that was appropriate.

We evaluated management's model development for validity and reviewed the forward looking assumptions and judgments incorporated in the model. We tested for the completeness of management's listing of potentially impaired promissory notes by reperforming the process using management's impairment criterion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Key Audit Matters (Cont'd)

Expected credit losses in respect of investment securities and promissory notes (loans) (cont'd)

How our audit addressed the key audit matter (cont'd)

Where impairment indicators had been identified, we examined the forecasts of future cash flows prepared by management to support the calculation of the impairment, challenging the assumptions and comparing estimates to external evidence where available.

We evaluated the performance of the investment securities and promissory note portfolios subsequent to the end of the reporting period to identify significant adjusting subsequent events and did not identify any such events. Based on the audit evidence obtained, we determined that the provisioning was reasonable.

Other Information

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Auditors' Responsibilities for the Audit of the Consolidated and Stand-alone Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 and stand-alone financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group'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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Auditors' Responsibilities for the Audit of the Consolidated and Stand-alone Financial Statements (Cont'd)

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

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

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

Report on additional matters as required by the Jamaican Companies Act

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

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

The engagement partner on the audit resulting in this independent auditors' report is Donna Hobson.

BDO

Chartered Accountants

24 February 2020

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Net Interest Income and Other Revenues			
Interest income		790,788	729,047
Interest expense		(621,183)	(553,933)
Net interest income	4	169,605	175,114
Consulting fees and commissions	5	735,053	759,109
Dividend income	6	380,057	364,287
Net trading gains	7	65,815	30,004
Net unrealized gains on financial instruments - FVPL		889,955	265,013
Net foreign exchange gains		292,640	240,583
Other income		8,908	6,772
		2,542,033	1,840,882
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	660,814	531,108
Provision for credit losses		48,249	151,000
Depreciation		48,371	22,206
Other operating expenses		1,137,476	980,101
	9	1,894,910	1,684,415
Profit before taxation		647,123	156,467
Taxation charge	10	(1,259)	(50,673)
Net Profit for the Year	11	645,864	105,794
Attributable to:			
Stockholders of the parent		709,584	160,398
Non-controlling interest	33	(63,720)	(54,604)
		645,864	105,794
		2019 $	**2018 $**
EARNINGS PER STOCK UNIT	12(a)	0.59	0.13

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Net Profit for the Year		645,864	105,794
Other Comprehensive Income Net of Taxation:			
Item that will not be reclassified to profit or loss			
Net unrealized gains on financial instruments - FVOCI		5,169,838	3,602,692
Total Comprehensive Income for the Year		5,815,702	3,708,486
Total Comprehensive Income Attributable to:			
Stockholders of the parent		4,733,691	3,461,289
Non-controlling interest	33	1,082,011	247,197
		5,815,702	3,708,486

		2019 $	2018 $
COMPREHENSIVE INCOME PER STOCK UNIT	12(b)	3.94	2.88

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Cash resources	13	1,596,889	1,330,836
Investment securities	14	25,616,876	20,582,142
Reverse repurchase agreements	15	3,483,713	1,747,162
Promissory notes	16	1,812,878	1,486,657
Interest receivable		100,671	77,179
Loans and other receivables	18	3,230,632	4,187,875
Deferred taxation	19	-	66,974
Property, plant and equipment	20	145,365	112,621
Right of use assets	21(a)	133,459	-
Taxation recoverable		-	2,441
Other assets	23	743,142	742,977
Intangible asset	30	58,103	34,744
Total Assets		36,921,728	30,371,608
LIABILITIES			
Bank overdraft	13	329,875	56,210
Securities sold under repurchase agreements		4,219,424	3,961,398
Interest payable		211,327	201,656
Loans	24	7,183,970	7,202,604
Taxation payable		4,960	-
Deferred taxation	19	304,511	62,298
Lease liabilities	21(b)	140,236	-
Accounts payable	25	4,298,677	4,912,636
Total Liabilities		16,692,980	16,396,802
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	7,415,719	4,805,059
Other reserves	28	77,939	77,939
Retained earnings	29	6,372,032	4,389,462
Equity Attributable to Shareholders of the Parent		15,448,071	10,854,841
Non-Controlling Interests	33	4,780,677	3,119,965
Total Equity		20,228,748	13,974,806
Total Equity and Liabilities		36,921,728	30,371,608

		2019 $	2018 $
NET BOOK VALUE PER STOCK UNIT	12(b)	12.86	9.04

Approved by the Board of Directors and signed on its behalf by:

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Christopher Berry — Chairman

Gary Peart — Director

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	No. of Shares	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Non-Controlling Interest $'000	Total $'000
Balance at 1 January 2018	1,201,149,291	1,582,381	3,172,356	77,939	4,524,560	-	9,357,236
TOTAL COMPREHENSIVE INCOME							
Net profit	-	-	-	-	160,398	(54,604)	105,794
Other comprehensive income	-	-	3,300,891	-	-	301,801	3,602,692
	-	-	3,300,891	-	160,398	247,197	3,708,486
TRANSFER BETWEEN RESERVES							
From fair value reserves	-	-	(481,230)	-	481,230	-	-
TRANSACTION WITH OWNERS							
Dividend paid (note 32)	-	-	-	-	(146,540)	-	(146,540)
Realized gain on partial disposal of Subsidiary	-	-	-	-	688,482	-	688,482
	1	-	-	-	541,942	-	541,942
Charge in ownership interest in subsidiary	-	-	(1,186,958)	-	(1,318,668)	2,872,768	367,142
Balance at 31 December 2018	1,201,149,292	1,582,381	4,805,059	77,939	4,389,462	3,119,965	13,974,806
TOTAL COMPREHENSIVE INCOME							
Net profit	-	-	-	-	709,584	(63,720)	645,864
Other comprehensive income	-	-	4,024,107	-	-	1,145,731	5,169,838
	-	-	4,024,107	-	709,584	1,082,011	5,815,702
TRANSFER BETWEEN RESERVES							
From fair value reserves	-	-	(1,294,787)	-	1,517,666	-	222,879
TRANSACTIONS WITH OWNERS							
Dividend paid (note 32)	-	-	-	-	(319,806)	-	(319,806)
Translation adjustment	-	-	-	-	14,077	-	14,077
Realised gain on partial disposal of subsidiary	-	-	-	-	477,011	-	477,011
	-	-	-	-	171,282	-	171,282
Change in ownership interest in subsidiary	-	-	(118,660)	-	(415,962)	578,701	44,079
Balance at 31 December 2019	1,201,149,292	1,582,381	7,415,719	77,939	6,372,032	4,780,677	20,228,748

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit before taxation		647,123	156,467
Adjustments for:			
Provision for credit losses		48,249	151,000
Intangible asset – amortisation		4,238	-
Depreciation		26,917	22,206
Right of use assets - amortisation		17,216	-
Interest income	4	(790,788)	(729,047)
Interest expense	4	621,183	553,933
Interest expense – right of use		10,978	-
Realised fair value gains transferred to retained earnings		1,517,668	481,230
Unrealised fair value gains on financial instruments -FVPL		(889,955)	(473,115)
Unrealised foreign exchange losses		174,489	113,162
Income tax charge		(1,259)	(50,673)
		1,386,059	225,163
Changes in operating assets and liabilities:			
Loans and other receivables		1,015,196	(1,722,519)
Investments		99,808	(2,222,409)
Promissory notes		(374,471)	(493,696)
Reverse repurchase agreements		(1,736,551)	2,172,321
Taxation recoverable/payable		2,441	-
Accounts payable		(366,802)	1,915,530
Securities sold under repurchase agreements		258,026	(3,052,272)
Loans		(18,634)	2,136,223
		265,072	(1,041,659)
Interest received		767,296	755,017
Interest paid		(611,512)	(388,242)
Cash provided by operating activities c/f (page 11)		420,856	(674,884)

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash provided by operating activities brought forward (page 10)		420,856	(674,884)
Cash Flows from Investing Activities			
Purchase of intangible asset		(27,596)	(34,744)
Additions to property, plant and equipment	20	(59,661)	(14,321)
Proceeds from partial disposal of investment in subsidiary		-	908,293
Cash (used in)/provided by investing activities		(87,257)	859,228
Cash Flows from Financing Activities			
Dividend payment	32	(319,806)	-
Issue of preference shares		-	135
Lease payment		(21,405)	-
Cash (used in)/provided by financing activities		(341,211)	135
Net (Decrease)/Increase in Cash and Cash Equivalents		(7,612)	184,479
Exchange loss on foreign cash balances		-	(173)
Cash and cash equivalents at beginning of year		1,274,626	1,090,320
Cash and Cash Equivalents at End of Year	13	1,267,014	1,274,626

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Net Interest Income and Other Revenues			
Interest income		803,880	777,374
Interest expense		(479,432)	(512,765)
Net interest income	4	324,448	264,609
Consulting fees and commissions	5	735,053	759,109
Dividend income	6	278,929	14,998
Net trading (losses)/gains	7	(73,958)	55,315
Net unrealized gains/(losses) on investment revaluation		108,241	(104,051)
Net foreign exchange gains		258,688	258,865
Other income		8,910	6,772
		1,640,311	1,255,617
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	660,814	530,568
Provision for credit losses		48,249	151,000
Depreciation		44,133	22,206
Other operating expenses		620,783	529,908
	9	1,373,979	1,233,682
Profit before Taxation		266,332	21,935
Taxation credit/(charge)	10	5,577	(58,013)
Net Profit/(Loss) for the Year	11	271,909	(36,078)

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	2019 $'000	2018 $'000
Net Profit/(Loss) for the Year	271,909	(36,078)
Other Comprehensive Income Net of Taxation:		
Item that will not be reclassified to profit or loss		
Net unrealized gains on financial instruments - FVOCI	570,591	95,026
Total Comprehensive Income for the Year	842,500	58,948

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Cash resources	13	1,061,127	1,092,151
Investment securities	14	5,561,491	6,143,103
Reverse repurchase agreements	15	3,483,713	1,747,162
Promissory notes	16	1,812,878	1,486,657
Interest receivable		100,671	77,179
Due from subsidiaries	17	448,848	738,261
Loans and other receivables	18	3,211,350	4,093,527
Deferred taxation	19	-	66,974
Property, plant and equipment	20	145,365	112,621
Right of use assets	21(a)	133,459	-
Investments in subsidiaries	22	1,086,002	1,101,801
Other assets	23	743,142	742,977
Total Assets		17,788,046	17,402,413
LIABILITIES			
Bank overdraft	13	329,875	56,210
Securities sold under repurchase agreements		4,219,424	3,961,398
Interest payable		207,687	198,453
Loans	24	4,997,384	5,019,595
Deferred taxation	19	212,702	-
Accounts payable	25	3,891,324	4,593,391
Lease liability	21(b)	140,236	-
Due to subsidiary	17	211,263	1,014,439
Total Liabilities		14,209,895	14,843,486
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	908,833	338,242
Other reserves	28	77,939	77,939
Retained earnings	29	1,008,998	560,365
Total Equity		3,578,151	2,558,927
Total Equity and Liabilities		17,788,046	17,402,413

Approved by the Board of Directors and signed on its behalf by:

....	....
Christopher Berry	Gary Peart
Chairman	Director

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	No. of Shares	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2018	1,201,149,291	1,582,381	243,216	77,939	54,501	1,958,037
TOTAL COMPREHENSIVE INCOME						
Net profit	-	-	-	-	(36,078)	(36,078)
Other comprehensive income	-	-	95,026	-	-	95,026
	-	-	95,026	-	(36,078)	58,948
TRANSACTION WITH OWNERS						
Dividend paid (note 32)	-	-	-	-	(146,540)	(146,540)
Realised gain on partial disposal of subsidiary	-	-	-	-	688,482	688,482
	-	-	-	-	541,942	541,942
Balance at 31 December 2018	1,201,149,291	1,582,381	338,242	77,939	560,365	2,558,927
TOTAL COMPREHENSIVE INCOME						
Net profit	-	-	-	-	271,909	271,909
Other comprehensive income	-	-	570,591	-	-	570,591
	-	-	570,591	-	271,909	842,500
TRANSACTION WITH OWNERS						
Dividend paid (note 32)	-	-	-	-	(300,287)	(300,287)
Realised gain on partial disposal of subsidiary	-	-	-	-	477,011	477,011
	-	-	-	-	176,724	176,724
Balance at 31 December 2019	1,201,149,291	1,582,381	908,833	77,939	1,008,998	3,578,151

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit before taxation		266,332	21,935
Adjustments for:			
Provision for credit losses		48,249	151,000
Depreciation	20	26,917	22,206
Right of use assets – amortization		17,216	-
Interest income	4	(803,880)	(777,374)
Interest expense	4	479,433	512,765
Interest expense – right of use assets		10,976	-
Realised fair value gains transferred to retained earnings		477,011	-
Unrealised gains on investment revaluation		(108,241)	104,051
Unrealised foreign exchange losses		188,598	95,222
Income tax credit/(charge)		5,577	(58,013)
		608,188	71,792
Changes in operating assets and liabilities:			
Loans and other receivables		882,011	(1,805,977)
Investments		1,351,263	(1,264,721)
Investment in subsidiary		15,799	-
Promissory notes		(374,471)	(493,696)
Reverse repurchase agreements		(1,736,551)	2,172,321
Due from subsidiary		289,412	189,846
Due to subsidiary		(803,176)	1,014,439
Accounts payable		(701,816)	1,834,539
Securities sold under repurchase agreements		258,026	(3,052,272)
Loans		(22,211)	130,638
		(233,526)	(1,203,091)
Interest received		780,389	800,395
Interest paid		(470,199)	(350,133)
Cash provided by/(used in) operating activities c/f (page 17)		76,664	(752,829)

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash provided by/(used in) operating activities brought forward (page 16)		76,664	(752,829)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	20	(59,661)	(14,321)
Proceeds from partial disposal of investment in subsidiary		-	908,293
Cash (used in)/provided by investing activities		(59,661)	893,972
Cash Flow from Financing Activities			
Dividend payment	32	(300,287)	-
Lease payment		(21,405)	-
Cash used in financing activities		(321,692)	-
Net (Decrease)/Increase in Cash and Cash Equivalents		(304,689)	141,143
Exchange loss on foreign cash balances		-	(1,064)
Cash and cash equivalents at beginning of year		1,035,941	895,862
Cash and Cash equivalents at End of Year	13	731,252	1,035,941

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

Mayberry Investments Limited ("the company") is incorporated in Jamaica and its registered office is located at 1 ½ Oxford Road, Kingston 5. The company is a licensed securities dealer and is a member of the Jamaica Stock Exchange. The company has primary dealer status from the Bank of Jamaica.

The principal activities of the company comprise dealing in securities, portfolio management, investment advisory services, operating foreign exchange cambio, managing funds on behalf of clients and administrative and investment management services for pension plans.

Mayberry West Indies Limited was incorporated in St. Lucia under the International Business Companies Act. On 5 January 2018 Mayberry West Indies Limited changed its name to Mayberry Jamaican Equities Limited (MJEL) under the International Business Companies Act, Cap 12.14. On 28 February 2018, 10% of the company's ordinary shares were issued to the shareholders of the parent company, Mayberry Investments Limited, as a dividend in specie. Further, on 31 July 2018, 10% of MJEL ordinary shares were listed on the Main Market of the Jamaica Stock Exchange through an Initial Public Offering (IPO). On 28 September 2018, the company also transferred an additional 5% of its ordinary shares in MJEL to a related entity. Further, during 2019, trades were executed over the stock exchange that reduced the company's ownership to 72%.

The principal activities of the subsidiary Mayberry Jamaican Equities Limited, is the investing in and trading of key Jamaican equity securities.

Widebase Ltd. was incorporated in St. Lucia, under the International Business Companies Act. Widebase Ltd. is a 100% subsidiary of the company. The key activity of this subsidiary, Widebase Ltd., comprises investing in unquoted securities.

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

The financial statements for the year ended 31 December 2019 have been approved for issue by the Board of Directors on 24 February 2020.

2. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention as modified by the revaluation of investment securities at fair value through other comprehensive income and investment securities at fair value through profit or loss. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income shown as two statements, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving more judgement in complexity or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

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

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

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

IFRIC 23, 'Uncertainty over Income Tax Treatments', (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the group.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

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

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

Amendments to IAS 1 and IAS 8 on the definition of material (effective for accounting periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The adoption of this standard is not expected to have a significant impact on the group.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The adoption of this standard is not expected to have a significant impact on the group.

(b) **Basis of consolidation**

A subsidiary is an entity which is controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are considered. The consolidated financial statements comprise those of the company and its 72% owned subsidiary, Mayberry Jamaican Equities Limited and its wholly subsidiary, Widebase Ltd., presented as a single economic entity. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(c) **Foreign currency translation**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency, unless otherwise stated.

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the date.

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

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognized in the statement of income (applicable for financial assets at fair value through profit or loss), or within other comprehensive income if non-monetary financial assets are equity instruments which are designated as fair value through other comprehensive income.

(d) **Impairment of Non-Financial Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(e) **Intangible Assets**

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

(f) **Revenue recognition**

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(f) **Revenue recognition (cont'd)**

The specific recognition criteria are described below-

i. Interest income and change in fair value of financial instruments:

Interest income is recognized in the consolidated statement of income for all interest-bearing instruments on the accrual basis using the effective yield method. Income includes coupons earnings on fixed income investments and trading securities and changes in fair value of instruments elected to be fair value through profit or loss.

When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on the cash basis. IFRS requires that where loans become doubtful of collection, they are written down to their recoverable amounts and interest income on the loans is thereafter recognized based on the rate of interest that was used to discount the future cash flows for measuring the recoverable amount. However, such amounts as would have been determined under IFRS are immaterial.

ii. Dividend income:

Dividend income is recognized when the stockholder's right to receive payment is established.

iii. Consulting fees and commission income:

Consulting fees and commission income are recognized on an accrual basis when the service has been provided. Consulting fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts. Asset management fees related to investment funds are recognized over the period the service is provided. Performance linked fees or fee components are recognized when the performance criteria are fulfilled.

(g) **Interest expense**

Interest expense is recognized in the statement of income for all interest-bearing instruments on the accrual basis, using the effective yield method based on the actual purchase price.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(h) **Investment securities**

Debt instruments

The group early adopted IFRS 9 "Financial Instruments" (2009). Investment securities are classified into the following categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. Management determines the appropriate classification of investments at the time of purchase based on the objectives of the group's business model for managing financial instruments and the contractual cash flow characteristics of the instruments.

Debt instrument securities subsequently measured at fair value are either designated fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI). Investment securities at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognised at cost, which includes transaction costs, and subsequently re-measured at fair value. All related realised and unrealised gains and losses are included in net trading income.

Debt instrument securities subsequently measured at fair value through other comprehensive income are all other investments, designated at purchase to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is no recycling of fair value gains and losses to profit or loss. They are initially recognised at cost, which includes transaction costs, and subsequently re-measured at fair value.

Debt instrument securities are subsequently measured at amortised cost where management determines that the objective is to hold the instruments to collect the contractual cash flows, that is, solely for the payment of principal and interest (SPPI).

Equity Instruments

The fair values of quoted instruments are based on the spread between the bid and ask prices at valuation date. Upon initial recognition, the group elects to value its equity instruments at fair value through profit or loss (FVPL). Occasionally the group elects to irrevocably classify some of its equity investments as equity instruments at fair value through other comprehensive income (FVOCI) when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Equity instruments at FVOCI are not subject to an impairment assessment.

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

(i) **Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase (repurchase agreements), and securities purchased under agreements to resell (reverse repurchase agreements), are treated as collateralized financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the lives of the agreements using the effective yield method.

(j) **Loans and receivables and provisions for credit losses**

The group recognizes loss allowances for expected credit losses (ECL) on financial instruments that are not measured at fair value. Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money or services directly to a debtor with no intention of trading the receivable. Loans are recognized when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

An allowance for loan impairment is established based on lifetime ECL which is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 1 financial instruments'. If significant increase in credit risk since initial recognition is identified, the financial instruments is moved to 'Stage 2' but is not yet deemed to be credit impaired. If the financial instrument is credit impaired, it is then moved to 'Stage 3'.

The amount of the provision is derived based on model which takes account of, among other factors, the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan and probability of default.

A loan is classified as impaired when, in management's opinion there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases, and interest is taken into account on a cash basis.

Write offs are made when the group determines that there is no realistic prospect of recovery. Write offs are charged against previously established provisions for credit losses. Recoveries in part or in full of amounts previously written off are credited to provision for credit losses in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Financial Instruments: Financial Assets and Liabilities

Date of recognition

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

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

Financial assets

The group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms and they are measured at either fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVPL) or amortised cost.

(i) **Fair value through other comprehensive income (FVOCI)**

The group has a number of strategic investments in listed entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The group's financial assets measured at FVOCI are some equity securities in the statement of financial position.

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

(k) **Financial Instruments: Financial Assets and Liabilities (cont'd)**

Measurement categories of financial assets and liabilities (cont'd)

Financial assets (cont'd)

(ii) **Fair value through profit or loss (FVPL)**

This category comprises financial instruments which are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the "financial instruments – FVPL" line. The group has debt securities and equity instruments held for trading for which it has voluntarily classified these financial assets as being at fair value through profit or loss.

The group's financial assets measured at FVPL are all other equity securities not measured at FVOCI and other debt securities not measured at amortised cost in the statement of financial position.

(ii) **Amortised cost**

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

The group's financial assets measured at amortised cost comprise cash resources, some investment securities for which the objective is to hold these investment securities in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest, reverse repurchase agreements, promissory notes, other receivables, interest receivable and amounts due from related companies in the statement of financial position.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: bank overdraft, securities sold under repurchase agreements, interest payable, accounts payable, debt security in issue and amount due to related company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation.

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

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the cost of the assets over their expected useful lives as follows:

Furniture, fixtures and fittings	10 years
Office equipment	5 years
Computer equipment	5 years
Motor vehicles	3 years
Leasehold improvements	30 years

Depreciation methods, useful lives and carrying values are reassessed at the reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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

(m) Other assets

This represents foreclosed assets which are classified as held-for-sale and are initially measured at fair value less cost to sell. Subsequent gains or losses on re-measurement are recognised in profit or loss. The company conducts an assessment of the fair value based on independent appraisal of the properties at least once every three years.

(n) Investments in subsidiaries

Investments by the company in its subsidiaries are stated at cost less impairment loss.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(o) **Borrowings**

Borrowings including those arising under securitization arrangements are recognized initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognized in the statement of income over the period of the borrowings using the effective yield method.

(p) **Share capital**

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

Preference share capital is classified as equity except where it is redeemable on a specific or determinable date or at the option of the shareholders and/or if dividend payments are not discretionary, in which case it is classified as a liability. Dividend payments on preference shares classified as a liability are recognized in the statement of income as interest expense.

(q) **Employee benefits**

(i) Pension scheme costs:

The company operates a defined contribution pension scheme (note 36), the assets of which are held in a separate trustee administered fund. Contributions to the scheme are fixed and are made on the basis provided for in the rules. Contributions are charged to the statement of income when due. The group has no legal or constructive obligation beyond paying these contributions.

(ii) Profit-sharing and bonus plan:

The company recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's stockholders after certain adjustments. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Other employee benefits:

Employee entitlement to annual leave and other benefits are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the end of the reporting period.

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

(r) **Leases**

Policy applicable after 1 January 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option, any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(r) **Leases (cont'd)**

Policy applicable before 1 January 2019

(i) As lessee:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

(ii) As lessor:

Where assets are leased under finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

(s) **Taxation**

Taxation expense in the statement of income comprises current and deferred tax charges.

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity and relate to the same Tax Authority and when the legal right of offset exists. Deferred tax is charged or credited in the statement of income except where it relates to items charged or credited to equity, in which case deferred tax is also accounted for in equity. The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and tax losses carried forward.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(t) **Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(u) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, unrestricted balances held with Bank of Jamaica and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months from the date of acquisition, including cash resources and bank overdraft.

(v) **Funds under management**

The company accepts funds from individuals and institutions to manage with complete discretion and without reference to the account holders, in accordance with the relevant guidelines issued by the Financial Services Commission, taking into account the investment objective and risk profile of the account holder. The company also acts in other fiduciary capacities that result in holding or placing of assets on behalf of individuals and institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the company.

(w) **Dividends**

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is payable when declared by the directors. In the case of final dividends, this is payable when approved by shareholders at the Annual General Meeting.

(x) **Segment reporting**

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment losses on loans and receivables:

The company reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of income, the company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loans resulting from adverse change in the payment status of the borrower or national and economic conditions that correlate with defaults on loans in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Income taxes:

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain during the ordinary course of business. In cases of such uncertainty, the group recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Fair value of financial assets:

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (note 35).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

4. NET INTEREST INCOME:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest income				
Investment securities	581,773	232,189	375,480	280,516
Loans and advances	209,015	496,858	428,400	496,858
	790,788	729,047	803,880	777,374
Interest expense				
Finance charges	60,250	107,002	60,257	65,834
Repurchase agreements	298,662	155,075	138,982	155,075
Corporate papers and notes	225,190	209,635	225,190	209,635
Other	37,081	82,221	55,003	82,221
	621,183	553,933	479,432	512,765
	169,605	175,114	324,448	264,609

5. CONSULTING FEES AND COMMISSIONS:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Brokerage fees and commissions	516,146	614,009	516,146	614,009
Structured financing fees	99,540	36,920	99,540	36,920
Portfolio management	119,367	108,180	119,367	108,180
	735,053	759,109	735,053	759,109

6. DIVIDEND INCOME:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trading securities	12,956	16,511	9,800	14,447
Securities classified in other comprehensive income	367,101	347,776	269,129	551
	380,057	364,287	278,929	14,998

MAYBERRY INVESTMENTS LIMITED

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7. NET TRADING GAINS/(LOSSES):

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Equities – trading securities	105,084	10,714	(34,689)	13,634
Fixed income – trading securities	(39,269)	19,290	(39,269)	41,681
	65,815	30,004	(73,958)	55,315

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Wages and salaries	532,686	452,791	532,686	452,251
Profit share and bonus	18,429	-	18,429	-
Statutory contributions	52,574	43,121	52,574	43,121
Pension contributions	15,440	14,233	15,440	14,233
Training and development	27,734	5,053	27,734	5,053
Staff welfare	13,951	15,910	13,951	15,910
	660,814	531,108	660,814	530,568

The number of employees at year end was 139 (2018 – 129).

MAYBERRY INVESTMENTS LIMITED

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9. EXPENSES BY NATURE:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Sales, marketing and public relations	86,234	67,112	84,596	58,752
Auditors' remuneration	20,666	9,377	15,030	6,840
Computer expenses	34,126	31,289	34,126	31,289
Depreciation	26,917	22,206	26,917	22,206
Amortization - right of use assets	17,216	-	17,216	-
Provision for credit losses	48,249	151,000	48,249	151,000
Insurance	11,277	13,072	11,277	13,072
Licensing fees	94,736	87,233	79,813	85,819
Lease rentals	11,499	10,255	11,499	10,255
Other operating expenses	113,941	79,631	96,070	79,257
Printing, stationery and office supplies	13,782	10,528	13,782	10,528
Legal and professional fees	125,470	137,401	125,630	83,048
Repairs and maintenance	12,037	10,578	12,037	10,578
Investment, incentive and management fee	478,328	382,843	-	-
Salaries, statutory contributions and staff costs (note 8)	660,814	531,108	660,814	530,568
Security	20,835	17,640	20,835	17,640
Traveling and motor vehicles	36,943	44,403	34,248	44,091
Assets tax	37,393	36,421	37,393	36,421
Utilities	44,447	42,318	44,447	42,318
	1,894,910	1,684,415	1,373,979	1,233,682

10. TAXATION:

Taxation is based on the operating results for the year, adjusted for taxation purposes, and is made up as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current year income tax at 33 1/3%	-	90,330	-	90,330
Current year income tax at 1%	8,452	66	-	-
Under provision of prior year tax	-	1,645	-	-
Deferred tax charge (note 19)	(7,193)	(41,368)	(5,577)	(32,317)
Taxation charge	1,259	50,673	(5,577)	58,013

MAYBERRY INVESTMENTS LIMITED

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10. **TAXATION (CONT'D):**

(a) Reconciliation of theoretical tax charge that would arise on profit before taxation using the applicable tax rate to actual tax charge.

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Profit before taxation	647,123	156,467	266,332	21,935
Tax calculated at a tax rate 33 1/3%	215,706	52,156	88,776	7,312
Adjustments for the effects of:				
Under provision of prior year	-	1,645	-	-
Expenses not deductible for tax	14,818	53,065	14,776	53,065
Income not subject to tax	(92,500)	(118,297)	(88,881)	(1,867)
Income from subsidiary taxed at 1%	(139,490)	(44,844)	-	-
Net effect of other charges and allowances	2,725	106,948	(20,248)	(497)
Taxation charge/(credit)	1,259	50,673	(5,577)	58,013

(b) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately $793 million (2018 - $596 million) available for set-off against future taxable profits. The group's subsidiary has no tax losses (2018 - $155 million) available for set-off against future taxable profits.

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

	2019 $'000	2018 $'000
Dealt with in the financial statements of:		
The company	271,909	(36,078)
Subsidiaries	634,768	141,872
Dividends paid to the Parent company	(260,813)	-
	645,864	105,794
Attributable to:		
Stockholders of the parent	709,584	160,398
Non-controlling interest	(63,720)	(54,604)
	645,864	105,794

MAYBERRY INVESTMENTS LIMITED

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12. **FINANCIAL RATIOS:**

(a) Earnings per stock unit:

Basic earnings-per-stock unit is calculated by dividing the net profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year.

	2019	2018
Net profit attributable to stockholders of the parent ($'000)	709,584	160,398
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.59	$0.13
Fully diluted earning per stock unit	$0.59	$0.13

(b) Comprehensive income per stock unit:

Comprehensive income per stock unit is calculated by dividing the comprehensive income attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year.

	2019	2018
Comprehensive income attributable to stockholders of the parent ($'000)	4,733,691	3,461,289
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Comprehensive income per stock unit	$3.94	$2.88

(c) Net book value per stock unit:

Net book value per stock unit is calculated by dividing the stockholders equity attributable to the owners of the parent by the weighted average number of ordinary stock units in issue during the year.

	2019	2018
Stockholders equity attributable to stockholders of the parent ($'000)	15,448,071	10,854,841
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Net book value per stock unit	$12.86	$9.04

(d) Market value of ordinary stock units:

Market value of ordinary stock units is calculated by multiplying the closing bid price per stock unit as quoted on the Jamaica Stock Exchange by the weighted average number of ordinary stock units in issue during the year.

	2019	2018
Closing bid price per stock unit as at 31 December	$8.31	$9.00
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Market value of ordinary stock units ($'000)	9,981,548	10,810,341

MAYBERRY INVESTMENTS LIMITED

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13. CASH RESOURCES:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current accounts - Jamaican dollar	355,331	213,562	317,560	172,077
Current accounts - Foreign currencies	1,239,302	1,113,737	741,311	916,537
Jamaican dollar deposits	1,488	1,488	1,488	1,488
Cash in hand	768	2,049	768	2,049
	1,596,889	1,330,836	1,061,127	1,092,151

For the purposes of cash flow statement, cash and cash equivalents comprise the following:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash resources	1,596,889	1,330,836	1,061,127	1,092,151
Bank overdraft	(329,875)	(56,210)	(329,875)	(56,210)
	1,267,014	1,274,626	731,252	1,035,941

The bank overdraft resulted from un-presented cheques at year-end. The National Commercial Bank Jamaica Limited (NCB) holds as security, Government of Jamaica Global Bonds with a nominal value of US$219,000 (2018: US$286,000), to cover its overdraft facility of J$120,000,000. NCB also holds as security Government of Jamaica Benchmark Note with a nominal value of J$9,800,000 or lien over idle cash balances (2018: J$6,000,000) to cover 10% of the un-cleared effects limit of J$60,000,000 i.e. J$6,000,000.

A revolving credit line facility of J$575,000,000 was granted in February 2019, by Sagicor Bank Jamaica Limited to assist with the working capital purpose of the company. This overdraft facility is unsecured at a current effective interest rate of 7.50% per annum. The facility expires on the annual review date of 30 June 2020.

14. INVESTMENT SECURITIES:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fair value through profit or loss				
Debt securities				
- Government of Jamaica	15,529	23,054	15,529	23,054
- Foreign governments	188,895	247,785	188,895	247,785
- Corporate	3,495,733	1,235,551	3,495,733	1,235,551
Equities	4,179,436	2,935,832	75,553	43,810
	7,879,593	4,442,222	3,775,710	1,550,200

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14. INVESTMENT SECURITIES (CONT'D):

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial instruments at amortised cost				
Debt securities				
- Government of Jamaica	167,020	3,045,438	167,020	3,046,894
- Foreign governments	183	12,223	183	12,223
- Corporate	525,073	1,018,058	525,333	1,018,058
	692,276	4,075,719	692,536	4,077,175
Equity securities at fair value through other comprehensive income	17,099,549	12,098,994	1,147,787	550,521
	25,671,418	20,616,935	5,616,033	6,177,896
Less: provision for impairment	(54,542)	(34,793)	(54,542)	(34,793)
Total	25,616,876	20,582,142	5,561,491	6,143,103

The Government and Corporate bonds are used as collateral for the Group's demand loans received from, Oppenheimer and Co. Inc., Raymond James and Morgan Stanley (note 24).

On 3 October 2018, the group entered into an irrevocable call option agreement to sell 1,000,000 units of its Supreme Ventures Limited shares to an agreed party at a strike price of $16 on or before October 2020.

15. REVERSE REPURCHASE AGREEMENTS:

The company enters into collateralised repurchase and reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. At 31 December 2019 the company held J$3,483,713,000 (2018: J$1,747,162,000) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

MAYBERRY INVESTMENTS LIMITED

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16. PROMISSORY NOTES:

	2019 $'000	2018 $'000
Gross loans	2,165,978	1,824,947
Specific allowance for impairment	(353,100)	(338,290)
	1,812,878	1,486,657

This represents Jamaican and United States dollar promissory notes from customers. These are hypothecated against balances held for the customers, registered mortgages and other properties.

The movement in the allowance for impairment determined under the requirements of IFRS is as follows:

	2019 $'000	2018 $'000
Balance at beginning of year	338,290	187,290
Net increase in provision	14,810	151,000
	353,100	338,290

17. DUE FROM/TO SUBSIDIARIES:

This represents amounts due for transactions done on behalf of its subsidiaries.

	2019 $'000	2018 $'000
Due from -		
Mayberry Jamaican Equities Limited	-	289,413
Widebase Ltd.	448,848	448,848
	448,848	738,261
Due to -		
Mayberry Jamaican Equities Limited	211,263	1,014,439

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18. LOANS AND OTHER RECEIVABLES:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Client margins	2,031,680	3,336,942	2,031,680	3,336,942
Withholding tax recoverable	230,147	230,473	230,147	230,473
Other receivables	968,805	620,460	949,523	526,112
	3,230,632	4,187,875	3,211,350	4,093,527

Client margins are secured against their equity portfolios held at the Jamaica Central Securities Depository.

19. DEFERRED TAXATION:

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 33 1/3% for the company and 1% for its subsidiaries. The movement in the net deferred income tax balance is as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net balance at beginning of year	4,676	41,291	66,974	82,162
Deferred tax credit (note 10)	7,193	41,368	5,577	32,317
Deferred tax charge on investment securities	(316,380)	(77,983)	(285,253)	(47,505)
Net balance at end of year	(304,511)	4,676	(212,702)	66,974

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19. DEFERRED TAXATION (CONT'D):

Deferred income taxation is due to the following items:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Deferred income tax assets:				
Interest payable	69,222	66,144	69,222	66,144
Property, plant and equipment	1,343	1,713	1,343	1,713
Unrealized foreign exchange loss	-	12,493	-	12,493
Provisions	13,993	15,030	13,993	15,030
Tax losses carried forward	264,325	200,190	264,325	198,640
	348,883	295,570	348,883	294,020
Deferred income tax liabilities:				
Property, plant and equipment	21,728	11,185	21,728	11,185
Investment securities				
- Trading	36,602	11,437	36,077	7,746
- Other comprehensive income	558,928	242,548	467,644	182,391
Unrealised foreign exchange gain	2,582	-	2,582	-
Interest receivable	33,554	25,724	33,554	25,724
	653,394	290,894	561,585	227,046
Net balance at year end	(304,511)	4,676	(212,702)	66,974
Deferred tax asset	-	66,974	-	66,974
Deferred tax lability	(304,511)	(62,298)	(212,702)	-

Deferred income taxes are recognized for tax losses carried forward only to the extent that realization of the related tax benefit is probable (note 10).

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20. **PROPERTY, PLANT AND EQUIPMENT:**

	Leasehold Improvements $'000	Computer Equipment $'000	Office Equipment $'000	Furniture Fixture & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost -						
At 1 January 2018	78,931	184,627	25,624	61,883	18,984	370,049
Additions	-	12,942	966	413	-	14,321
At 31 December 2018	78,931	197,569	26,590	62,296	18,984	384,370
Adjustments	-	-	-	-	(8,582)	(8,582)
Additions	966	36,283	3,517	1,053	17,842	59,661
At 31 December 2019	79,897	233,852	30,107	63,349	28,244	435,449
Accumulated Depreciation -						
At 31 December 2017	22,559	137,373	23,825	47,101	18,685	249,543
Charge for the year	1,579	16,550	991	2,897	189	22,206
At 31 December 2018	24,138	153,923	24,816	49,998	18,874	271,749
Adjustment	-	-	-	-	(8,582)	(8,582)
Charge for the year	1,608	19,632	877	2,582	2,218	26,917
At 31 December 2019	25,746	173,555	25,693	52,580	12,510	290,084
Net Book Value -						
31 December 2019	54,151	60,297	4,414	10,769	15,734	145,365
31 December 2018	54,793	43,646	1,774	12,298	110	112,621

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21. **LEASES:**

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

	Land & Building $'000	Motor Vehicles $'000	Total $'000
Adoption of IFRS 16	108,917	41,748	150,665
Disposals	(6,415)	(10,791)	(17,206)
At 31 December 2019	102,502	30,957	133,459

(b) **Lease liabilities:**

	Land & Building $'000	Motor Vehicles $'000	Total $'000
Adoption of IFRS 16	108,917	41,748	150,665
Interest expense	7,486	3,490	10,976
Lease payments	(10,005)	(11,400)	(21,405)
At 31 December 2019	106,398	33,838	140,236

22. **INVESTMENT IN SUBSIDIARIES:**

	2019 $'000	2018 $'000
Balance at beginning of the year	1,101,801	1,468,152
10% disposal through dividend in specie	-	(146,540)
10% disposal through public offering	-	(146,540)
5% disposal through share incentive plan	-	(73,271)
3% disposal through trade over the Jamaica Stock Exchange	(52,825)	-
1% buy back through trade over the Jamaica Stock Exchange	37,026	-
	1,086,002	1,101,801

During 2018, the company disposed of 20% of its ownership in its subsidiary, Mayberry Jamaican Equities Limited, through a 10% dividend in specie to its shareholders and a 10% public offering of its shareholdings in MJEL. A further 5% was transferred to a related party which is to be placed in the company's Share Incentive Plan. During 2019, 3% was disposed of through trade over the Jamaica Stock Exchange and 1% buy back through trade over the Jamaica Stock Exchange.

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23. OTHER ASSETS:

This represents the foreclosure on certain loans which have been outstanding in the company's loan portfolio for a protracted period, after exhausting other legal remedies. This amount represents the fair value of the properties, less cost to sell. The company assesses the fair value of the properties based on independent appraisal and expected realisable value.

	2019 $'000	2018 $'000
Balance at beginning of the year	742,977	742,977
Unrealised gain on revaluation	165	-
	743,142	742,977

Some of these properties are used as collateral for the company's corporate paper (note 24).

24. LOANS:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Demand loans -				
Oppenheimer & Co. Inc.	197,371	148,561	197,371	148,561
Morgan Stanley	629,100	702,599	629,100	702,599
Raymond James	666,650	693,435	666,650	693,435
Term loans –				
Corporate paper (unsecured)	2,725,000	2,725,000	2,725,000	2,725,000
Corporate paper (secured)	779,263	750,000	779,263	750,000
Corporate bond	2,186,586	2,183,009	-	-
	7,183,970	7,202,604	4,997,384	5,019,595

The demand loans attract interest at 2.75% per annum - Oppenheimer & Co. Inc., 2.513% per annum - Morgan Stanley and 2.667% per annum – Raymond James. (2018 – 2.66% per annum - Oppenheimer & Co. Inc. 2.314% per annum – Morgan Stanley and 2.296% per annum – Raymond James). The collaterals for the demand loans are investment securities which were purchased with the proceeds of the loans received from Morgan Stanley, Oppenheimer & Co. Inc. and Raymond James (note 15).

The Unsecured Corporate Paper attracts interest at 6.5% per annum (2018 - 6.5%). The Secured Corporate Paper is backed by real estate and attracts a weighted average rate of interest at 7.21% per annum (2018 – 8.25%).

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

On 24 September 2018 the company's subsidiary, Mayberry Jamaican Equities Limited, completed a secured corporate bond issue amounting to $2.2 billion. The above amount is shown net of transaction costs which are being amortised over the life of the bond. The bond matures in 2023 and is at a fixed interest rate of 7.25% per annum which is paid quarterly. The bond was arranged by Sagicor Investments Jamaica Limited and is registered with JCSD Trustee Services Limited.

The bond is secured by some of the group's quoted equity investments in various entities that are being traded on the Jamaica Stock Exchange. These shares are required to have a fair value coverage of 1.75 times the principal amount and a maintenance margin of 1.5 times. At the reporting date the company's quoted equities used as security were valued at $14,366,318,000 with a coverage of 6.53 times the loan balance.

25. **ACCOUNTS PAYABLE:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Accounts payable	849,858	819,416	442,506	500,171
Client payables	3,448,819	4,093,220	3,448,818	4,093,220
	4,298,677	4,912,636	3,891,324	4,593,391

Included in client payables are debit balances totalling $5,208 million (2018 - $3,923 million).

26. **SHARE CAPITAL:**

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Authorized – 2,120,000,000 Ordinary Shares				
- 380,000,000 Redeemable Cumulative Preference Shares				
- 1 special rights preference share (2018, - NIL)				
Issued and fully paid –				
1,201,149,291 ordinary shares	1,582,381	1,582,381	1,582,381	1,582,381
	-	-	-	-
	1,582,381	1,582,381	1,582,381	1,582,381

During 2018, the company divested itself of 25% of its holdings in the subsidiary, Mayberry Jamaican Equities Limited. As part of the divestment arrangement, the company received a Special Preference Share in the subsidiary which gave it special rights as set out in section 10A of the amended Articles of Association of that subsidiary. The company divested an additional 3% of its holdings during the current year.

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27. **FAIR VALUE RESERVES:**

This represents net unrealised gains on the revaluation of equity securities. The fair value through other comprehensive income securities are based on short term fluctuations in market prices.

28. **OTHER RESERVES:**

	2019 $'000	2018 $'000
Capital redemption reserve fund	51,343	51,343
Stock option reserve	26,596	26,596
	77,939	77,939

29. **RETAINED EARNINGS:**

	2019 $'000	2018 $'000
Reflected in the financial statements of:		
The Company	1,008,998	560,365
Subsidiaries	5,363,034	3,829,097
	6,372,032	4,389,462

30. **INTANGIBLE ASSET:**

	The Group $'000
At Cost –	
1 January 2018 and at 31 December 2018	34,744
Additions	27,597
At 31 December 2019	62,341
Amortisation –	
1 January 2018 and 31 December 2018	-
Charge for the year	4,238
31 December 2019	4,238
Net book value -	
31 December 2019	58,103
31 December 2018	34,744

This represents software development which was completed at the reporting date.

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31. RELATED PARTY TRANSACTIONS AND BALANCES:

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

The following are the balances and transactions carried out with related parties:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Loans and other receivables:				
Subsidiaries (note 17)	-	-	448,848	738,261
Companies controlled by directors	334,545	417,302	334,545	417,302
Directors and key management personnel	208,948	386,696	208,948	386,696
Due to related company:				
Mayberry Jamaican Equities Limited (note 17)	-	-	211,263	1,014,439
Mayberry Asset Managers Limited	454,125	-	-	-
Payables:				
Companies controlled by directors	605,790	473,805	72,882	159,816
Directors and key management personnel	23,369	10,940	23,269	10,940
Key Management Compensation:				
Key management include directors (executive and non-executive) and Senior Vice Presidents				
Directors emoluments:-				
Fees	24,881	23,735	24,881	23,735
Executive directors remuneration	84,045	119,183	84,045	118,643
Other key management personnel	79,270	63,315	79,270	63,315
Other operating expenses:				
Companies controlled by directors	540,708	391,972	7,800	9,129

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

On 15 February 2017, the company's subsidiary, Mayberry Jamaican Equities Limited, entered into an agreement with Mayberry Asset Managers Limited, a company incorporated in St. Lucia that is controlled by Christopher Berry and K. Mark Berry. The said agreement ratifies and confirms a course of conduct that had been entered into by Mayberry West Indies Limited whereby the principals of Mayberry Asset Managers Limited had previously performed investment management services. The new agreement provides for the following fees to be paid to Mayberry Asset Managers Limited as compensation for the services rendered, and expenses borne by it, calculated as follows:

(i) A management fee calculated as 0.50% of the net asset value; and

(ii) An incentive fee calculated as 8.00% of the increase in the comprehensive income.

The Management Fee is accrued quarterly in arrears. The amount charged for the year was $94,865,000 (2018 – $69,471,000) of which $15,903,000 is included in other payables.

The Incentive Fee is calculated on the last day of each calendar year with reference to the comprehensive income earned for the calendar year in question. The incentive fee is accrued and charged with effect from 1 January 2017, on 31 December of each year. The amount charged for the year was $383,642,000 (2018 - $313,372,000) and is included in other payables.

During 2018, the company transferred 5% (60,057,464) of the issued stock units in its subsidiary, Mayberry Jamaican Equities Limited to Mayberry Asset Management Limited for the establishment of an Executive and Staff Incentive Plan (note 1).

32. **DIVIDENDS:**

	The Group	
	2019 $'000	2018 $'000
Final dividend to ordinary shareholders – 25 cents per share (2018 - 23 cents per share)	300,287	-
Final dividend in specie to ordinary shareholders	-	146,540
Payment to minority shareholders	19,519	-
	319,806	146,540

On 28 February 2018 a dividend in specie of 10% of the net book value of its subsidiary, Mayberry Jamaican Equities Limited (MJEL) was paid by the company. The dividend in specie was effected by a transfer of the relevant MJEL shares to the company's shareholders.

A dividend of $0.25 was approved and paid in July 2019 to those shareholders on record as at 13 July 2019.

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33. **NON-CONTROLLING INTEREST:**

The table below shows the summarised financial information for Mayberry Jamaican Equities Limited that has non-controlling interest:

	2019 $'000	2018 $'000
Statement of financial position		
Total assets	19,765,653	15,047,648
Total liabilities	(2,691,806)	(2,567,652)
Net assets	17,073,847	12,479,996
Attributable to non-controlling interest	4,780,677	3,119,965
Statement of comprehensive income		
Revenue	509,478	638,314
(Loss)/profit for the period	(193,214)	103,514
Other comprehensive income	4,599,247	3,507,666
Total comprehensive income	4,406,033	3,611,180
Loss allocated to non-controlling interest	(63,720)	(54,604)
Other comprehensive income allocated to non-controlling interest	1,145,731	301,801
Attributable to non-controlling interest	1,082,011	247,197

34. **FINANCIAL RISK MANAGEMENT:**

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established the Assets and Liabilities Committee (ALCO) which is responsible for developing and monitoring the group's risk management policies in their specified areas.

ALCO places trading limits on the level of exposure that can be taken and monitors risks and adherence to limits. The group, through its training and management standards and procedures, aims to develop disciplined and constructive control environment, in which all employees understand their roles and obligations. This is supplemented by the Compliance Committee which was established in 2019, to specifically monitor regulatory measures.

The Audit Committee is responsible for monitoring compliance with the group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the group. The Audit Committee is assisted in these functions by both the Compliance Unit and Internal Audit. The Compliance Unit and Internal Audit undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and the Audit Committee, respectively.

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34. FINANCIAL RISK MANAGEMENT(CONT'D):

Risk Management Framework (cont'd)

By its nature, the group's activities are principally related to the use of financial instruments. The company accepts funds 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 company seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that might fall due.

The company also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing.

The group also trades in financial instruments where it takes positions to take advantage of short-term market movements in equity and bond prices and in foreign exchange and interest rates.

(a) **Liquidity risk**

The company is exposed to daily calls on its available cash resources from maturing repurchase agreements and loan draw downs. The company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of re-investment of maturing funds can be predicted with a high level of certainty. The company's treasury and securities department seeks to have available a minimum proportion of maturing funds to meet such calls. The company's policy is to hold a high proportion of liquid assets to cover withdrawals at unexpected levels of demand. Daily reports cover the liquidity position of the company as well as any exceptions and remedial actions taken.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the company. It is unusual for the company ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can increase the risk of loss. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the company and exposure to changes in interest rates and exchange rates.

The key measure used by the company for managing liquidity risk is the ratio of liquid assets to securities sold under repurchase agreements and loans. For this purpose liquid assets are considered as including cash and cash equivalents, investment grade securities, excluding equities, for which there is an active and liquid market and loans and other receivables.

MAYBERRY INVESTMENTS LIMITED

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

Risk Management Framework (cont'd)

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

The group's ratio of liquid assets to securities sold under repurchase agreements and loans at the reporting date and during the reporting period was as follows:

	2019	2018
At 31 December	1.22:1	1.46:1
Average for the period	1.36:1	1.30:1
Maximum for the period	1.86:1	1.46:1
Minimum for the period	0.96:1	1.29:1

The tables below present the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities, based on contractual repayment obligations. However, the group expects that many customers will not request repayment on the earliest date the group could be required to pay.

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

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

	Group 2019					
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
Financial Liabilities						
Bank overdraft	329,875	-	-	-	-	329,875
Securities sold under repurchase agreements	1,754,311	2,114,643	921,152	-	-	4,790,106
Interest payable	-	211,327	-	-	-	211,327
Loans	-	-	6,079,643	1,495,201	-	7,574,844
Other liabilities	4,608,378	-	-	-	-	4,608,378
Total liabilities (contractual maturity dates)	6,692,564	2,325,970	7,000,795	1,495,201	-	17,514,530

	Group 2018					
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
Financial Liabilities						
Bank overdraft	56,210	-	-	-	-	56,210
Securities sold under repurchase agreements	1,719,155	1,873,664	368,579	-	-	3,961,398
Interest payable	3,203	198,453	-	-	-	201,656
Loans	-	-	3,640,000	4,569,596	-	8,209,596
Other liabilities	4,562,387	313,988	-	-	-	4,876,375
Total liabilities (contractual maturity dates)	6,340,955	2,386,105	4,008,579	4,569,596	-	17,305,235

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31 DECEMBER 2019

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

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

	Company 2019					
	Within 3 Months $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
Financial Liabilities						
Bank overdraft	329,875	-	-	-	-	329,875
Securities sold under repurchase agreements	1,754,311	2,114,643	921,152	-	-	4,790,106
Interest payable	-	207,687	-	-	-	207,687
Loans	-	3,734,530	1,495,201	-	-	5,229,731
Other liabilities	4,104,029	-	-	-	-	4,104,029
Total liabilities (contractual maturity dates)	6,188,215	6,056,860	2,416,353	-	-	14,661,428

	Company 2018					
	Within 3 Months $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
Financial Liabilities						
Bank overdraft	56,210	-	-	-	-	56,210
Securities sold under repurchase agreements	1,719,155	1,873,664	368,579	-	-	3,961,398
Interest payable	-	198,453	-	-	-	198,453
Loans	-	-	3,475,000	1,544,596	-	5,019,596
Other liabilities	4,560,387	-	-	-	-	4,560,387
Total liabilities (contractual maturity dates)	6,335,752	2,072,117	3,843,579	1,544,596	-	13,796,044

MAYBERRY INVESTMENTS LIMITED

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

(b) **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The group manages this risk through extensive research and monitors the price movement of securities on the local and international markets. The group's portfolio is balanced with respect to the duration of the securities included in order to minimize exposure to volatility, based on projected market conditions.

Management of market risks

The group separates its exposure to market risk between trading and non-trading portfolios. The trading portfolios are held by the company and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. The group's foreign exchange positions relating to Foreign Currency Trading are treated as part of the group's trading portfolios for risk management purposes.

The group's market risk is monitored on a daily basis by its Compliance Unit, which is responsible for the development of risk management policies (subject to review and approval by ALCO) and for the daily review of their implementation.

Exposure to market risks

The principal tool used to measure and control market risk exposure is the Value at Risk (VaR). A portfolio VaR is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the group is based on a 95 percent confidence level and assumes a 10-day holding period. The VaR model used is based on historical simulation, taking account of market data from the previous three years, and observed relationships between different markets and prices. The model generates a wide range of plausible future scenarios for market price movements.

MAYBERRY INVESTMENTS LIMITED

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

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

Exposure to market risks (cont'd)

A summary of the VaR position of the Group's portfolios at 31 December 2019 and during the period is as follows:

	2019			
	31 December $'000	Average $'000	Maximum $'000	Minimum $'000
Foreign Currency Risk	16,740	15,289	24,456	9,025
Interest Rate Risk				
Domestic securities - amortized cost	94,392	92,296	111,556	77,229
Global securities - amortized cost	46,028	42,894	54,600	37,457
Global securities - trading	73,731	69,408	80,600	60,312
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	713,769	737,694	915,357	512,180
Domestic securities - trading	4,079	3,646	5,315	2,842
Global Securities - trading	1,626	572	1,733	1,354

	2018			
	31 December $'000	Average $'000	Maximum $'000	Minimum $'000
Foreign Currency Risk	6,117	6,042	8,515	4,861
Interest Rate Risk				
Domestic securities - amortized cost	91,431	136,228	225,822	46,635
Global securities - amortized cost	122,219	175,726	205,862	68,713
Global securities - trading	32,008	44,606	69,577	19,427
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	176,321	213,172	267,041	134,307
Domestic securities - trading	7,844	13,520	17,979	2,718

The following table summarizes the group's exposure to interest rate risk. Included in the table are the company's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

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34. FINANCIAL RISK MANAGEMENT(CONT'D):

(c) Interest rate risk

	Group						
	Within 1 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets							
Cash resources	1,596,889	-	-	-	-	-	1,596,889
Investment securities at amortised cost	-	10,155	20,733	283,148	323,421	277	637,734
Investment securities – FOCI (1)	-	-	-	-	-	17,099,549	17,099,549
Investment securities – FVPL (2)	91,461	-	23,040	2,056,032	471,469	5,237,590	7,879,592
Reverse repurchase agreements	1,772,451	798,662	912,600	-	-	-	3,483,713
Promissory notes	1,550,689	-	-	-	-	262,190	1,812,879
Interest receivable	-	100,671	-	-	-	-	100,671
Loans and other receivables	2,992,057	-	19,281	-	-	219,294	3,230,632
Other	-	-	-	-	-	1,080,069	1,080,069
Total assets	8,003,547	909,488	975,654	2,339,180	794,890	23,898,969	36,921,729
Liabilities							
Bank overdraft	329,875	-	-	-	-	-	329,875
Securities sold under repurchase agreements	1,749,339	1,558,302	911,782	-	-	-	4,219,423
Interest payable	-	211,327	-	-	-	-	211,327
Loans	-	-	4,049,855	1,366,053	-	-	5,415,908
Other	6,516,447	-	-	-	-	-	6,516,447
Total liabilities	8,595,661	1,769,629	4,961,637	1,366,053	-	-	16,692,980
Total interest rate sensitivity gap	(613,132)	(860,141)	(3,985,983)	973,127	814,639	23,898,969	20,228,749
Cumulative interest rate sensitivity gap	(613,132)	(1,473,273)	(5,459,256)	(4,486,129)	(3,671,490)	20,228,749	
As at 31 December 2018							
Total assets	8,302,876	1,515,921	941,044	1,125,514	1,541,668	16,066,101	29,493,124
Total liabilities	1,775,365	2,075,320	4,008,579	4,569,596	-	4,876,375	17,305,235
Total interest rate sensitivity gap	6,527,511	(559,399)	(3,067,535)	(3,444,082)	1,541,668	11,189,726	12,187,889
Cumulative interest rate sensitivity gap	6,527,511	5,968,112	2,900,577	(543,505)	998,163	12,187,889	

1. Fair value through other comprehensive income - FOCI

2. Fair value through Profit or Loss - FVPL

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34. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (cont'd)

	Company						
	Within 1 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets							
Cash resources	1,061,127	-	-	-	-	-	1,061,127
Investment securities at amortised cost	-	10,155	20,733	283,148	323,421	537	637,994
investment securities FOCI (1)	-	-	-	-	-	1,147,787	1,147,787
Investment securities – FVPL (2)	91,461	-	23,040	2,056,032	471,469	1,133,707	3,775,709
Reverse repurchase agreements	1,772,451	798,662	912,600	-	-	-	3,483,713
Promissory notes	1,550,689	-	-	-	-	262,190	1,812,879
Interest receivable	-	100,671	-	-	-	-	100,671
Due from subsidiaries	-	-	-	-	-	448,848	448,848
Investments in subsidiary	-	-	-	-	-	1,086,002	1,086,002
Loans and other receivables	2,992,057	-	-	-	-	219,294	3,211,351
Other	-	-	-	-	-	1,021,968	1,021,968
Total assets	7,467,785	909,488	956,373	2,339,180	794,890	5,320,333	17,788,049
Liabilities							
Bank overdraft	329,875	-	-	-	-	-	329,875
Securities sold under repurchase agreements	1,749,339	1,558,302	911,782	-	-	-	4,219,423
Interest payable	-	207,687	-	-	-	-	207,687
Loans	-	-	3,631,331	1,366,053	-	-	4,997,384
Other	4,244,264	211,263	-	-	-	-	4,455,527
Total liabilities	6,323,478	1,977,252	4,543,113	1,366,053	-	-	14,209,896
Total interest rate sensitivity gap	1,144,307	(1,067,764)	(3,586,740)	973,127	794,890	5,320,333	3,578,153
Cumulative interest rate sensitivity gap	1,144,307	76,543	(3,510,197)	(2,537,070)	(1,742,180)	3,578,153	
As at 31 December 2018							
Total assets	7,888,570	1,515,921	941,044	1,374,927	1,541,668	2,115,950	15,378,080
Total liabilities	1,775,365	2,072,117	3,843,579	1,544,596	-	4,560,387	13,796,044
Total interest rate sensitivity gap	6,113,205	(556,196)	(2,902,535)	(169,669)	1,541,668	(2,444,437)	1,582,036
Cumulative interest rate sensitivity gap	6,113,205	5,557,009	2,654,474	2,484,805	4,026,473	1,582,036	

1. Fair value through other comprehensive income - FOCI

2. Fair value through Profit or Loss - FVPL

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

(c) **Interest rate risk (cont'd)**

The table below summarises the effective interest rate by major currencies for financial instruments of the Group and the Company.

	JA$	US$
	%	%
Assets		
Investment securities	3.93	4.04
Reverse repurchase agreements	2.33	2.49
Promissory notes	9.18	7.35
Liabilities		
Securities sold under repurchase agreements	2.21	2.22
Loans	-	2.58
Corporate papers	7.38	-

The management of interest rate risk is supplemented by monitoring the sensitivity of the group's financial assets to various standard and non-standard interest rate scenarios. Standard scenarios that are considered include a 100 basis point (bp) parallel rise and a 100 basis point (bp) parallel fall in the yield curve applicable to Government of Jamaica local instruments and a 100 bp parallel rise and a 100 basis point (bp) parallel fall in the yield curves applicable to Government of Jamaica global bonds and other sovereign bonds. An analysis of the Group's sensitivity to an increase or decrease in market interest rates and the likely impact on equity and statement of income (fair value through profit or loss account instruments), assuming no asymmetrical movement in the zero coupon yield curves, is as follows:

	2019					
	Daily Return	100 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	100bp parallel increase	100 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2019						
Statement of income						
Domestic – Amortised	194	(25,892)	14,152	-	-	-
Globals - Trading	-	-	-	156	(47,675)	47,987

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

(c) **Interest rate risk (cont'd)**

	2018					
	Daily Return	100 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	50bp parallel increase	50 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Statement of income						
Domestic – Amortised	665	(25,892)	26,736	-	-	-
Globals - Trading	-	-	-	567	(31,526)	33,494

(d) **Currency risk**

The group takes on exposure to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

Net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible. The following foreign currency balances are included in these financial statements:

	2019			
	GBP	US$	CAN$	EURO
	J$'000	J$'000	J$'000	J$'000
Assets				
Cash resources	352,557	361,841	16,504	811
Investment securities	-	2,411,150	-	-
Promissory notes	-	1,129,388	-	-
Interest receivable	-	76,274	-	-
Loans and other receivables	10,102	771,580	784	58,496
Total	362,659	4,750,233	17,288	59,307
Liabilities				
Securities sold under repurchase agreements	-	2,123,622	-	-
Loans and other payables	386,787	2,973,003	4,148	-
Interest payable	-	190,981	-	-
Total	386,787	5,287,606	4,148	-
Net position	(24,128)	(537,373)	13,140	59,307
As at 31 December 2018				
Total Assets	571,123	4,822,257	11,630	43,917
Total Liabilities	604,276	4,724,668	2,700	-
Net Position	(33,153)	97,589	8,930	43,917

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

(d) **Currency risk (cont'd)**

Sensitivity analysis

Changes in the exchange rates of the Jamaican dollar (JA$) to the following currencies would have the effects as described below:

	Change in Currency Rate 2019 %	Effect on Profit before Taxation 2019 $'000	Change in Currency Rate 2018 %	Effect on profit before Taxation 2018 $'000
Currency:				
GBP	-6	1,488	-4	(1,326)
GBP	+4	(965)	+2	663
US$	-6	(32,242)	-4	3,904
US$	+4	21,495	+2	(1,952)
CAN$	-6	(788)	-4	357
CAN$	+4	526	+2	(179)
EURO	-6	(3,558)	-4	1,768
EURO	+4	2,372	+2	(884)

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the basis of 6% weakening and 4% strengthening (2018 – 4% weakening and 2% strengthening) in exchange rates.

(e) **Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's loans and advances to customers, promissory notes and investment securities. For risk management reporting purposes, the group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

34. FINANCIAL RISK MANAGEMENT(CONT'D):

(e) Credit risk (cont'd)

The Board of Directors has delegated responsibility for the management of credit risk to its ALCO and its Risk Unit. The Risk Unit is responsible for oversight of the company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorization structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require approval by the Board of Directors as appropriate.

- Reviewing and assessing credit risk. The Risk Unit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

- Developing and maintaining the Group's risk grading in order to categorise exposures according to the degree of risk of the financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of six grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive as appropriate.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Board of Directors on the credit quality of loan portfolios and appropriate corrective actions taken.

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement credit policies and procedures, with credit approval authorities delegated by the Board of Directors. In addition, each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

Regular audits of business units and credit processes are undertaken by Internal Audit.

MAYBERRY INVESTMENTS LIMITED

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

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

	Promissory Notes		Loans and Other Receivables	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Carrying amount	1,812,878	1,486,657	3,230,632	4,187,875
Past due but not impaired				
Grade 1 – 3 – Low – fair risk	-	-	-	4,010,160
Grade 4 – Medium risk	11,347	48,195	3,211,351	177,715
Grade 5 – Medium high risk	203,499	353,385	19,281	-
Carrying amount	214,846	401,580	3,230,632	4,187,875
Past due comprises:				
30 – 60 days	11,347	44,460	2,833,664	932,206
60 – 90 days	-	-	-	-
90 – 180 days	4,547	4,142	-	-
180 days +	198,952	352,978	396,968	3,255,669
Carrying amount	214,846	401,580	3,230,632	4,187,875
Neither past due nor impaired				
Grade 1 – 3 – Low – fair risk	-	-	-	-
Grade 4 – Medium – high risk	1,598,032	1,085,077	-	-
Carrying amount	1,598,032	1,058,077	-	-
Includes accounts with renegotiated terms	-	-	-	-
Total carrying amount	1,812,878	1,486,657	3,230,632	4,187,875

Exposure to credit risk is also managed in part by obtaining collateral, corporate and personal guarantees. It is the policy of the Group to obtain or take possession of or register lien against securities. The Group monitors the market value of the underlying securities which collateralize the related receivable including accrued interest and request additional collateral where deemed appropriate. Other than exposure to Government of Jamaica securities, there is no significant concentration of credit risk.

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

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

An estimate of fair value of collateral held against promissory notes is shown below:

	Promissory Notes	
	2019 $'000	2018 $'000
Against past due but not impaired		
Property	380,800	294,428
Equities	27,695	15,369
Other	-	13,470
Against neither past due nor impaired		
Property	2,412	45,000
Equities	15,087	-
Other	10,990	11,790
Total	436,984	380,057

The group monitors concentrations of credit risk by sector and geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	Promissory Notes		Loans and Other Receivables	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Carrying amount	1,812,878	1,486,657	3,230,632	4,187,875
Concentration by sector				
Corporate	1,432,617	1,259,636	-	-
Retail	380,261	227,021	3,230,632	4,187,875
Total	1,812,878	1,486,657	3,230,632	4,187,875

(f) **Settlement risk**

The company's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

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

(f) **Settlement risk (cont'd)**

For certain types of transactions the company mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(g) **Regulatory capital management**

The company's lead regulator, Financial Services Commission (FSC), sets and monitors capital requirements. The FSC requires the company to maintain a minimum of 10% capital to total risk weighted assets. At year end the company's capital to total risk weighted assets ratio was 17.78% (2018: 15.41%).

The objective of Management is the maintenance of a strong and efficient capital position at all times. Through the capital management framework, the goal is to maintain capital consistent with the company's risk profile, strategic objectives, and applicable regulatory standards and guidelines.

Mayberry is subject to regulatory capital standards issued by the Financial Services Commission which, are largely guided by international criteria set by the Basel Committee on Banking Supervision (BCBS). The Financial Services Commission requires the company to maintain stated minimum of capital to total risk-weighted assets ratio and capital to total assets ratio of 10% and 6%, respectively.

The company remains adequately capitalized above minimum regulatory capital adequacy requirements. As indicated in the table below, Mayberry's capital to total risk-weighted assets ratio and capital to total assets ratios were 17.78% and 20.12%, as of 31 December 2019, respectively, well in excess of the stated minimum requirements under the Financial Services Commission capital regulatory standards. This further underscores the strength and resilience of our business to the increase in regulatory capital requirements and is a key component of the company's growth strategy.

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

(g) **Regulatory capital management (cont'd)**

	2019 $'000	2018 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Other reserve	51,343	51,343
Retained earnings	1,008,998	560,365
Total Tier 1 Capital	2,642,722	2,194,089
Tier 2 Capital – other reserve	26,596	26,596
Total Regulatory Capital	2,669,318	2,220,685
Risk Weighted Assets	15,014,033	14,411,796
Capital Ratio to Risk Weighted Assets Ratio	17.78%	15.41%
Regulatory requirement	10.0%	10.0%
Capital	3,578,151	2,558,927
Total Assets	17,788,046	17,402,413
Capital to Total Assets	20.12%	14.70%
Regulatory Requirement	6.0%	6.0%

In addition, the company is subject to bi-annual Stress Testing by the Financial Services Commission to determine if capital is sufficient to absorb losses during economic and financial market stress as well as effective capital planning processes.

The company's capital adequacy ratios have passed all individual and combined shocks applied to its balance sheet data in the bi-annual stress tests. Passing the bi-annual stress tests underscores the company's commitment to a sustained capital planning process that satisfies the expectations of our stakeholders. A key focus for the year ahead will be to ensure that the company remains adequately capitalized and positioned to respond to higher capital requirements prescribed by the regulatory authority.

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34. FINANCIAL RISK MANAGEMENT(CONT'D):

(h) Regulatory capital management (cont'd)

The company's policy is to maintain a strong capital base to ensure investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the company recognises the need to maintain a balance between higher returns that might be possible with greater leverage and the advantages and security afforded by a sound capital position.

The company has complied with all regulatory capital requirements throughout the period. There have been no material changes in the management of capital during the period.

Capital Allocation

Although maximization of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the company to operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, availability of management and other resources, and the fit of the activity with the company's longer term strategic objectives. Capital management and allocation are reviewed regularly by the Board of Directors.

35. FAIR VALUES OF FINANCIAL INSTRUMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine the fair value of a financial instrument. However, market prices are not available for some of the financial assets held by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the end of the reporting period.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities classified as fair value through profit or loss and fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows or other recognized valuation techniques.

35. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):

(ii) The fair values of liquid assets and other assets maturing within one year are assumed to approximate their carrying amount. This assumption is applied to liquid assets and short term elements of all financial assets and financial liabilities.

(iii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.

(iv) The fair values of fixed rate loans are estimated by comparing market interest rates when the loans were granted with the current market rate offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken to account in determining gross fair values as the impact of credit risk is recognized separately by deducting the amount of the provisions for credit losses from both book and fair values.

(v) Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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35. **FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):**

The following table shows an analysis of financial instruments held at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels of the fair value hierarchy:

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Financial assets -				
Debt securities				
- Government of Jamaica	-	15,529	-	15,529
- Foreign government	-	188,895	-	188,895
- Corporate bonds	-	2,015,186	1,480,547	3,495,733
Quoted equity securities	19,016,798	-	-	19,016,798
Unquoted equity securities	-	-	1,115,595	1,115,595
	19,016,798	2,219,610	2,596,142	23,832,550

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Financial assets -				
Debt securities				
- Government of Jamaica	-	23,053	-	23,053
- Foreign government	-	247,785	-	247,785
- Corporate bonds	-	1,235,551	-	1,235,551
Quoted equity securities	14,546,668	-	-	14,546,668
Unquoted equity securities	-	-	488,158	488,158
	14,546,668	1,506,389	488,158	16,541,215

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35. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):

	The Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Financial assets -				
Debt securities				
- Government of Jamaica	-	15,529	-	15,529
- Foreign government	-	188,895	-	188,895
- Corporate bonds	-	2,015,186	1,480,547	3,495,733
Quoted equity securities	75,553	-	-	75,553
	75,553	2,219,610	1,480,547	3,775,710

	The Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Financial assets -				
Debt securities				
- Government of Jamaica	-	23,053	-	23,053
- Foreign government	-	247,785	-	247,785
- Corporate bonds	-	1,235,551	-	1,235,551
Quoted equity securities	43,811	-	-	43,811
	43,811	1,506,389	-	1,550,200

As at 31 December 2019, the fair value of the financial instruments valued at amortized cost is detailed below:

	Group $'000		Company $'000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fair value of financial instruments at amortized cost	692,276	521,077	692,276	521,077

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36. **PENSION SCHEME:**

The company operates a defined contribution pension scheme for employees who have satisfied certain minimum service requirements. The scheme is funded by equal contributions of employer and employees of 5% of pensionable salaries and an option for employees to contribute an additional 10%. The company's contribution for the year amounted to $14,629,000 (2018: $14,232,000).

37. **FUNDS UNDER MANAGEMENT:**

The company provides custody, investment management and advisory services for both institutions and individuals which involve the company making allocation and purchases and sales decisions in relation to quoted shares and government financial instruments on a non-recourse basis. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the end of the reporting period, the company had financial assets under management of approximately $18,758,739,000 (2018: $19,691,931,000).

38. **SEGMENT INFORMATION:**

The company is a licensed Securities Dealer (note 1).

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

Financial information related to the operating segment results from continuing operations for the two years ended 31 December 2019, can be found in the consolidated statement of income. There are no differences in the measurement of the reportable segment results and the group's results.

Details of the segment assets and liabilities for the two years ended 31 December 2019, can be found in the consolidated statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the group's assets and liabilities.

Entity-wide disclosure:

The revenue from operations can be found in the consolidated statement of income.

39. **EFFECTS OF CHANGES IN ACCOUNTING POLICIES:**

THE Group adopted IFRS 16 with a transition date of 1January 2019. The Group has chosen not to restate comparative information on adoption of standard, and therefore, the revised requirements are not reflected in prior year financial statements.

IFRS 16 has replaced IAS 17, Leases and IFRIC 4, Determining whether an Arrangement Contains a Lease. IFRS 16 provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant lease activities acting as a lessor.

On initial application, the Group has elected to record right-of-use assets and lease obligations of $150,666,000 as of 1 January 2019, with no net impact on retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019. The weighted-average rate of 12% was applied.