MAYBERRY INVESTMENTS LIMITED

1985 - 2021

36

CELEBRATING 36 YEARS

2020 Audited Accounts

Financial Year ended 31 December 2020

MAYBERRY GROUP (CONSOLIDATED)

PERFORMANCE HIGHLIGHTS

TOTAL ASSETS

$32.2B

2019: $36.9B

TOTAL EQUITY TO SHAREHOLDERS

$11.6B

2019: $15.4B

NET BOOK VALUE PER SHARE

$9.66

2019: $12.86

FUNDS UNDER MANAGEMENT

$20.5B

2019: $18.8B

MAYBERRY GROUP

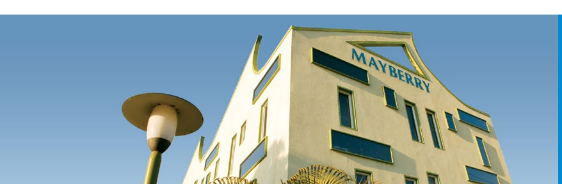
Management Discussion & Analysis

YEAR ENDED DECEMBER 31, 2020

Investment Environment

The Jamaican economy contracted 10.7% for the July to September 2020 quarter compared to the same quarter of 2019, largely due to the negative impact of the continued spread of the novel Coronavirus (COVID-19) and measures to limit its spread. Consequently, the performance stemmed from declines in the Services Industry and Goods Producing Industries by 13.1% and 3.5% respectively. The inflation rate for the October 2020 period was 1.3%, primarily attributed to the 2.4% increase in the index for 'Food and Non-Alcoholic Beverages' division. The inflation rate for the calendar year ended at 6.4%, while the fiscal year-to-date was 5.1%. The exchange rate during the calendar year 2020 devalued by 7.60% or $10.08 to $142.65 as at December 31, 2020.

For the period January to December 2020, the JSE Main Market Index declined by 114,301.51 points or 22.42% from 509,916.44 to 395,614.93 points. Local and global stock markets continued to be impacted negatively by the outbreak of the Novel Coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization on March 9, 2020. The JSE Junior Market reported a similar downward trend and closed December 2020 at 2,643.38 points when compared to 3,348.97 points as at December 31, 2019, a 21.07% decline over the twelve-month period.



Financial Highlights – Mayberry Group

- Profits in the broker dealer increased by 84%; the overall Group results were impacted by the large unrealized losses of $1.2 billion in the subsidiary, Mayberry Jamaican Equities Limited. The cash position of the Group has increased substantially from $1.59 billion to $1.63 billion which positions the Group to take advantage of market opportunities.

- Mayberry Group's Net Book Value per share for year ended December 31, 2020 was $9.66 versus $12.86 over the corresponding period in 2019. This was attributable to downward price movements which negatively impacted the value of Investment securities by $6.4 billion and reduced Reverse repurchase agreements by $958 million.

- Unrealized gains of $536.1 million were recognized during the year from the revaluation of properties.

- Total Revenues recorded by the Mayberry Group during 2020 was $683.1 million relative to $2.54 billion for the comparative period in 2019. The Group's after-tax loss attributable to shareholders was $352.9 million compared to an after-tax profit of $709.6 million for 2019. This resulted in a Loss per share (LPS) of $0.29 versus an Earnings per share (EPS) of $0.59 for the 2019 financial period.

- The impact of the global pandemic COVID-19 on the local and global financial markets affected core revenues negatively, which resulted in lower interest income earned from the bond portfolio. In addition, larger Unrealized losses were recorded for investment securities for Mayberry Jamaican Equities.

- Dividend Income declined by 11 % or $41.5 million representing lower payouts in share of profits for quoted securities held.

- Total Comprehensive loss for the year ended 2020 amounted to $4.9 billion compared to Total Comprehensive income of $5.8 billion for the corresponding period of 2019. This was primarily due to unrealized fair value losses on securities of approximately $4.3 billion.

- Consulting Fees & Commission Income declined by $384.4 million to close 2020 at $350.7 million due to a delay in projected deals for the last nine months of the year. However, there was strong growth from the Mayberry USD Corporate Portfolio as more customers saw the product as an alternate investment during 2020.

- Total Operating expenses for year ended 2020 decreased by $431 million to $1.5 billion compared to $1.9 billion for 2019 as costs were contained in Other operating expenses. In addition, there was a reversal of provision for credit losses of $83 million recorded by the parent company resulting from recovered bad debts.

- Total Assets were $32.2 billion for the year ended 2020 compared to $36.9 billion for the comparative period for 2019. This represents a $4.7 billion decrease or 12.8% in our asset base due mainly to reduced values of quoted equities and decreases in Reverse repurchase agreements.

- Total Liabilities increased over 2019 moving from $111.6 million to $16.8 billion. This was mainly driven by increases in demand loans resulting in Total loans moving by $281 million, and increased client cash payables attributed to a higher Accounts Payable balance of $5.1 billion. This position was offset by a decrease in Bank Overdraft of $74 million, Securities sold under repurchase agreements of $626 million and Deferred Tax liability of $219 million.

- Funds under management grew by $1.8 billion to $20.5 billion, up from $18.7 billion. This portfolio increase was mainly attributable to the growth in the Mayberry Managed Portfolios.

- Mayberry returned to Shareholders a dividend of $0.125 per ordinary share, which amounted to $169.97 million.

- Mayberry Group's capital base showed robust growth and remained in good standing, with Retained earnings moving from $6.4 billion to $6.0 billion and Fair value reserves closed at $3.9 billion versus $7.4 billion for 2019.

- It is anticipated that the general economic challenges caused by the impact of Covid-19 will continue in the near term until the vaccine is widely available in key source markets, which will significantly boost economic activity. The global outlook remains positive, as near-term expectations points to economic activity strengthening in the second half of 2021 and beyond. Mayberry's business is largely dependent on investor, consumer and business confidence and the performance of the economy overall which were all impacted by the pandemic in 2020. We are focused on the long-term growth prospects of the country and are not discouraged by short-term fluctuations in the market and the attendant risks. Monetary and fiscal stimulus will provide limited support for economic growth in 2021. We expect that the Bank of Jamaica (BOJ) will hold its benchmark monetary policy rate at 0.50%, an all-time low, throughout 2021. Despite the economic challenges for Jamaica in the near term, especially given our high dependence on tourism, we remain confident that the country is well poised for recovery and growth in the medium to long-term.

- We wish to thank our clients, shareholders and staff for their commitment and contribution to the successful milestones of the company.

Top Ten Shareholders and Connected Persons

31 December 2020

Name	Shareholdings
PWL BAMBOO HOLDINGS LIMITED	473,657,950
KONRAD BERRY	430,686,104
MAYBERRY EMPLOYEE SHARE SCHEME	38,520,347
VDWSD LTD	29,990,000
KONRAD LIMITED	28,607,890
GARY PEART	24,566,665
THE MAYBERRY FOUNDATION LTD	11,874,243
CHRISTINE WONG	8,103,167
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	6,481,590
SAGICOR SELECT FUNDS LIMITED - CLASS B - FINANCIAL	5,206,681

Connected Persons	
Apex Pharmacy	3,568,916
Mayberry Managed Clients Account	3,102,586
Mayberry Individual Retirement Scheme	1,000,000
Doris Berry	732,262
A+ Plus Medical Centre	500,000
Mayberry Staff Investment Club	115,772
Est. Maurice Berry	10

MAYBERRY INVESTMENTS LIMITED
- Established 1985 -

Shareholdings of Directors and Senior Management

31 December 2020

Directors	**Shareholdings**	**Connected Persons**
Christopher Berry	-	481,489,650
Konrad Berry**	430,686,104	35,357,224
Gary Peart**	24,566,665	30,911,455
Erwin Angus	1,000,000	
Gladstone Lewars **	1,431,500	
Alok Jain	2,010,372	
Walter Scott	-	

Managers		
Kayree Berry-Teape**	2,860,749	31,080
Andrea HoSang**	1,498,600	
Kristen Raymore-Reynolds	100,000	
Dan H. Theoc	2,040	
Damian Whylie	129,724	

** Includes holdings in joint accounts

Financial Statements

Financial Year ended 31 December 2020

MAYBERRY
INVESTMENTS LIMITED
- Established 1985 -

MAYBERRY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2020

INDEX

BDO

Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

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

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 2020, 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 2020, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

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

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 2020, investment securities and promissory notes at amortised cost, net of provision for credit losses amounted to $23 billion or 72% of total assets of the group. Impairment provisions of $291 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.

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)

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

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.

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 will not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Other Information (Cont'd)

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 of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of 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.

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.

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

- 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 presents a true and fair view.

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Report on additional matters as required by the Jamaican Companies Act

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

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

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

Chartered Accountants

25 March 2021

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Net Interest Income and Other Revenues			
Interest income		679,932	790,788
Interest expense		(484,990)	(621,183)
Net interest income	4	194,942	169,605
Consulting fees and commissions	5	350,659	735,053
Dividend income	6	338,582	380,057
Net trading gains	7	169,118	65,815
Net unrealized (losses)/gains on financial instruments - FVPL		(1,145,692)	889,955
Net foreign exchange gains		233,076	292,640
Other income		6,252	8,743
Unrealised gain on other assets		536,149	165
		683,086	2,542,033
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	652,135	660,814
Provision for credit losses		(82,557)	48,249
Depreciation and amortisation		57,072	48,371
Other operating expenses		837,279	1,137,476
	9	1,463,929	1,894,910
(Loss)/Profit before taxation		(780,843)	647,123
Taxation credit/(charge)	10	82,080	(1,259)
Net (Loss)/Profit for the Year	11	(698,763)	645,864
Attributable to:			
Stockholders of the parent		(352,909)	709,584
Non-controlling interest	33	(345,854)	(63,720)
		(698,763)	645,864
		2020 $	**2019 $**
EARNINGS PER STOCK UNIT	12(a)	(0.29)	0.59

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Net (Loss)/Profit for the Year		(698,763)	645,864
Other Comprehensive Income Net of Taxation:			
Item that will not be reclassified to profit or loss			
Net unrealized (losses)/gains on financial instruments - FVOCI		(4,283,711)	5,169,838
Total Comprehensive Income for the Year		(4,982,474)	5,815,702
Total Comprehensive Income Attributable to:			
Stockholders of the parent		(3,398,080)	4,733,691
Non-controlling interest	33	(1,584,394)	1,082,011
		(4,982,474)	5,815,702

	Note	2020 $	2019 $
COMPREHENSIVE INCOME PER STOCK UNIT	12(b)	(2.83)	3.94

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Cash resources	13	1,634,200	1,596,889
Investment securities	14	19,213,566	25,616,876
Reverse repurchase agreements	15	2,526,121	3,483,713
Promissory notes	16	4,009,504	1,812,878
Interest receivable		38,500	100,671
Loans and other receivables	18	3,218,480	3,230,632
Property, plant and equipment	19	122,229	145,365
Right of use assets	20(a)	114,701	133,459
Taxation recoverable		2,610	-
Other assets	22	1,279,291	743,142
Intangible asset	30	53,944	58,103
Total Assets		32,213,146	36,921,728
LIABILITIES			
Bank overdraft	13	255,976	329,875
Securities sold under repurchase agreements		3,593,212	4,219,424
Interest payable		219,024	211,327
Loans	23	7,464,485	7,183,970
Taxation payable		66	4,960
Deferred taxation	24	85,731	304,511
Lease liabilities	20(b)	128,579	140,236
Accounts payable	25	5,057,478	4,298,677
Total Liabilities		16,804,551	16,692,980
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	3,935,851	7,415,719
Other reserves	28	77,939	77,939
Retained earnings	29	6,010,721	6,372,032
Equity Attributable to Shareholders of the Parent		11,606,892	15,448,071
Non-Controlling Interest	33	3,801,703	4,780,677
Total Equity		15,408,595	20,228,748
Total Equity and Liabilities		32,213,146	36,921,728

	Note	2020 $	2019 $
NET BOOK VALUE PER STOCK UNIT	12(b)	9.66	12.86

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

Konrad M. Berry
Vice Chairman

Gary Peart
Director

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	No. of Shares	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Non-Controlling Interest $'000	Total $'000
Balance at 31 December 2018	1,201,149,291	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
TRANSACTION WITH OWNERS							
Dividend paid (note 32)	-	-	-	-	(319,806)	-	(319,806)
Translation adjustment					14,077	-	14,077
Realized 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	1,201,149,291	1,582,381	7,415,719	77,939	6,372,032	4,780,677	20,228,748
TOTAL COMPREHENSIVE INCOME							
Net loss	-	-	-	-	(352,909)	(345,854)	(698,763)
Other comprehensive income	-	-	(3,045,171)	-	-	(1,238,540)	(4,283,711)
	-	-	(3,045,171)	-	(352,909)	(1,584,394)	(4,982,474)
TRANSFER BETWEEN RESERVES							
From fair value reserves	-	-	(212,303)	-	212,303	-	-
TRANSACTIONS WITH OWNERS							
Dividend paid (note 32)	-	-	-	-	(169,971)	-	(169,971)
Translation adjustment	-	-	-	-	(65,666)	-	(65,666)
Realised gain on partial disposal of subsidiary	-	-	-	-	339,231	-	339,231
	-	-	-	-	103,594	-	103,594
Change in ownership interest in subsidiary	-	-	(222,394)	-	(324,299)	605,420	58,727
Balance at 31 December 2020	1,201,149,291	1,582,381	3,935,851	77,939	6,010,721	3,801,703	15,408,595

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		(780,843)	647,123
Adjustments for:			
Provision for credit losses		(82,557)	48,249
Intangible asset – amortization		4,159	4,238
Depreciation	19	29,408	26,917
Right of use assets - amortization	20	18,758	17,216
Interest income	4	(679,932)	(790,788)
Interest expense	4	484,990	621,183
Interest expense – right of use assets		10,600	10,978
Realised fair value gains transferred to retained earnings		212,303	1,517,666
Unrealised fair value gains on financial instruments - FVPL		1,145,692	(889,955)
Unrealised foreign exchange losses		179,762	173,232
Unrealised fair value gains on other assets		(536,149)	-
		6,191	1,386,059
Changes in operating assets and liabilities:			
Loans and other receivables		14,829	1,015,196
Investments		622,993	56,172
Promissory notes		(2,196,626)	(374,471)
Reverse repurchase agreements		1,221,363	(1,736,551)
Taxation recoverable/payable		-	2,441
Accounts payable		686,083	(366,802)
Securities sold under repurchase agreements		(626,212)	258,026
Loans		276,938	(18,634)
		5,559	221,436
Interest received		763,158	767,296
Interest paid		(498,927)	(611,512)
Taxation paid		(8,605)	-
Cash provided by operating activities c/f (page 11)		261,185	377,220

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash provided by operating activities brought forward (page 10)		261,185	377,220
Cash Flows from Investing Activities			
Purchase of intangible asset		-	(27,596)
Additions to property, plant and equipment	19	(6,272)	(59,661)
Cash used in investing activities		(6,272)	(87,257)
Cash Flows from Financing Activities			
Dividend payment	32	(169,971)	(319,806)
Lease payment	20	(22,257)	(21,405)
Cash used in financing activities		(192,228)	(341,211)
Net Increase/(Decrease) in Cash and Cash Equivalents		62,685	(51,248)
Exchange gain on foreign cash balances		48,525	43,636
Cash and cash equivalents at beginning of year		1,267,014	1,274 626
Cash and Cash Equivalents at End of Year	13	1,378,224	1,267,014

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Net Interest Income and Other Revenues			
Interest income		699,236	803,880
Interest expense		(325,053)	(479,432)
Net interest income	4	374,183	324,448
Consulting fees and commissions	5	350,659	735,053
Dividend income	6	70,102	278,929
Net trading gains/(losses)	7	106,777	(73,958)
Net unrealized gains on investment revaluation		61,547	108,241
Net foreign exchange gains		241,699	258,688
Other income		6,252	8,745
Unrealised gain on other assets		536,149	165
		1,747,368	1,640,311
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	652,135	660,814
Provision for credit losses		(82,557)	48,249
Depreciation and amortization		48,166	44,133
Other operating expenses		686,051	620,783
	9	1,303,795	1,373,979
Net Profit before Taxation		443,573	266,332
Taxation credit	10	56,035	5,577
Net Profit for the Year	11	499,608	271,909

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000
Net Profit for the Year	499,608	271,909
Other Comprehensive Income Net of Taxation:		
Item that will not be reclassified to profit or loss		
Net unrealized (losses)/gains on financial instruments - FVOCI	(190,491)	570,591
Total Comprehensive Income for the Year	309,117	842,500

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Cash resources	13	1,303,321	1,061,127
Investment securities	14	4,352,847	5,561,491
Reverse repurchase agreements	15	2,526,121	3,483,713
Promissory notes	16	4,009,504	1,812,878
Interest receivable		38,500	100,671
Due from subsidiaries	17	488,141	448,848
Loans and other receivables	18	3,184,985	3,211,350
Property, plant and equipment	19	122,229	145,365
Right of use assets	20(a)	114,701	133,459
Investments in subsidiaries	21	1,209,121	1,086,002
Other assets	22	1,279,291	743,142
Total Assets		18,628,761	17,788,046
LIABILITIES			
Bank overdraft	13	255,976	329,875
Securities sold under repurchase agreements		3,593,212	4,219,424
Interest payable		214,879	207,687
Loans	23	5,274,322	4,997,384
Deferred taxation	24	68,146	212,702
Accounts payable	25	5,017,292	3,891,324
Lease liability	20(b)	128,579	140,236
Due to subsidiary	17	-	211,263
Total Liabilities		14,552,406	14,209,895
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	718,342	908,833
Other reserves	28	77,939	77,939
Retained earnings	29	1,697,693	1,008,998
Total Equity		4,076,355	3,578,151
Total Equity and Liabilities		18,628,761	17,788,046

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

....
Konrad M. Berry
Vice Chairman

....
Gary Peart
Director

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	No. of Shares	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2019	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
TOTAL COMPREHENSIVE INCOME						
Profit for the year	-	-	-	-	499,608	499,608
Other comprehensive income	-	-	(190,491)	-	-	(190,491)
	-	-	(190,491)	-	499,608	309,117
TRANSACTION WITH OWNERS						
Dividend paid (note 32)	-	-	-	-	(150,144)	(150,144)
Realised gain on partial disposal of subsidiary	-	-	-	-	339,231	339,231
	-	-	-	-	189,087	189,087
Balance at 31 December 2020	1,201,149,291	1,582,381	718,342	77,939	1,697,693	4,076,355

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Profit before taxation		443,573	266,332
Adjustments for:			
Provision for credit losses		(82,557)	48,249
Depreciation	19	29,408	26,917
Right of use assets - amortization	20	18,758	17,216
Interest income	4	(699,236)	(803,880)
Interest expense	4	325,053	479,432
Interest expense - right of use assets		10,600	10,976
Realised fair value gains transferred to retained earnings		339,231	477,011
Unrealised gains on investment revaluation		(61,547)	(108,241)
Unrealised foreign exchange losses		170,190	194,176
Unrealised gains on other assets		(536,149)	-
		(42,676)	608,188
Changes in operating assets and liabilities:			
Loans and other receivables		26,365	882,011
Investments		851,621	1,304,027
Investment in subsidiary		(123,119)	15,799
Promissory notes		(2,196,626)	(374,471)
Reverse repurchase agreements		957,592	(1,736,551)
Due from subsidiary		(39,293)	289,412
Due to subsidiary		(211,263)	(803,176)
Accounts payable		1,125,968	(701,816)
Securities sold under repurchase agreements		(626,212)	258,026
Loans		276,938	(22,211)
		(705)	(280,762)
Interest received		761,407	780,389
Interest paid		(317,861)	(470,199)
Cash provided by operating activities c/f (page 17)		442,841	29,428

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash provided by operating activities brought forward (page 16)		442,841	29,428
Cash Flows from Investing Activities			
Additions to property, plant and equipment	19	(6,272)	(59,661)
Cash used in investing activities		(6,272)	(59,661)
Cash Flow from Financing Activities			
Dividend payment	32	(150,144)	(300,287)
Lease payment	20	(22,257)	(21,405)
Cash used in financing activities		(172,401)	(321,692)
Net Increase/(Decrease) in Cash and Cash Equivalents		264,168	(351,925)
Exchange gain on foreign cash balances		51,925	47,236
Cash and cash equivalents at beginning of year		731,252	1,035,941
Cash and Cash equivalents at End of Year	13	1,047,345	731,252

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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. During 2019, trades were executed over the stock exchange that reduced the company's ownership to 72%. This was further reduced to 68% as a result of trades during the current year.

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 2020 have been approved for issue by the Board of Directors on 25 March 2021.

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 2020

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

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

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:

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020). These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures', (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2020). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

There was no impact on the group's financial statements from the adoption of these amendments.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

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

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

The following amendments to standards which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2022). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the group.

(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 68% owned subsidiary, Mayberry Jamaican Equities Limited and its wholly-owned 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.

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 2020

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 2020

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

(h) **Investment securities**

Debt instruments

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 2020

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**

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.

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

(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.

(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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(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.

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(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).

4. NET INTEREST INCOME:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interest income				
Investment securities	188,806	581,773	208,361	375,480
Loans and advances	491,126	209,015	490,875	428,400
	679,932	790,788	699,236	803,880
Interest expense				
Finance charges	39,565	60,250	39,565	60,257
Repurchase agreements	81,914	298,662	81,914	138,982
Corporate papers and notes	173,239	225,190	173,239	225,190
Other	190,272	37,081	30,335	55,003
	484,990	621,183	325,053	479,432
	194,942	169,605	374,183	324,448

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. CONSULTING FEES AND COMMISSIONS:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Brokerage fees and commissions	214,086	516,146	214,086	516,146
Structured financing fees	43,522	99,540	43,522	99,540
Portfolio management	93,051	119,367	93,051	119,367
	350,659	735,053	350,659	735,053

6. DIVIDEND INCOME:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Investment securities fair valued through profit or loss	2,821	12,956	118	9,800
Investment securities classified through other comprehensive income	335,761	367,101	69,984	269,129
	338,582	380,057	70,102	278,929

7. NET TRADING GAINS/(LOSSES):

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Equities - trading securities	59,793	105,084	(2,548)	(34,689)
Fixed income - trading securities	109,325	(39,269)	109,325	(39,269)
	169,118	65,815	106,777	(73,958)

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Wages and salaries	558,114	532,686	558,114	532,686
Profit share and bonus	-	18,429	-	18,429
Statutory contributions	52,996	52,574	52,996	52,574
Pension contributions	12,878	15,440	12,878	15,440
Training and development	19,755	27,734	19,755	27,734
Staff welfare	8,392	13,951	8,392	13,951
	652,135	660,814	652,135	660,814

The number of employees at year end was 114 (2019 – 139).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

9. EXPENSES BY NATURE:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Sales, marketing and public relations	78,149	86,234	76,352	84,596
Auditors' remuneration	12,471	11,003	8,400	8,440
Computer expenses	63,657	34,126	63,657	34,126
Depreciation	29,408	26,917	29,408	26,917
Amortization - right of use assets	18,758	17,206	18,758	17,206
Provision for credit losses	(82,557)	48,249	(82,557)	48,249
Insurance	13,814	11,277	13,814	11,277
Licensing fees	117,481	94,736	78,254	79,813
Lease rentals	9,636	11,499	9,636	11,499
Other operating expenses	133,442	113,951	111,204	96,080
Printing, stationery and office supplies	6,515	13,782	6,515	13,782
Legal and professional fees	216,256	135,133	191,984	132,220
Repairs and maintenance	9,786	12,037	9,786	12,037
Investment, incentive and management fee	68,529	478,328	-	-
Salaries, statutory contributions and staff costs (note 8)	652,135	660,814	652,135	660,814
Security	13,882	20,835	13,882	20,835
Travelling and motor vehicles expenses	17,158	36,943	17,158	34,248
Assets tax	37,221	37,393	37,221	37,393
Utilities	48,188	44,447	48,188	44,447
	1,463,929	1,894,910	1,303,795	1,373,979

10. TAXATION:

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

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current year income tax at 33 1/3%	-	-	-	-
Current year income tax at 1%	-	8,452	-	-
Under provision of prior year tax	(426)	-	-	-
Deferred tax charge (note 24)	(81,654)	(7,193)	(56,035)	(5,577)
Taxation (credit)/charge	(82,080)	1,259	(56,035)	(5,577)

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

10. TAXATION (CONT'D):

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

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(Loss)/Profit before taxation	(780,843)	647,123	443,573	266,332
Tax calculated at a tax rate 33 1/3%	(260,281)	215,706	147,857	88,776
Adjustments for the effects of:				
Under provision of prior year	(426)	-	-	
Expenses not deductible for tax	13,119	14,818	13,030	14,776
Income not subject to tax	(205,147)	(92,500)	(178,691)	(88,881)
Loss/(income) from subsidiary taxed at 1%	399,477	(139,490)	(23,228)	-
Net effect of other charges and allowances	(28,822)	2,725	(15,003)	(20,248)
Taxation (credit)/charge	(82,080)	1,259	(56,035)	(5,577)

(c) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately $961 million (2019 - $793 million) available for set-off against future taxable profits. The group's subsidiaries have no tax losses (2019 - NIL) available for set-off against future taxable profits.

11. NET (LOSS)/PROFIT:

	2020 $'000	2019 $'000
Dealt with in the financial statements of:		
The company	499,608	271,909
Subsidiaries	(1,146,130)	634,768
	(646,522)	906,677
Less: Dividends paid by subsidiaries to the parent company	(52,241)	(260,813)
	(698,763)	645,864
Attributable to:		
Stockholders of the parent	(352,909)	709,584
Non-controlling interest	(345,854)	(63,720)
	(698,763)	645,864

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

12. **FINANCIAL RATIOS:**

(a) Earnings per stock unit:

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

	2020	2019
Net (loss)/profit attributable to stockholders of the parent ($'000)	(352,909)	709,584
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earnings per stock unit	($0.29)	$0.59
Fully diluted earnings per stock unit	($0.29)	$0.59

(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.

	2020	2019
Comprehensive income attributable to stockholders of the parent ($'000)	(3,398,080)	4,733,691
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Comprehensive income per stock unit	($2.83)	$3.94

(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.

	2020	2019
Stockholders equity attributable to stockholders of the parent ($'000)	11,606,892	15,448,071
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Net book value per stock unit	$9.66	$12.86

(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.

	2020	2019
Closing bid price per stock unit as at 31 December	$6.00	$8.31
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Market value of ordinary stock units ($'000)	7,206,894	9,981,548

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

13. CASH RESOURCES:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current accounts - Jamaican dollar	156,247	355,331	110,060	317,560
Current accounts - Foreign currencies	1,476,378	1,239,302	1,191,686	741,311
Jamaican dollar deposits	1,488	1,488	1,488	1,488
Cash in hand	87	768	87	768
	1,634,200	1,596,889	1,303,321	1,061,127

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

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash resources	1,634,200	1,596,889	1,303,321	1,061,127
Bank overdraft	(255,976)	(329,875)	(255,976)	(329,875)
	1,378,224	1,267,014	1,047,345	731,252

The bank overdraft resulted from un-presented cheques at year-end. The National Commercial Bank Jamaica Limited (NCB) holds as security, Bank of Jamaica Indexed Note with a nominal value of US$100,000 and GOJ Marketable Securities (2019: US$219,000 Government of Jamaica Global Bonds), to cover its overdraft facility of J$300,000,000. NCB also holds as security Government of Jamaica Bond with a nominal value of J$3,800,000 or lien over idle cash balances (2019: 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 during the year, 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 8.25% per annum. The facility is reviewed on an annual basis.

14. INVESTMENT SECURITIES:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Fair value through profit or loss				
Debt securities				
- Government of Jamaica	17,865	15,529	17,865	15,529
- Foreign governments	202,522	188,895	202,522	188,895
- Corporate	2,459,897	3,495,733	2,459,897	3,495,733
Equities	2,885,909	4,179,436	37,626	75,553
	5,566,193	7,879,593	2,717,910	3,775,710

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

14. INVESTMENT SECURITIES (CONT'D):

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial instruments at amortised cost				
Debt securities				
- Government of Jamaica	450,901	167,020	450,901	167,020
- Foreign governments	395	183	395	183
- Corporate	383,711	525,073	383,711	525,333
	835,007	692,276	835,007	692,536
Equity securities at fair value through other comprehensive income	12,832,115	17,099,549	819,679	1,147,787
	19,233,315	25,671,418	4,372,596	5,616,033
Less: provision for impairment	(19,749)	(54,542)	(19,749)	(54,542)
Total	19,213,566	25,616,876	4,352,847	5,561,491

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 23).

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. As at 4 October 2020, the call option expired without being exercised.

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 2020 the company held J$2,526,121,000 (2019: J$3,483,713,000) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

16. **PROMISSORY NOTES:**

	2020 $'000	2019 $'000
Gross loans	4,280,047	2,165,978
Specific allowance for impairment	(270,543)	(353,100)
	4,009,504	1,812,878

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:

	2020 $'000	2019 $'000
Balance at beginning of year	353,100	338,290
Net (decrease)/increase in provision	(82,557)	14,810
	270,543	353,100

17. **DUE FROM/TO SUBSIDIARIES:**

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

	2020 $'000	2019 $'000
Due from -		
Mayberry Jamaican Equities Limited	16,106	-
Widebase Ltd.	472,035	448,848
	488,141	448,848
Due to -		
Mayberry Jamaican Equities Limited	-	211,263

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

18. **LOANS AND OTHER RECEIVABLES:**

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Client margins	1,936,578	2,031,680	1,936,578	2,031,680
Withholding tax recoverable	225,341	230,147	225,341	230,147
Other receivables	1,056,561	968,805	1,023,066	949,523
	3,218,480	3,230,632	3,184,985	3,211,350

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

19. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improvements $'000	Computer Equipment $'000	Office Equipment $'000	Furniture, Fixtures & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost -						
At 1 January 2019	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
Additions	-	3,069	3,064	200	-	6,333
Adjustments	(61)	-	-	-	-	(61)
At 31 December 2020	79,836	236,921	33,171	63,549	28,244	441,721
Accumulated Depreciation -						
At 1 January 2019	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
Charge for the year	1,760	19,871	1,493	2,715	3,569	29,408
At 31 December 2020	27,506	193,426	27,186	55,295	16,079	319,492
Net Book Value -						
31 December 2020	52,330	43,495	5,985	8,254	12,165	122,229
31 December 2019	54,151	60,297	4,414	10,769	15,734	145,365

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

20. 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)
As at December 2019	102,502	30,957	133,459
Amortization	(6,415)	(12,343)	(18,758)
At 31 December 2020	96,087	18,614	114,701

(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)
As at 31 December 2019	106,398	33,838	140,236
Interest expense	7,304	3,296	10,600
Lease payments	(7,800)	(14,457)	(22,257)
At 31 December 2020	105,902	22,677	128,579

21. INVESTMENT IN SUBSIDIARIES:

	2020 $'000	2019 $'000
Balance at beginning of the year	1,086,002	1,101,801
3% disposal through trade over the Jamaica Stock Exchange	-	(52,825)
1% buy back through trade over the Jamaica Stock Exchange	-	37,026
5% disposal through trade over the Jamaica Stock Exchange	(61,115)	-
1% buy back through trade over the Jamaica Stock Exchange	184,234	-
	1,209,121	1,086,002

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. The company disposal of 5% (2019 - 3%) through trade over the Jamaica Stock Exchange and 1% (2019 - 1%) buy back through trade over the Jamaica Stock Exchange.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

22. 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.

	2020 $'000	2019 $'000
Balance at beginning of the year	743,142	742,977
Unrealised gain on revaluation	536,149	165
	1,279,291	743,142

Some of these properties are used as collateral for the company's corporate paper (note 23).

23. LOANS:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Demand loans -				
Oppenheimer & Co. Inc.	552,627	197,371	552,627	197,371
Morgan Stanley	456,322	629,100	456,322	629,100
Raymond James	799,397	666,650	799,397	666,650
Term loans –				
Corporate paper (unsecured)	2,725,000	2,725,000	2,725,000	2,725,000
Corporate paper (secured)	740,976	779,263	740,976	779,263
Corporate bond	2,190,163	2,186,586	-	-
	7,464,485	7,183,970	5,274,322	4,997,384

The demand loans attract interest at 2.25% (2019 – 2.75%) per annum - Oppenheimer & Co. Inc., 1.735% (2019 - 2.513%) per annum - Morgan Stanley and 2.667% (2019 – 2.667%) 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 14).

The Unsecured Corporate Paper attracts interest at 6.5% per annum (2019 - 6.5%). The Secured Corporate Paper is backed by real estate and attracts a weighted average rate of interest at 7.5% per annum (2019 – 7.21%).

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

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 $9,708,390,000 (2019 - $14,366,318,000) with a coverage of 4.41 times (2019 – 6.07) the loan balance.

24. **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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net balance at beginning of year	(304,511)	4,676	(212,702)	66,974
Deferred tax credit in profit or loss (note 10)	81,654	7,193	56,035	5,577
Deferred tax charge on investment securities in other comprehensive income	137,126	(316,380)	88,521	(285,253)
Net balance at end of year	(85,731)	(304,511)	(68,146)	(212,702)

Deferred income taxation is due to the following items:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deferred income tax assets:				
Interest payable	71,619	69,222	71,619	69,222
Property, plant and equipment	2,398	1,343	2,398	1,343
Provisions	30,384	13,993	30,384	13,993
Tax losses carried forward	333,842	264,325	315,660	264,325
	438,243	348,883	420,061	348,883
Deferred income tax liabilities:				
Property, plant and equipment	11,899	21,728	11,899	21,728
Investment securities				
- Trading	8,441	36,602	20,513	36,077
- Other comprehensive income	426,962	558,928	379,123	467,644
Unrealised foreign exchange gain	63,840	2,582	63,840	2,582
Interest receivable	12,832	33,554	12,832	33,554
	523,974	653,394	488,207	561,585
Net balance at year end	(85,731)	(304,511)	(68,146)	(212,702)
Deferred tax lability	(85,731)	(304,511)	(68,146)	(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).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

25. **ACCOUNTS PAYABLE:**

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Accounts payable	330,479	849,858	290,293	442,506
Client payables	4,726,999	3,448,819	4,726,999	3,448,818
	5,057,478	4,298,677	5,017,292	3,891,324

Included in client payables are debit balances totalling $2,608 million (2019 - $5,208 million).

26. **SHARE CAPITAL:**

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Authorized – 2,120,000,000 Ordinary Shares				
- 380,000,000 Redeemable Cumulative Preference Shares				
- 1 special rights preference share				
Issued and fully paid –				
1,201,149,291 ordinary shares	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 in 2019. During 2020 an additional 4% was also divested.

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:**

	2020 $'000	2019 $'000
Capital redemption reserve fund	51,343	51,343
Stock option reserve	26,596	26,596
	77,939	77,939

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

29. RETAINED EARNINGS:

	2020 $'000	2019 $'000
Reflected in the financial statements of:		
The Company	1,697,693	1,008,998
Subsidiaries	4,313,028	5,363,034
	6,010,721	6,372,032

30. INTANGIBLE ASSET:

	The Group $'000
At Cost -	
1 January 2019	34,744
Additions	27,597
At 31 December 2019 and 31 December 2020	62,341
Amortisation –	
1 January 2019	-
Charge for the year	4,238
31 December 2019	4,238
Charge for the year	4,159
31 December 2020	8,397
Net book value -	
31 December 2020	53,944
31 December 2019	58,103

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Loans and other receivables:				
Subsidiaries (note 17)	-	-	488,141	448,848
Companies controlled by directors	-	334,545	-	334,545
Directors and key management personnel	-	208,948	-	208,948
Due to related company:				
Mayberry Jamaican Equities Limited (note 17)	-	-	-	211,263
Mayberry Asset Managers Limited	256,996	454,125	-	-
Payables:				
Companies controlled by directors	7,022	605,790	-	72,882
Directors and key management personnel	3,622	23,369	-	23,269
Key Management Compensation:				
Key management include directors (executive and non-executive) and Senior Vice Presidents				
Directors emoluments:-				
Fees	26,763	24,881	26,763	24,881
Executive directors remuneration	90,108	84,045	90,108	84,045
Other key management personnel	75,216	79,270	75,216	79,270
Other operating expenses:				
Companies controlled by directors	192,817	540,708	192,817	7,800

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 $34,621,000 (2019 – $94,865,000).

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. There was no incentive fee charged for 2020 (2019 - $383,643,000).

32. DIVIDENDS:

	The Group	
	2020 $'000	2019 $'000
Final dividend to ordinary shareholders – 12.5 cents per share (2019 - 23 cents per share)	150,144	300,287
Payment to minority shareholders	19,827	19,519
	169,971	319,806

A dividend of $0.125 was approved and paid in July 2020 to those shareholders on record as at 22 May 2020.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

33. **NON-CONTROLLING INTEREST:**

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

	2020 $'000	2019 $'000
Statement of financial position		
Total assets	14,147,427	19,765,653
Total liabilities	(2,267,106)	(2,691,806)
Net assets	11,880,321	17,073,847
Attributable to non-controlling interest	3,801,703	4,780,677
Statement of comprehensive income		
Revenue	(1,015,049)	509,478
Loss for the period	(1,144,501)	(193,214)
Other comprehensive income	(4,093,220)	4,599,247
Total comprehensive income	(5,237,721)	4,406,033
Loss allocated to non-controlling interest	(345,854)	(63,720)
Other comprehensive income allocated to non-controlling interest	(1,238,540)	1,145,731
Attributable to non-controlling interest	(1,584,394)	1,082,011

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

NOTES TO THE FINANCIAL STATEMENTS

32 DECEMBER 2020

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:

	2020	2019
At 31 December	2.23:1	1.22.1
Average for the period	1,78:1	1.36:1
Maximum for the period	2.34:1	1.86:1
Minimum for the period	1.89:1	0.96.1

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.

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

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

	Group 2020					
	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	255,976	-	-	-	-	255,976
Securities sold under repurchase agreements	1,642,667	1,240,307	743,345	-	-	3,626,319
Interest payable	18,453	-	200,571	-	-	219,024
Loans	2,198,372	150,950	400,492	5,420,000	200,000	8,369,814
Other liabilities	5,248,237	-	-	-	-	5,248,237
Total liabilities (contractual maturity dates)	9,363,705	1,391,257	1,344,408	5,420,000	200,000	17,719,370

	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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

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

	Company 2020					
	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	255,976	-	-	-	-	255,976
Securities sold under repurchase agreements	1,642,667	1,240,307	743,345	-	-	3,626,319
Interest payable	14,308	-	200,571	-	-	214,879
Loans	2,198,372	150,950	235,492	2,725,000	200,000	5,509,814
Other liabilities	5,214,017	-	-	-	-	5,214,017
Total liabilities (contractual maturity dates)	9,325,340	1,391,257	1,179,408	2,725,000	200,000	14,821,005

	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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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.

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 2020 and during the period is as follows:

	2020			
	31 December $'000	Average $'000	Maximum $'000	Minimum $'000
Foreign Currency Risk	25,339	24,792	31,713	18,966
Interest Rate Risk				
Domestic securities - amortized cost	8,252	7,477	9,802	6,123
Global securities - amortized cost	1,246	1,247	1,654	838
Global securities - trading	2,733	3,073	3,252	2,121
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	45,430	52,274	58,052	32,808
Domestic securities - trading	3,435	2,219	4,053	2,818
Global Securities - trading	2,094	1,546	2,051	1,108

	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	111,566	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

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. FINANCIAL RISK MANAGEMENT(CONT'D):

(c) Interest rate risk

	Group						
	Within 1 Month $'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	1,634,200	-	-	-	-	-	1,634,200
Investment securities at amortised cost	-	783	122	556,505	272,926	4,671	835,007
Investments Securities FOCI (1)	-	-	-	-	-	12,810,911	12,810,911
Investment securities FVPL (2)	-	1,572	241,214	1,524,727	910,826	2,889,309	5,567,648
Reverse repurchase agreements	1,025,265	998,482	502,374	-	-	-	2,526,121
Promissory notes	3,396,702	-	883,345	-	-	(270,543)	4,009,504
Interest receivable	-	38,500	-	-	-	-	38,500
Loans and other receivables	3,218,480	-	-	-	-	-	3,218,480
Other	-	-	-	-	-	1,572,775	1,572,775
Total assets	9,274,647	1,039,337	1,627,055	2,081,232	1,183,752	17,007,123	32,213,146
Liabilities							
Bank overdraft	255,976	-	-	-	-	-	255,976
Securities sold under repurchase agreements	1,640,707	1,221,391	731,114	-	-	-	3,593,212
Interest payable	18,446	-	200,578	-	-	-	219,024
Loans	2,198,372	150,950	-	4,915,163	200,000	-	7,464,485
Other	4,350,599	-	-	-	-	921,255	5,271,854
Total liabilities	8,464,100	1,372,341	931,692	4,915,163	200,000	921,255	16,804,551
Total interest rate sensitivity gap	810,547	(333,004)	695,363	(2,833,931)	983,752	16,085,868	15,408,595
Cumulative interest rate sensitivity gap	810,547	477,543	1,172,906	(1,661,025)	(677,273)	15,408,595	
As at 31 December 2019							
Total assets	8,003,547	909,488	975,654	2,339,180	794,890	23,898,969	36,921,728
Total liabilities	8,595,661	1,769,629	4,961,637	1,366,053	-	-	16,692,980
Total interest rate sensitivity gap	(592,114)	(860,141)	(3,985,983)	973,127	794,890	23,898,969	20,228,748
Cumulative interest rate sensitivity gap	(592,114)	(1,452,255)	(5,438,238)	(4,465,111)	(3,670,221)	20,228,748	

1. Fair value through other comprehensive income - FOCI

2. Fair value through Profit or Loss - FVPL

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

34. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (cont'd)

	Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	1,303,321	-	-	-	-	-	1,303,321
Investment securities at amortised cost	-	782	122	556,505	272,926	4,671	835,006
Investments Securities FOCI (1)	-	-	-	-	-	799,930	799,930
Investment securities FVPL (2)	-	1,572	241,214	1,524,727	910,826	39,571	2,717,910
Reverse repurchase agreements	1,025,265	998,482	502,374	-	-	-	2,526,121
Promissory notes	3,396,702	-	883,345	-	-	(270,543)	4,009,504
Interest receivable	-	38,500	-	-	-	-	38,500
Due from subsidiaries	-	-	-	-	-	488,141	488,141
Loans and other receivables	3,184,985	-	-	-	-	-	3,184,985
Other	-	-	-	-	-	2,725,343	2,725,343
Total assets	8,910,273	1,039,336	1,627,055	2,081,232	1,183,752	3,787,113	18,628,761
Liabilities							
Bank overdraft	255,976	-	-	-	-	-	255,976
Securities sold under repurchase agreements	1,640,707	1,221,391	731,114	-	-	-	3,593,212
Interest payable	14,301	-	200,578	-	-	-	214,879
Loans	2,198,372	150,950	-	2,725,000	200,000	-	5,274,322
Other	4,782,381	-	-	-	-	431,636	5,214,017
Total liabilities	8,891,737	1,372,341	931,692	2,725,000	200,000	431,636	14,552,406
Total interest rate sensitivity gap	18,536	(333,005)	695,363	(643,768)	983,752	3,355,477	4,076,355
Cumulative interest rate sensitivity gap	18,536	(314,469)	380,894	(262,874)	720,878	4,076,355	
As at 31 December 2020							
Total assets	7,467,785	909,488	956,373	2,339,180	794,890	5,320,333	17,788,049
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	

1. Fair value through other comprehensive income - FOCI

2. Fair value through Profit or Loss - FVPL

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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	3.46	6.48
Reverse repurchase agreements	2.41	2.21
Promissory notes	8.14	8.72
Liabilities		
Securities sold under repurchase agreements	2.07	1.77
Loans	6.30	2.60
Corporate papers	7.38	0.00

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:

	2020					
	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 2020						
Statement of income						
Domestic – Amortised	299	(24,594)	33,806	-	-	-
Globals - Trading	-	-	-	92	(8,228)	9,815

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

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

	2019					
	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	194	(25,892)	14,152	-	-	-
Globals - Trading	-	-	-	156	(47,675)	47,987

(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:

	2020			
	GBP	US$	CAN$	EURO
	J$'000	J$'000	J$'000	J$'000
Assets				
Cash resources	24,092	1,267,538	23,058	260
Investment securities	-	1,588,628	-	-
Promissory notes	-	3,544,705	-	-
Interest receivable	261	20,185	22	-
Loans and other receivables	-	31,399	-	-
Total	24,353	6,452,455	23,080	260
Liabilities				
Securities sold under repurchase agreements	-	1,631,820	-	-
Loans and other payables	-	2,506,668	-	-
Interest payable	-	198,396	-	-
Total	-	4,336,884	-	-
Net position	24,353	2,115,571	23,080	260
As at 31 December 2019				
Total Assets	362,659	4,750,233	17,288	59,307
Total Liabilities	386,787	5,287,606	4,148	-
Net Position	(24,128)	(537,373)	13,140	59,307

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 2020 %	Effect on Loss before Taxation 2020 $'000	Change in Currency Rate 2019 %	Effect on Profit before Taxation 2019 $'000
Currency:				
GBP	-6	1,461	-6	(1,488)
GBP	+2	(487)	+4	663
US$	-6	126,934	-6	(32,242)
US$	+2	(42,311)	+4	21,495
CAN$	-6	1,385	-6	788
CAN$	+2	(462)	+4	(526)
EURO	-6	16	-6	3,558
EURO	+2	(5)	+4	(2,372)

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the basis of 6% weakening and 2% strengthening (2019 – 6% weakening and 4% 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

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

	Promissory Notes		Loans and Other Receivables	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Carrying amount	4,009,504	1,812,878	3,218,480	3,230,632
Past due but not impaired				
Grade 1 - 3 - Low - fair risk	-	-	-	-
Grade 4 - Medium risk	36,072	11,347	3,184,985	3,211,351
Grade 5 - Medium high risk	81,103	203,499	33,495	19,281
Carrying amount	117,175	214,846	3,218,480	3,230,632
Past due comprises:				
30 - 60 days	657	11,347	2,501,496	2,833,664
60 - 90 days	35,415	-	-	-
90 - 180 days	7,696	4,547	-	-
180 days +	73,407	198,952	716,984	396,968
Carrying amount	117,175	214,846	3,218,480	3,230,632
Neither past due nor impaired				
Grade 1 - 3 - Low - fair risk	-	-	-	-
Grade 4 - Medium - high risk	3,838,788	1,598,032	-	-
Grade 5 - Medium - high risk	53,541	-	-	-
Carrying amount	3,892,329	1,598,032	-	-
Includes accounts with renegotiated terms	-	-	-	-
Total carrying amount	4,009,504	1,812,878	3,218,480	3,230,632

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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	
	2020 $'000	2019 $'000
Against past due but not impaired		
Property	277,000	380,800
Equities	-	27,695
Against neither past due nor impaired		
Property	39,922	2,412
Equities	1,239,020	15,087
Other	52,928	10,990
Total	1,608,870	436,984

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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Carrying amount	4,009,504	1,812,878	3,218,480	3,230,632
Concentration by sector				
Corporate	3,816,892	1,432,617	244,770	-
Retail	192,612	380,261	2,973,710	3,230,632
Total	4,009,504	1,812,878	3,218,480	3,230,632

(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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 16,81% (2019: 17.78%).

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 16.81% and 15.63%, as of 31 December 2020, 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 the business to the increase in regulatory capital requirements and is a key component of the company's growth strategy.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

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

	2020 $'000	2019 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Other reserve	51,343	51,343
Retained earnings	1,161,619	1,008,998
Total Tier 1 Capital	2,795,343	2,642,722
Tier 2 Capital - other reserve	26,596	26,596
Total Regulatory Capital	2,821,939	2,669,318
Risk Weighted Assets	16,790,689	15,014,033
Capital Ratio to Risk Weighted Assets Ratio	16.81%	17.78%
Regulatory requirement	10.0%	10.0%
Capital	2,821,940	3,578,151
Total Assets	18,053,390	17,788,046
Capital to Total Assets	15.63%	20.12%
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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

(g) 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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 2020				
Financial assets -				
Debt securities				
- Government of Jamaica	-	17,865	-	17,865
- Foreign government	-	202,522	-	202,522
- Corporate bonds	-	2,459,897	-	2,459,897
Quoted equity securities	14,583,803	-	-	14,583,803
Unquoted equity securities	-	-	1,135,760	1,135,760
	14,583,803	2,680,284	1,135,760	18,399,847

	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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

	The Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2020				
Financial assets -				
Debt securities				
- Government of Jamaica	-	17,865	-	17,865
- Foreign government	-	202,522	-	202,522
- Corporate bonds	-	2,459,897	-	2,459,897
Quoted equity securities	857,305	-	-	857,305
	857,305	2,680,284	-	3,537,589

	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

As at 31 December 2020, 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	411,887	443,822	441,887	443,822

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 $12,878,000 (2019: $14,629,000).

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 $20,532,436,000 (2019: $18,758,739,000).

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 2020, 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 2020, 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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

39. **COVID-19 IMPACT:**

The COVID-19 outbreak was declared a pandemic on 11 March 2020 and the Government of Jamaica declared the island a disaster area two days later on 13 March 2020. The measures implemented to control the impact of the virus resulted in disruptions to economic activity, business operations and asset prices. In response to the pandemic, Mayberry's management implemented several measures to enhance its monitoring mechanisms as it kept a close eye on the health crisis, on the economic impact and the contagion effect on the industries in sovereigns in which it has key interests. Those measures include:

- The establishment of a cross-functional COVID Response Team that focuses on mitigating Occupational Health and Safety, Marketing and Sales, Supply Chain Monitoring and Communications risks. The team also focuses on reducing the financial impact of the coronavirus on the company's operations. The work of the COVID Response Team complements the work of the Asset and Liability Committee (ALCO). The COVID Response Team and the ALCO met weekly and monthly respectively to discuss strategies and plans for managing the liquidity and the capital needs of the entire Mayberry Group during the pandemic.

- A Liquidity Recovery Plan was also implemented, as per the recommendations of our Regulators. The key aspects of the plan include:

    - Continued measures to assist external clients during this crisis, such as:

        1. Restructuring current notes outstanding with clients to more favourable terms
        2. Providing continuing advisory services to current clients
        3. Providing alternative financing options to clients seeking to raise capital from the equity market

    - On-going Monitoring of Capital which included sensitivity analyses to determine:

        1. The impact of a downward adjustment in asset values on regulatory ratios
        2. The impact of a downward adjustment in asset values on the projected profitability; and
        3. The level of capital shortfall, if any, and how additional capital could be raised to address any projected shortfall.
        4. The company held monthly asset and liabilities committee meetings to address any shortfall, and cashflow projections were monitored more frequently to ensure the company was able to meet its financial obligations.

    - Increased efficiency and improved communication:

      On-going weekly management meetings fostered a solution driven environment and improved communication between departments.

Despite the challenges faced by the company due to the deterioration of market conditions, management remains confident that the company is well poised for recovery and growth in the medium to long term. However, management is aware that a long duration of the pandemic and the associated containment measures could have a material adverse effect on the company.