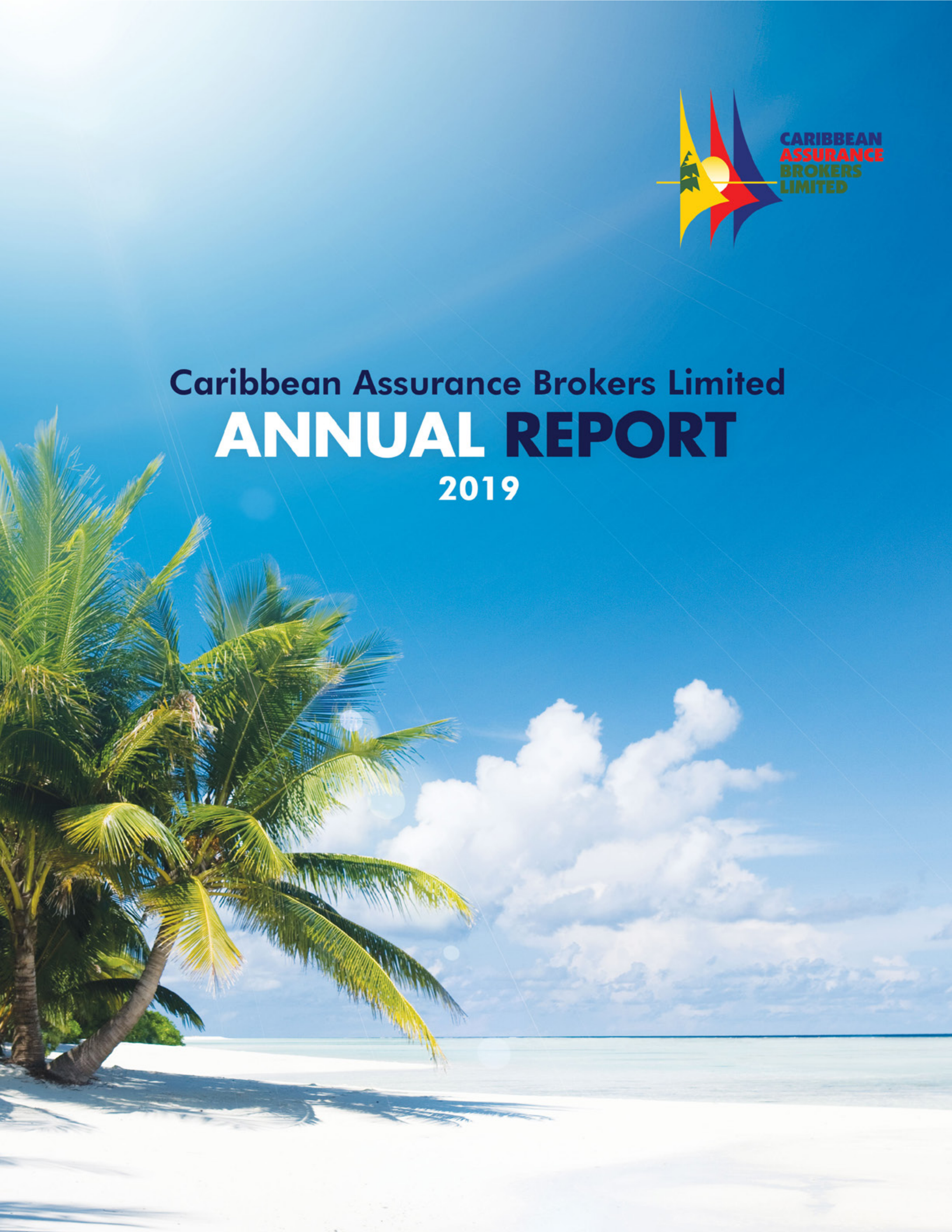

Caribbean Assurance Brokers Limited

ANNUAL REPORT

2019


WE WANT YOU
TO LOVE DOING
BUSINESS WITH US!
CARIBBEAN
ASSURANCE
BROKERS
LIMITED

Annual Report 2019

CHAIRMAN'S
OPENING REMARKS

Dear Shareholders,

I am honoured to present our Annual Report for the year ended December 31, 2019. Despite the challenges we faced, Caribbean Assurance Brokers not only remained steadfast, but experienced revenue growth over the previous year!

We are consistent in providing first class customer service and advocating on behalf of all our clients. Even through uncertain times and significant financial pressures, we have continued to come up with innovative and dynamic solutions to weather the storm.

As always, I would like to express my sincere appreciation to each Shareholder for being a part of the Caribbean Assurance Brokers team. Our Directors are resolute and committed to the wellbeing of the company, as well as meeting the needs of its shareholders.

We are grateful for all Caribbean Assurance Brokers Limited has accomplished financially in 2019, and now look to the year 2020 with renewed hope as we set sail to new and exciting horizons!

CARIBBEAN ASSURANCE BROKERS LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **TWELFTH ANNUAL GENERAL MEETING OF CARIBBEAN ASSURANCE BROKERS LIMITED** will be held on **February 25, 2021** at **3:00 PM** in hybrid format at the physical location of **94D Old Hope Road, Kingston 6** and **via live-stream** to consider and, if thought fit, pass the following resolutions:

1. To receive and consider the Directors' Report and the Audited Financial Statements in respect of the year ended December 31, 2019, and the report of the Auditors thereon:

Resolution 1:

"THAT the Audited Accounts together with the Reports of the Directors and the Auditors circulated and the Notice convening the Meeting be and are hereby adopted.

2. To Elect Directors:

Article 104 of the Company's Articles of Incorporation provides that one-third of the Directors, or if the number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office at each Annual General Meeting.

The Directors retiring under this Article are Janice Holness, Tania Waldron-Gooden and Jennifer Rajpat, who being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows;

Resolution 2 (a):
"THAT Director Janice Holness, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company".

Resolution 2 (b):
"THAT Director Tania Waldron-Gooden, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company".

Resolution 2 (c):
"THAT Director Jennifer Rajpat, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company".

3. To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors:

Resolution 3:
"THAT BDO, having agreed to continue to serve as auditors, be and is hereby appointed Auditors of Caribbean Assurance Brokers Limited, to hold office until the next Annual General Meeting, at a remuneration to be fixed by the Directors of the Company."

4. To consider any other Resolution(s) in respect of any other business which can be transacted at an Annual General Meeting.

Dated this 18th day of January 2021
By Order of the Board

Gail C Minott
....
Gail Minott B.A., CLU
Company Secretary

Registered Office
94D Old Hope Road
Kingston 6

Please note: A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint one or more proxies to attend and on a poll to vote in his stead. Such proxy must be lodged at the Company's Registered Office no less than forty-eight hours before the time appointed for the meeting. The Proxy Form shall bear the stamp duty of J$100.00. A proxy need not be a member. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy Form. A suitable form of proxy is enclosed for your convenience.

OUR HISTORY

Caribbean Assurance Brokers Limited (CAB) was incorporated in June 2005 and began operations on November 1st of that year as a local and facultative placement broker for Life, Health and Personal Accident insurance business. CAB is the brainchild of its current Chairman & CEO, Raymond Walker, who from the outset had a vision of an organization that would be synonymous with innovation. Operating initially out of a humble office space with a staff of eleven (11), the company by June 2006 doubled its staff and added General Insurance (Property, Liability, Pecuniary Loss, Motor, Marine, Aviation & Transport, Professional Indemnity, and Consequential Loss), along with its flagship product, International Comprehensive Health Insurance Programme (ICHIP). We also added International Life & Travel, Individual Health & Life Insurance, Employee Benefits and Credit Union related products to our portfolio.

From a staff complement of 11, we now boast a staff of approximately 100, with one of the largest Broker managed Employee Benefits portfolios and the largest International Health Insurance portfolio. Our General Insurance team comprises qualified and technically sound insurance practitioners with expertise in Risk Management solutions for all aspects of corporate and commercial business activities. Indeed, our combined team has over 400 years of experience in the General, Life and Health Insurance business. Our strategic alliances and partnerships with international broking operations in Britain and the United States provide access to all major world insurance and re-insurance markets.

Today, we can truly declare that the original vision of CAB being synonymous with innovation, has indeed become a reality. Over the years we have been first in many critical success areas: i) CAB is the first insurance brokerages to secure the rights to the distribution of an international health insurance programme (ICHIP) throughout Jamaica and the wider English-Speaking Caribbean; ii) one of the first insurance brokerages to receive in 2007, the Private Sector Organization of Jamaica (PSOJ) Job Creation Award, "In recognition of your significant investment which has led to the creation of sustainable employment opportunities"; iii) to date, we are the only entity in the entire insurance industry to be almost fully green, generating over 60% of our own energy needs via photovoltaics; and iv) the first insurance brokerage to effectively reduce its carbon footprint by retrofitting and designing its office building to access maximum natural sunlight, to mitigate rainwater flooding, to use exclusively LED lights and Inverter Air Conditioning units, among other things.

CAB has evolved, effecting substantial strides over its fifteen years of operation. Being forward thinking and resourceful have allowed the company to be resilient in uncertain times. We have never wavered in our commitment to staff development, the introduction of unique products and services to the market, and delivering the highest quality customer care to our clients, first time, on time, every time.

COMPANY
VALUES

OUR
MISSION

To consistently delight our customers at each point of contact with the brand. To provide a challenging and rewarding environment for our employees and actively support their personal development, as they are our most important asset.

OUR
VISION

To become the BEST insurance brokerage house in the English Speaking Caribbean by investing in our human capital, seeking out strategic alliances, and maintaining the highest level of professionalism, integrity and competence.

To successfully meet the challenges of the changing insurance industry by being knowledgeable, prepared, solution oriented and customer focused.

OUR
PHILOSOPHY

We place a high value on a strong team approach which ensures that you benefit from the collective expertise of our diverse specialists. Hence, our Philosophy: "The Team is the Theme".

CORE
VALUES

We provide our service, based around our core values of teamwork, experience, professionalism and integrity, at all times striving to exceed our clients' expectations, through bringing our vision and mission statements to life.

MEET

OUR DIRECTORS

R. Walker

T. Waldron-Gooden

Raymond H. Walker, MBA, B. Sc., CLU

Board Chairman & C.E.O.

Raymond has led a distinguished sales and marketing career spanning some 37 years. He started in the industry as a Salesman at the then Life of Jamaica and quickly moved up the ranks to Vice-President of Marketing. He then moved on to Blue Cross of Jamaica, where as Executive Vice-President of Marketing & Services he realized that advocacy and the ultimate representation of the client would best be achieved via Insurance Broking and not so much within the confines of an insurance company.

Raymond constantly reviews strategies and initiatives designed to differentiate CAB from its competitors. Some of these initiatives have not only allowed CAB to create valuable market niches but have also expanded our reach and scope well beyond the shores of Jamaica.

Tania Waldron-Gooden, MBA, B.Sc.

Director

Tania Waldron-Gooden was appointed to the Board of Directors at Mayberry Investments Limited on October 30, 2017 and has served in the role of Director – Investment Banking. Tania is the Mentor and Director of Main Event Entertainment Group and Express Catering Limited, and the Mentor for Derrimon Trading Company Limited and Caribbean Flavours and Fragrances Limited. She is also a Director of Chicken Mistress Limited and Island Grill Holdings Limited. As the Mentor to various Companies, she is responsible for providing the Board with support in establishing proper procedures, systems and controls for its compliance with the Junior Market Rule requirements for financial reporting, good corporate governance, and the making of timely announcements.

Tania joined Mayberry as a Management Trainee approximately 14 years ago. She rotated through the Research, Asset Management, Equity Trading, Corporate Financing, Risk & Compliance and Information Technology departments. Before joining Mayberry, Tania worked in Pension Fund and Client Portfolio Management. She holds a Bachelor of Science degree (BSc. - Hons.) in Geology from the University of the West Indies. Tania also holds a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K. Tania has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute. She was appointed to the Board of CAB in November 2017.

J. Rajpat

N. Minott

Jennifer Rajpat, B. Sc., ACS, AIAA, FLMI, ACII
Director

Jennifer is a Trinidadian native and a past student of the University of the West Indies, St. Augustine Campus where she completed her Bachelor of Science Degree in Industrial Management. She worked with the Maritime Financial Group for 13 years gaining valuable experience in the General and Life Insurance Divisions. She has also worked in their Finance Company where she was involved in Consumer Loans and Mortgages. During this period, she acquired her ACII, FLMI, ACS and AIAA designations.

She currently holds the position of Vice President of Group Pension Underwriting and was previously Second Vice President of Group Pension Underwriting for Mutual of America Life Insurance of New York, and brings to the Board a wealth of experience and technical expertise.

Norman Minott, LLB (Hons.)
Director

Norman is a well-known Real Estate Attorney with over 35 years' practicing experience in the legal fraternity. He holds a Bachelor of Laws Degree (LL.B) with Honours from the University of the West Indies. He is a past Managing Partner of Myers, Fletcher & Gordon. He is acknowledged as an authority in the areas of Construction, Real Estate, Trust, Estates and Probate; and has represented several of the more prominent local real estate developers and financiers. His experience spans Commercial, Residential and Resort Developments. He has published and presented several papers on the Stamp Duty and Transfer Tax Acts, the Real Estate Dealers and Development Act, and the Registration of Strata Titles Act of Jamaica.

Norman currently serves on the board of several private companies and is a former member of the Coffee Industry Board and Past President of the Jamaica Motoring Club. He has also served as Legal Advisor to the Jamaica Chamber of Commerce and other Civic Associations.

J. Holness

R. Hall

Janice P. Holness

Director,

Janice has over 20 years of experience in financial services regulation spanning multiple jurisdictions. She is a licensed New York State Attorney-at-Law, concentrating in the areas of insurance and securities law prior to and subsequent to her affiliation with the Financial Services Commission (FSC). She is the former Executive Director of the FSC. Miss Holness, in her former capacity, oversaw the operations of the FSC, a 127- employee financial services regulator with responsibility for regulating, monitoring and supervising the insurance, private pensions and securities industries.

A graduate of St. John's University and St. John's School of Law in New York, she holds a BS degree, summa cum laude, and a Juris Doctor degree as well as a certificate from the University of Oxford, Saïd Business School.

Rion B. Hall, J.P., MBA

Director, Chair: Remuneration, HR & Disaster Preparedness Committee

Rion is a retired Banker and former General Manager of Human Resources at Scotiabank Jamaica Limited. He has over 40 years' experience in banking and in his capacity as Director he brings to CAB a wealth of knowledge. Rion also currently guides the company in the areas of Human Resource and Information Technology.

Rion is a Justice of the Peace for the Parish of Kingston and is Chairman of the Disciplinary Committee for Kingston Justices of the Peace. He has also served as President of the Kingston Chapter of the Lay Magistrates' Association and President of the Lay Magistrates' Association of Jamaica (LMAJ).

Rion has served in the roles of Secretary of the Resources and Development Committee of the Jamaica Methodist District, a Director of the District Company and Alternate Lay Representative to the Connexional Conference of the Methodist Churches in the Caribbean and the Americas (MCCA). Rion was also Director and Chairman of the Golden Age Home, a member of the Management Committee of the Mentorship Programme at the University of the West Indies and has served on the School Boards of Vaz Preparatory School and St. George's College.

C. Barclay

B. Whyte

Carlton Barclay
Director

Carlton is a Chartered Certified Accountant (ACCA) and a Fellow of the Association of Certified and Chartered Accountant (FCCA). He holds an MBA with the Kellogg School of Management, Northwestern University.

With over 25 years of experience in the banking and finance industry, Carlton has held several senior positions to include: Managing Director of Republic Bank (Cayman) Limited, General Manager of the National Building Society of Cayman (NBSC), Deputy General Manager of Jamaica National Building Society Group (JNBS) where he was employed for more than 15 years, during which he also served as the Building Society's Financial Controller and Assistant General Manager. He was also the Financial Controller at Jamaica Citizens Bank (now Sagicor, formerly RBTT) as well as at Advantage General Insurance Company (formerly UGI) and, Accountant at KPMG Jamaica. He has served on the Board of several companies including the National Road Maintenance Fund of Jamaica.

Barrington Whyte, MBA, B.A.
Director, Chair: Audit, Finance, Risk & Compliance Committee

Barrington is a consultant with NCS Financial Service Group, a financial service company with operations in the Turks and Caicos Islands. In 2016, Barrington retired as General Manager and CEO of the C&WJ Co-operative Credit Union Ltd after 22 years in that position.

He has over 40 years' experience in economic research, general management, banking and finance and is a graduate of The University of the West Indies with degrees of MBA; BA; and Diploma - Management Studies. In his career in the credit union movement he served in numerous roles, including: Secretary of the Board of Directors, QNET Co-operative Society Limited; Director, and Chairman Investment and Finance Committee, Credit Union Fund Management Company; President, Jamaica Association of Credit Union Managers (JACCUM); and Director, Jamaica Co-operative Credit Union League.

Barrington has also served as Director and Chairman of the Audit Committee of HEART Trust NTA and Hon. Treasurer, Bible Society of the West Indies. Internationally, he has served the United Bible Societies (UBS) as: Vice Chairman of the Area Board of the Americas; Member of the Area Board Audit and Finance Committee; Member of the Global Board; and a Chairman of the Audit and Finance Committee of the Global Board. A Distinguished President & Charter Secretary of the Kiwanis Club of Liguanea, Barrington has served the Kiwanis Movement for over 35 years and is the Lieutenant Governor of Division 23 East for the administrative year 2019/2020.

OUR EXPERTISE &

EXPERIENCE

As at December 31, 2019, the Board of Caribbean Assurance Brokers Limited consists of eight (8) members. With the exception of the Chairman, Mr. Raymond Walker, all the directors are non-executives and are independent of each other. Board members are selected to provide a balance of skills and experience upon which the company is guided. CAB's Board aptly boasts a wide array of skills and experience.

AREA OF EXPERTISE	EST. # OF COLLECTIVE YEARS OF EXPERIENCE
Human Resources	40
Corporate Governance	97
Listed Company Experience	69
Accounting	34
Legal / Regulatory Awareness	118
Risk Management	96
CEO Level Experience	43
Financial Services Industry Knowledge	188
Strategy & Business Leadership	124
General Management	162

COMPANY PERFORMANCE
FOR THE YEAR 2019

In the year ended 31 December 2019, the Company earned gross revenues of J$401.5 million compared to J$385.4 million in the prior comparable year 2018. The company experienced growth in three out of its four divisions, with two divisions achieving growth in excess of 10% and the other division achieving a 5% growth in commission. The Company recorded Other Income of J$33.7 million compared to J$41 million in 2018. The reduction in other income was mainly due to the movement on foreign exchange translation due to the devaluation of the US dollar. The Company's Operating Expenses for 2019 of J$381.1 million was marginally less than the J$381.4 million in 2018 and was achieved as a result of cost containment measures adopted.

The Operating Profit for 2019 was J$54.2 million compared to J$45.1 million for 2018, a 20.07% increase year over year. The increase in profit was as a result of the growth in commission income and the containment of costs. The Company experienced finance cost of J$7.9 million for 2019 compared to J$2.1 million for the similar period in 2018, which was mainly due to a mortgage loan from Bank of Nova Scotia, interest on a shareholder's loan, and interest on right of use asset for an operating lease. The Company had a Profit Before Tax of J$46.3 million for 2019 compared to J$43.1 million for 2018, a 7.51% increase year over year. The Company had a taxation charge of J$7.7 million for 2019 compared to J$10.2 million for 2018.

The growth in commission income for the year contributed to the increase in net profit of $38.6 million in 2019 from $32.8 million in 2018, which equates to an increase of J$5.8 million or 17.7%. The Company had other comprehensive income of J$47.5 million for the year representing unrealized gain on the revaluation of its Old Hope Road Property purchased in January 2019.

The Company reported an increase of its total assets from J$308.5 million in 2018 to J$476.5 million for 2019; an increase of J$168 million or 54%. This increase was mainly attributed to additions to property, plant & equipment, more specifically: (i) in January 2019, the Company acquired the building it now occupies, and (ii) a right of use asset for two (2) operating leases.

The Company's total Equity has grown to J$212 million for 2019, up from J$129.3 million in 2018; this represents an increase of J$83 million or 64%. The increased Equity is mainly due to an increase in Capital Reserves based on the value of the building that was purchased in 2019, as well as the addition of the current year profit. The building was recognized at market value. Non-Current Liabilities has increased to J92.8 million for 2019 from J$25.5 million in 2018. The increase was due to a USD mortgage that was secured to assist in the purchasing of the building and a lease liability.

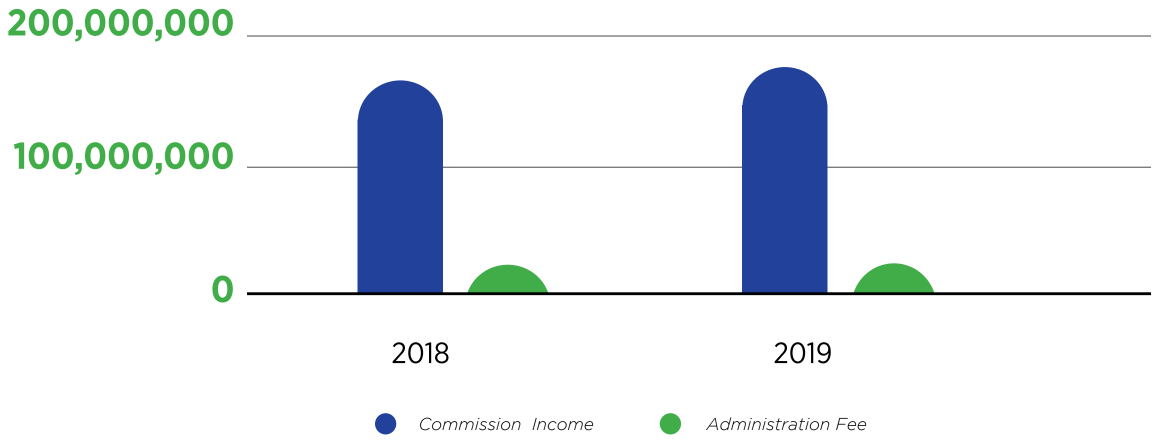
PRODUCTION
AREAS

The main contributors to the growth in revenue and profits for the year ended December 31, 2019 are as follows:

International Insurance Division

The International Division consists of International Comprehensive Health Insurance Programme (ICHIP), Assured Travel & International Life.

International Insurance experienced a 5.4% growth in commission income from $166,664,167 in 2018 to $175,631,473 in 2019. The area also had a 9.3% increase in its administration fee income from $17,449,313 in 2018 to $19,076,731 in 2019. The International Division is therefore responsible for 44.73% of the company's total revenue in 2019.

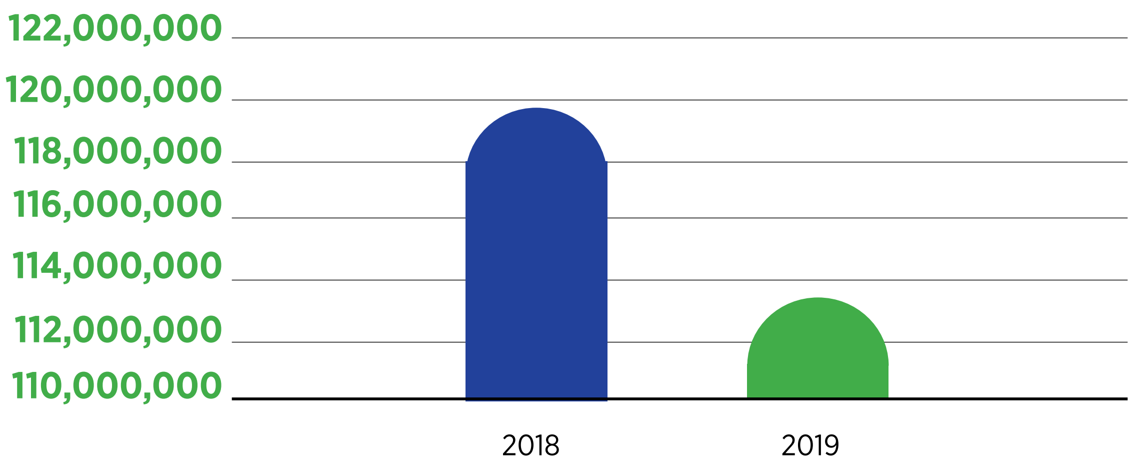


PRODUCTION
AREAS

Employee Benefits Division

This area provides a wide range of products for employees including group health, group life, group personal accident as well as group pension.

Employee Benefits, inclusive of our Credit Union Gold Series, a local health insurance product designed for credit union members, had a reduction in commission income of -5.4%, from $119,954,100 in 2018 to $113,440,105 in 2019. This area is therefore responsible for 26.06% of the overall revenue for 2019.

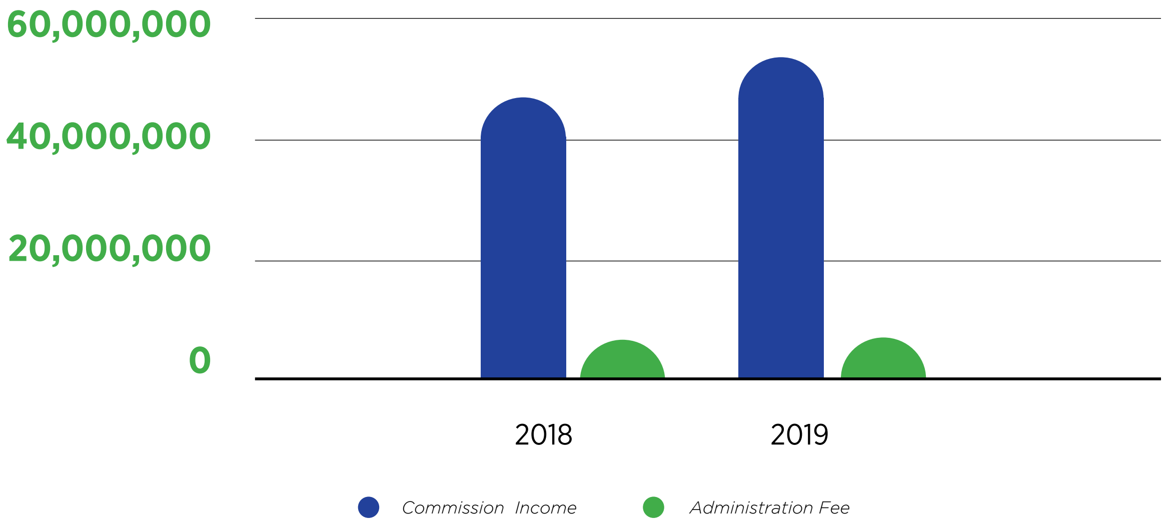


PRODUCTION
AREAS

General Insurance Division

The General Insurance Division provides policies that insure assets against physical loss or damage from perils defined as Acts of God (wind, flood, earthquake, lightening), fire, riot, strike, civil commotion, malicious damage among others. Cover is also available for engineering exposures such as electrical surge, breakdown and other working accidents.

The General Insurance Division experienced an 11.4% growth in commission income from $46,475,825 in 2018 to $51,766,022 in 2019. The area also had an 11.8% growth in its administration fee income from $7,109,248 in 2018 to $7,946,356 in 2019. These figures combined constitute 13.72% of our total income for 2019.

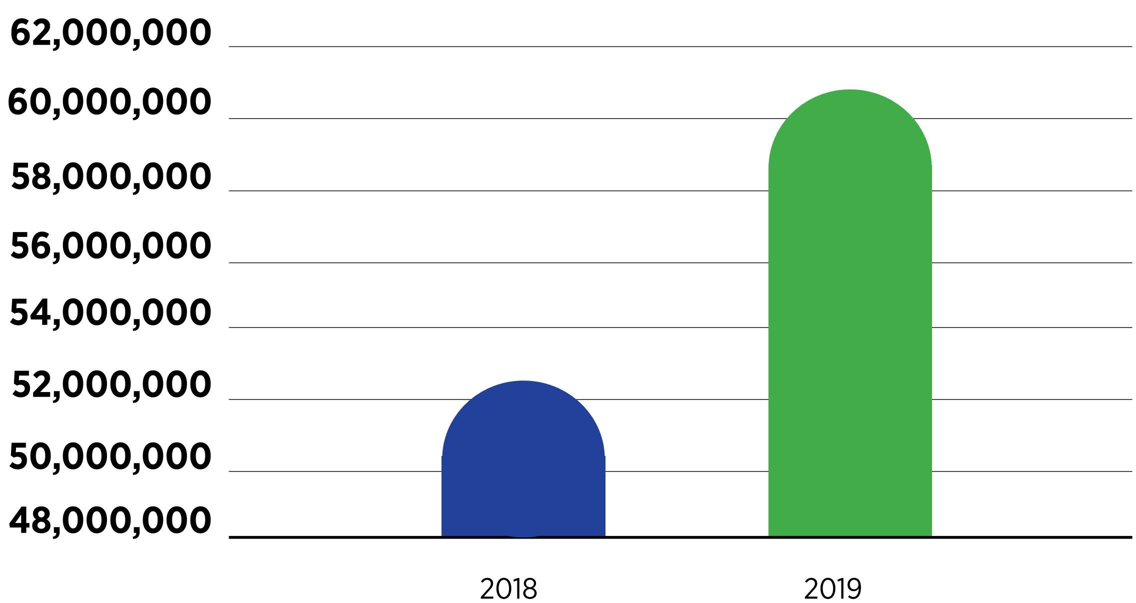


PRODUCTION **AREAS**

Individual Life Division

Individual Health & Life products help to provide the peace of mind necessary during difficult times.

The Individual Insurance Division production grew by 15.8 % from $52,360,973 in 2018 to $60,640,672 in 2019. The total contribution from this area is 13.93%.



International Comprehensive Health Insurance Programme (iCHIP)

Proven Assurance for the past 13 years

Our greatest competitive advantage is that as owners of ICHIP, we can strongly advocate on your behalf.

- Coverage maximum up to US$2 million per annum
- Comprehensive medical coverage (home & abroad)
- $0 deductible worldwide, excluding the USA*
- 100% coverage for cancer treatment & drugs*
- No medical required
- No age limit
- No waiting period required to access coverage
- Improved claims turn around time
- 100% coverage for air ambulance (local and overseas)
- 100% coverage on most benefits, including transplants, intensive care, surgical procedures and mental health
- Routine & emergency dental and optical coverage*
- Coverage of Alternative Medicine, including Acupuncture, Homeopathic, Osteopathic, and Chiropractic treatments
- Coverage of pre-existing conditions

*Conditions apply

- Distributed exclusively through Caribbean Assurance Brokers Limited

Underwritten by Certain Underwriters at Lloyds of London

iCHiP
Assurance Everywhere

CARIBBEAN ASSURANCE BROKERS LIMITED

ASK FOR A QUOTE TODAY!

COMPLIANCE &
RISK MANAGEMENT

The compliance function of a company serves several vital roles including:

(i) Ensuring that the company and its employees are complying with all relevant regulatory requirements and internal policies and procedures;

(ii) Maintaining current information on regulatory requirements;

(iii) Defending against money laundering, bribery, corruption & fraud.

As an insurance brokerage, CAB is regulated by both the Financial Services Commission (FSC) and the Companies Office of Jamaica (COJ). Our internal controls are mainly governed by these two governmental bodies.

It is one of our main aims to ensure that as players in the industry, we have sound corporate governance practices and that we comply with all the relevant requirements in order to sufficiently provide our clients with service of a high quality.

The main compliance tasks completed throughout the year include:

- Monthly Facultative Placement Reports to the FSC
- Quarterly Facultative Placement Reports to the FSC
- Monthly Threshold Transaction Reports to the Financial Investigation Division (FID)
- Monthly Sales Representative Licence Renewals
- Registration of New Sales Representatives with the FSC
- Sales Representative Termination Notifications to the FSC
- Public Procurement Commission Renewal
- Professional Indemnity Insurance Renewal
- Fidelity Guarantee Insurance Renewal
- ICHIP Renewal Registration with the FSC
- Assured Travel Registration with the FSC
- Branch Registration with the FSC
- Regular verification with the Accounts Division regarding the standard statutory deductions and payments and annual filings with the COJ
- Anti-Money Laundering Training & Testing of the CAB Staff

Caribbean Assurance Brokers also encourages and makes every effort to facilitate open dialogue with our regulators in order to ensure clarity on our regulatory requirements, particularly with regard to novel aspects of the insurance industry, as CAB continues to be an innovator in the field of insurance.

Risk is a prevalent feature in all aspects of our personal as well as our business lives. As such, CAB has employed a more strategic approach to the area of corporate risk management.

In particular, CAB ensures there is continued evaluation of our risk exposure, particularly in relation to operational risks, information technology risks and business risks, which speaks specifically to all production areas i.e. the International Insurance Division, General Insurance Division, Employee Benefits Division (including Credit Union Gold Series) & the Individual Insurance Division.

INFORMATION TECHNOLOGY
& OPERATIONS

Information Technology (IT) is constantly evolving itself, and at Caribbean Assurance Brokers we recognize that we must continuously adapt to meet the changing needs of our clients. As companies in our space seek to position and market themselves as fintech and insurtech companies, we need to move beyond talk to actionable results.

IT is seen not just as an "add-on" cost centre at CAB, but as a core competitive advantage in this new dispensation. As such, CAB has made dramatic shifts to ensure that we are able to anticipate and represent the needs of both our external customers and internal customers. Internal customers should not be side-lined, as disgruntled, low motivated staff cannot deliver any product or service with any serving other than mediocrity.

It has been stated that the number one way in which customer satisfaction can be improved is by valuing their time. In that regard, we are currently in the midst of a system changeover designed to give CAB that extra edge by removing the friction that is typically inherent in the way client data is processed and consumed.

Automated premium rate calculators translate to less errors, while our customized solution will accommodate payments from the convenience of a mobile device and reduce the time spent in the office filling an application or claim form, or requesting policy information. Our web portal will allow our clients to view up-to-date information and make frictionless changes to their policies.

The core broker application will be designed from the ground up as a multi-currency system and will also seamlessly integrate with the insurance companies' systems and the government's systems Insured Vehicle Information System (IVIS).

By utilizing predictive analysis, we can anticipate potential difficult cases and situations and pro-actively offer mitigating solutions. All of CAB's IT is developed with a security conscious mindset and this is continuously emphasized to ensure that our clients' data remains safe and secure at CAB and in keeping with the Data Protection Act, 2017.

In addition to the protection of data, we recognize the importance of protecting the environment. CAB has long supported alternative energy systems and energy efficient building architectural designs, and it is in keeping with this strategic direction that we are expanding our efforts in this area. Plans are advanced to bring our solar generating capacity to cover an even more significant portion of our total electricity consumption which will result in thousands of dollars of saving in utility bills each month.

HUMAN RESOURCE
& TRAINING

The Human Resource and Training Division of Caribbean Assurance Brokers (CAB) supported a staff compliment of 107 during the year 2019. This number includes 55 sales representatives in the four production areas, while the balance consists of Managers and line staff.

Our recognition program here at Caribbean Assurance Brokers includes highlighting the top monthly producer, top producer for the previous production year, as well as the most outstanding administrative employee for each quarter. We believe this program serves to motivate and encourage our staff to maintain the excellent service standards that CAB endeavors to uphold.

As part of our efforts to have a happy and healthy workforce, CAB continued its wellness program. The activities which are mostly held on the roof, affords members of staff the opportunity to keep fit without having to journey to an outside facility. The program also promotes comradery and bonding amongst our team members.

It is our intention to improve the offering to encourage greater participation. The area on the roof also serves as an area for social interaction and company events from time to time.

The company maintained its long-established social outreach program through our relationship with the Reddies Place of Safety, by offering back to school support, food supplies and a well-deserved trip to the beach in St. Ann. Other charitable events by our staff included the ICWI Pink Run, Guardian Night Run, Digicel 5k Night Run and the Sagicor Sigma Run.

During the year, we had one of our most memorable events in the form of a sports day at the Police Officers Club. It was fun to see the three houses participating in a variety of activities with Trinity (red) team outdoing both Jamminz (yellow) and Bim (blue) in a very friendly and competitive atmosphere. A Christmas party was also held as part of our staff and customer appreciation celebrations.

CAB places focus on staff training as a deliberate strategy to ensure that team members are not only compliant in the various classes of business, but also with an aim to expand their product knowledge and sharpen their sales skills. In the period under review, we had 30 members of staff who were successful in the various examinations. All-encompassing orientation sessions are held for new employees and the administrative staff also participates in regular customer service training in order to maintain good quality and service standards.

STRATEGIC MARKETING
DIVISION

The Strategic Marketing Division has direct responsibility for the Integrated Marketing Communications efforts of Caribbean Assurance Brokers Limited. This includes Advertising, Branding, Public Relations, Marketing and Digital/Social Media Management, in addition to the management of the Loyalty Programme. These elements align with the overall corporate strategic objectives, being customer expansion, acquisition and retention, to generate increased revenue, market share and profitability to stakeholders, while maximizing on the continuous building of the brand equity in the market space.

The overall Strategic Marketing Objectives are as follows:

- Reinforce the positive image of the company in the marketplace
- Enhance customer awareness of the company and products
- Highlight our competitive advantages
- Increase growth/market share & revenue
- Customer retention, expansion, and acquisition
- Support departments to help supersede their targets

INTEGRATED MARKETING COMMUNICATION STRATEGIES UTILIZED IN 2019

Gleaner & Observer Publications
- Insurance Supplements
- Product Ads
- ICHIP ads

Corporate Ads
- Medical Association of Jamaica Magazine Ad
- Business Year Magazine Ad
- Yellow Page Ad

Brochures

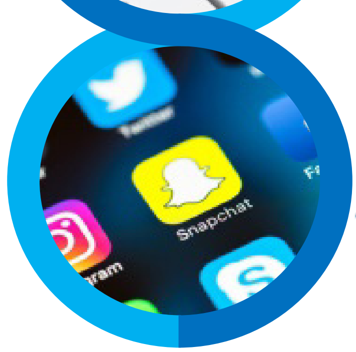
Coverage
- Television
- Radio
- Website

Email Blasts

Video and Static Ads

Events
- Loyalty Programme Launch
- Lloyd's of London visit
- MAJ Symposium
- ICHIP Symposium
- Credit Union Conference
- Digicel, ICWI & Sigma 5K Runs
- Wesley Powell Track Meet

The Business Year Coverage



Social Media Video & Static Ads
- Corporate Posts
- Product Posts
- General Information
- Sponsored Ads
- Special Calendar Events

CARIBBEAN ASSURANCE BROKERS LIMITED

Enjoy

Savings & Discounts

with our Loyalty Card

Access discounts from over 200 Healthcare Providers & Merchants Islandwide

Dental Offices • Medical Labs • Medical Practitioners
Optical Services • Pharmacies • Automotive Dealers
Physio Therapists • Gyms & Spas • Restaurants • Salons
And More!

Visit our website to find a Merchant or Provider near you www.cabloyalty.com

Address: 94D Old Hope Road, Kgn. 6 | Tel: (876) 978-5508, (876) 619-1351

Providing first class customer care, first time, on time, all the time!

LOYALTY
PROGRAMME

Caribbean Assurance Brokers Limited's Loyalty Programme was conceived and designed to give our customers value added service. Customers are issued with Loyalty Cards, where upon presentation, they will receive discounts from our Loyalty Partners (Merchants & Health Care Providers). The Programme is also attractive to business owners as it provides the opportunity for them to enhance their customer base as well as increase their market share by collaborating with the leading Insurance Broker in the region.

The main objectives of the Programme are as follows:

- Customer expansion, acquisition and retention
- Increased customer satisfaction
- Lowering of utilization rates
- To obtain market intelligence
- To increase revenue and market share
- Competitive advantage over our competitors by having more Merchants and Health Care Providers

The programme allows Caribbean Assurance Brokers Limited's customers access to over 200 Health Care Providers and Merchants island wide in the following categories:

- Merchants: Hotels, Spas, Gyms, Automobile Dealers (Stewarts Auto), Auto Assessors, Restaurants and Salons, etc.
- Health Care Providers: Hospitals, Pharmacies, Dental Offices, Medical Labs, Doctors and Medical Specialists.

Marketing Strategies

The following were the Integrated Marketing Communication Strategies used to enhance the Loyalty Programme:-

The Loyalty Programme Launch Event

The Strategic Marketing Division spearheaded the event planning, coordination and execution, to generate publicity and brand awareness. The event was held in partnership with Mercedes-Benz at their showroom. The then Minister of Industry and Commerce, The Hon. Minister Audley Shaw was the guest speaker.

The following mass media coverage was received:

- CVM – Major Newscast
- Gleaner Advertorial - Financial Section
- JIS news
- JIS website
- Nationwide News radio

Mass Registration Drive

Recruitment of additional Merchants and Providers, Social Media promotions to create awareness of our partners, with the creation of a dedicated Instagram page.

Email Blasts

Monthly email blasts to all registered Loyalty Programme members to increase awareness and usage.

NEW HORIZONS:

NEW PRODUCTS

International Insurance

Effective February 15, 2020, Caribbean Assurance Brokers Limited has partnered with Sutton Special Risk, a Managing General Underwriter, Lloyd's Coverholder and Third Party Administrator offering a extensive suite of services. Coverage available includes special hazards such as high risk occupations, out of country exposures and high sum insureds.

General product offerings are for High Limit Disability, Accidental Death & Dismemberment, Group Life & Critical Illness, Professional Sports, Business Travel Medical, Kidnap, Ransom & Extortion, Contingency, War Risk & Terrorism. Eligible clientele includes employer groups, expatriates, individuals, executives, associations, professional athletes and entertainers.

Credit Union New Health Plan

At Caribbean Assurance Brokers Limited, our Credit Union Gold Series offers local health insurance to credit union members through the Jamaica Cooperative Credit Union League (JCCUL). It is insured by Sagicor and can be accessed without the typical employee/employer relationship. In anticipating the needs of our target market, Caribbean Assurance Brokers Limited is working assiduously on the implementation of an effective and economical new health plan.

Contracts are currently in place with 18 credit unions throughout the island. The estimated combined membership for all credit unions is over a million. With this figure in mind, we believe the partnership with the JCCUL is an excellent opportunity to take advantage of the gaps within the healthcare market.

Our new plan will offer competitive benefits and rates when compared to what currently exists in the marketplace. We will introduce more rating bands in an effort to attract younger members to adequately spread the risk. This new plan is expected to grow the Credit Union Gold Series portfolio by 35%. In keeping with the customer focused culture of Caribbean Assurance Brokers Limited, clients can expect quality and efficient service that will make them love doing business with us!


...We make it easy
No matter the circumstance Caribbean Assurance Brokers Ltd.
has the right insurance policy for you:

2019

HIGHLIGHTS

From left: Shenneil Edwards, manager, International Insurance Division, Caribbean Assurance Brokers Limited (CAB); Roshan Choolhun, divisional director, Accident and Accident and Health, Ed Broking LLP; Natalie St Louis, strategic corporate consultant, CAB, and CEO, Strategic Konnections; Raymond Walker, founder, chairman and CEO, CAB; Kim Brumet, strategic accounts manager, Seven Corners; Dale Willetts, executive VP, London Market Insurance; and Krystal Gayle, assistant manager, International Insurance Division, CAB, at the recently held International Comprehensive Health Insurance Programme Symposium at the Knutsford Court Hotel.

Caribbean Assurance Brokers A PIONEER in its sector

CARIBBEAN ASSURANCE Brokers Limited (CAB) was incorporated on June 13, 2005, and began operations on November 1, 2005, as a retail and facultative placement broker for life, health and personal accident insurance. In 2006, the company had its registration amended to include marketing and placement of its International Comprehensive Health Insurance Programme (ICHIP), which is now insured 100 per cent by certain underwriters at Lloyd's of London. The amendment also included general insurance business, namely property and business interruption, miscellaneous accident lines, liabilities, marine and aviation and motor vehicles.

With 11 employees at inception, CAB now boasts a staff complement of 108. The company has the largest international health insurance portfolio in Jamaica (ICHIP), as well as one of the largest broker-managed employee benefits portfolios (consistently ranking in the top three producing brokers for employee benefits and individual life insurance for Sagicor Life and Guardian Life). Its general insurance business continues to show remarkable and consistent growth, especially as it relates to its corporate and commercial lines.

Today, its combined team of dedicated professionals has over 400 years of experience in the insurance industry and has been trained to provide clients with the specialised services necessary to effectively and efficiently manage their portfolios of international health, life and travel insurance, employee benefits, local individual insurance, credit union Gold Series and general insurance programmes and the associated cost regimes at no extra cost to their clients. Specifically, its international health insurance, employee benefits, and general insurance teams comprise qualified insurance practitioners with expertise in risk-management solutions and claims administration. Having formed solid strategic alliances and partnerships with international broking operations and insurance providers in Britain and the United States (US), CAB provides access to all major world insurance and reinsurance markets.

CAB's primary global partners are its correspondent London brokers, which, for the most part, are independent specialist Lloyd's brokers based in the heart of London's insurance sector trading with all of the major international insurance and reinsurance markets; its international health insurance partners, Lloyd's of London, which has a reputation of excellence and leadership in the international medical insurance markets; and AETNA, one of the leading diversified healthcare benefits companies in the US.

The commitment of the company to its customers is to consistently delight them by delivering the highest-quality service and the best value for money. CAB are cognizant of the fact that its clients have choices and, as such, the organisation must be guided by the principles of not merely satisfying but, indeed, delighting customers with first-class customer care. The team members, at all levels, are committed to this philosophy and are constantly striving for excellence.

With a philosophy of 'The Team is the Theme', decision-making throughout the organisation is based on consensus and the input of stakeholders. Through their consistent achievements

PLEASE SEE **PIONEER,** D6

PIONEER

CONTINUED FROM D4

From left: Shenneil Edwards, manager, International Insurance Division, Caribbean Assurance Brokers Limited (CAB); Kim Brumet, strategic accounts manager, Seven Corners; Dale Willetts, executive VP, London Market Insurance; Raymond Walker, founder, chairman and CEO, CAB; and Natalie St Louis, strategic corporate consultant, CAB, and CEO, Strategic Konnections, at the recently held International Comprehensive Health Insurance Programme Symposium at the Knutsford Court Hotel.

and its regional thrust, the company has begun to realise its vision 'to become the BEST insurance brokerage house in the English-speaking Caribbean by investing in their human capital; to seek out strategic alliances; to maintain the highest level of professionalism, integrity and competence; and to successfully meet the challenges of the changing insurance industry by being knowledgeable, prepared, solution-oriented and customer-focused'.

Coupled with its mission 'to consistently delight their customers at each point of contact with the brand and to provide a rewarding environment for their employees', CAB has embarked on a path to build loyalty and trust among its clients and employees.

One such delight is its recently introduced, innovative Caribbean Assurance Brokers Loyalty Programme, which was designed to reward customers by providing incredible savings from discounts given by its over 200 participating merchants and healthcare providers islandwide (including automobile dealers, hotels, restaurants, doctors, pharmacies, hospitals, medical labs, spas, salons, gyms and more!), in addition to a partnership with Brawta Living through which customers obtain a further five per cent discount on all deals.

In June 2006, CAB's Social Club Committee, geared towards developing future leaders, decided that part of its mandate would be to give back to the community in a very real way because it felt that as a new company, CAB needed to not only do well but also do good. It was felt that any contribution that CAB made towards national development would not only give great personal satisfaction to the staff but also generate a very positive response in the community in which it operated. Its staff decided that their contribution would be to the development of young minds, and so the Reddie's Place of Safety, which has been a haven to orphans, as well as abandoned and abused youngsters, was chosen.

CONTINUED PROGRAMME

The programme, which began in July 2006 and continues to this date, involves the provision of groceries to the home each month, along with several interactions with the children during the Easter and Christmas periods and doctor's visits by CAB shareholder and former director, Dr Karen Rajpat. The children have become an integral part of the CAB team they actively participate in church services and have been on numerous field trips and other interactive activities with the staff.

CAB remains committed to the children of the Reddie's Place of Safety as it believes that the success of Jamaica lies with the development of the hearts and minds of the nation's youths.

The company has also demonstrated its innovativeness by saving on energy and 'going green' through generating its own energy and initiating other projects that have resulted in tremendous cost reduction and the protection of the environment.

From all that has been stated, it is without any doubt that this company will always stand out and be known and seen as the pioneer and innovator in the insurance sector.

There are many exciting things on the horizon that will take the company to the next level in the industry.

For more information, please call 876-619-1351 or visit **www.cabjm.com** today.

Printed in The Gleaner Business Section: Tuesday, July 2, 2019.

2019
HIGHLIGHTS

Lloyd's of London
to make official visit to Jamaica

International Comprehensive Health Insurance Programme (ICHIP)

On the heels of Caribbean Assurance Brokers Limited (CAB) visit to Lloyd's of London (Lloyd's) in December 2018, and the recent visit of Lloyd's representatives to CAB's Head Office in March 2019 to discuss new business opportunities and regional expansion, representatives from Lloyd's will be visiting Jamaica on June 6, 2019 to meet with their ICHIP members at the second staging of the ICHIP Symposium to be held at the Knutsford Court Hotel.

CAB has built a successful partnership with Lloyd's, the insurer of its premier International Comprehensive Health Insurance Programme (ICHIP). The ICHIP which is highly favoured in the Jamaican insurance market, is the only international health insurance to offer extensive medical insurance benefits and services accessible in Jamaica and globally with $0 deductible worldwide (excluding the U.S.A). Notably, the programme does not have a waiting period or age limit for coverage to be effected, and it also covers pre-existing conditions.

CAB seeks to further solidify its partnership with all Stakeholders, enhance customer service experience and give the ICHIP members peace of mind with respect to their international health insurance, by having Lloyd's representatives meet with them for the very first time to participate in an open forum discussion to learn more about their policies and to share with Lloyd's their suggestions to enhance the overall programme.

Exceptional ICHIP benefits include:

- Coverage maximum up to US$2,000,000 per annum
- $0 deductible worldwide (excluding U.S.A)
- 100% cancer treatment and drugs
- 100% air ambulance
- 100% organ transplant
- 100% mental health
- 100% for all eligible inpatient treatments
- 100% maternity and complication of pregnancy
- Up to US$2,000 for optical & dental coverage
- NO MEDICAL REQUIRED

*For further information on ICHIP, contact us.

ICHIP
Assurance Everywhere

CARIBBEAN ASSURANCE BROKERS LIMITED

(Left) Dale Willetts, Executive VP, London Market Insurance and (right) CAB's Chairman & CEO, Raymond Walker

Taken at CAB's Head Office. Representatives from CAB, Seven Corners, Lloyd's and the Lloyd's Broker

Taken in London at Lloyd's. CAB's Chairman & CEO, Raymond Walker (right), Dale Willetts, Executive VP, Lloyd's (centre) flanked by team members; and CAB's International Insurance Manager, Shennell Edwards (left)

(Left) CAB's Chairman & CEO, Raymond Walker and (right) Dale Willetts, Executive VP, London Market Insurance

Caribbean Assurance Brokers Limited

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International Health, Life & Travel Insurance | Employee Benefits |Individual Life & Health Insurance | General Insurance | Credit Union related products
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Providing first class customer care, first time, on time, all the time!

Printed in The Gleaner Business Section: Friday, May 31, 2019.

Caribbean Assurance Brokers Limited Loyalty Programme Official Launch

Caribbean Assurance Brokers Ltd. (CAB) is a multi-line insurance brokerage offering a full spectrum of insurance products and services. The company offers a wide array of insurance solutions, no matter the need. The categories of insurance coverage include International Health, Life and Travel, Employee Benefits, General Insurance, Local Individual Life and Health, and Credit Union Members Health Plan which are underwritten by local and international insurers for the past 14 years.

CAB believes that the customer is its most important asset, and in fulfilling their Mission to consistently delight their customers at each point of contact with their brand, they successfully relaunched the Caribbean Assurance Brokers Loyalty Programme in association with Silver Star Motors (Mercedes-Benz) at their Mercedes-Benz Showroom. CAB provides a value added benefit of doing business through the Loyalty Programme. This initiative is CAB's way of giving back to their over 50,000 customers, whereby customers receive discounts whenever they present their Loyalty Card at any of CAB's over 200 health care providers and merchant partners island wide. Categories include: Dental Offices, Medical Labs, Medical Practitioners, Optical Services, Pharmacies, Physio Therapists, Gyms & Spas, Restaurants, Salons and more!

The Honourable Minister Audley Shaw, Minister of Industry, Commerce, Agriculture and Fisheries, guest speaker at the event, commended the team at CAB for the significant role they have been playing in Jamaica's insurance industry. He further commended CAB for having the largest international health insurance portfolio in Jamaica, and their innovative response to their clients needs. He emphasized the visionary leadership and stated that "Government wants to see more of these kinds of initiatives across the private sector that will redound to the benefit and well-being of customers." He urged the public to become a member of the programme and take full advantage of the benefits that can be derived from it. Minister Shaw also noted the contribution of CAB to the general economic well-being of the country.

Another speaker at the event Mrs. Jackie Stewart-Lechler, Managing Director of Stewart's Automotive Group, stated that "we are very proud to be a Merchant partner of the Caribbean Assurance Brokers Loyalty Programme and we are extremely excited to offer CAB customers an amazing discount of $500,000 when purchasing a new Mercedes-Benz vehicle."

The Official Launch event also served to highlight CAB's loyalty programme partners and the amazing benefits and discounts (up to 35% off) to be derived from them.

Another incredible feature of the Loyalty Programme is the alliance forged with Brawta Living, where CAB customers will receive an additional five percent (5%) discount off all Brawta Living deals.

CAB's Chairman and CEO, Mr. Raymond Walker, expressed his pleasure and satisfaction with the support received from CAB customers, partners and well wishers over the years and states that "Caribbean Assurance Brokers Loyalty Program will see even bigger and better partnerships, discounts and rewards which will result in more disposable income, massive savings and the overall success for all stakeholders and by extension, Jamaica, in terms of facilitating linkages with other sectors, which will help to generate sustainable growth momentum and overall economic stimulus."

"Minister Audley Shaw greeted by the Caribbean Assurance Brokers Limited & Silver Star Motors (Mercedes-Benz) teams at the Loyalty Programme Launch event recently held at Mercedes-Benz Showroom"

From L-R: Raymond Walker, Chairman & CEO – CAB, The Honourable Audley Shaw CD, MP – Minister of Industry, Investment, Commerce, Agriculture & Fisheries, Jackie Stewart-Lechler CD, JP - Managing Director – Stewart's Automotive Group

"Silver Star Motors (Mercedes-Benz), one of the Merchant partners of Caribbean Assurance Brokers Loyalty Programme, delights customers by giving $500,000 discount off Mercedes-Benz vehicles when they present their Loyalty Card"

From L-R: Amanda Lechler, Brand Manager – Mercedes Benz, Raymond Walker, Chairman and CEO – CAB, Jackie Stewart-Lechler CD, JP - Managing Director – Stewart's Automotive Group

"Caribbean Assurance Brokers Limited and Mercedes Benz, one of the Merchant partners of their Loyalty Programme recently launched at Mercedes-Benz Showroom"

From L-R: Raymond Walker, Chairman & CEO - CAB, Jackie Stewart-Lechler CD, JP - Managing Director – Stewart's Automotive Group, Amanda Lechler, Brand Manager – Mercedes-Benz, Natalie St. Louis, Strategic Corporate Consultant - CAB

Caribbean Assurance Brokers Limited

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International Health, Life & Travel Insurance | Employee Benefits |Individual Life & Health Insurance | General Insurance | Credit Union Gold Series
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We want you to LOVE doing business with us!

Printed in The Sunday Gleaner Business Section: Dec 22, 2019.

CARIBBEAN ASSURANCE BROKERS LIMITED

2019
HIGHLIGHTS

Caribbean Assurance Brokers Staff at CAB's Monthly Meeting listening to a presentation

ICWI 5K Pink Run

JCCUL Conference

Chairman & C.E.O. Mr. Raymond Walker at iCHIP's Symposium

Digicel 5K Run

Chairman & C.E.O. Mr. Raymond Walker Far left at Excelsior Official Equator Launch

Caribbean Assurance Brokers Staff at CAB's Sports Day

Men's Dash at CAB's Sports Day

Caribbean Assurance Brokers Limited

Top 10 Shareholders

As at December 31, 2019

Names	Shares Held	% of Issued Shares
Raymond Walker	17,850,000	51.00
C&WJ Co-operative Credit Union	3,613,436	10.32
Karen Rajpat	3,149,992	9.00
Rion Hall	2,595,477	7.42
Veviene Hall	2,595,477	7.42
Paul Brown	2,130,290	6.09
Gail Minott	2,100,000	6.00
Sandra Kenny	466,931	1.33
Mark Russell	180,000	0.51
Andrea Weston	109,090	0.31
TOTAL	**34,790,693**	**99.40**
TOTAL ISSUED SHARES	**35,000,000**	**100.00**

Caribbean Assurance Brokers Limited

FINANCIAL STATEMENTS

31 DECEMBER 2019

CARIBBEAN ASSURANCE BROKERS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2019

INDEX

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Caribbean Assurance Brokers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Assurance Brokers Limited set out on pages 4 to 37, which comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers Limited

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers 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.

BDO

Chartered Accountants

28 February 2020

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
REVENUE	6	401,478,272	385,455,065
Other operating income	7	33,745,758	41,012,238
		435,224,030	426,467,303
Administrative and other expenses		(239,393,974)	(222,769,368)
Selling expenses		(141,662,509)	(158,583,814)
		(381,056,483)	(381,353,182)
OPERATING PROFIT		54,167,547	45,114,121
Finance costs	8	(7,872,310)	(2,054,763)
PROFIT BEFORE TAXATION		46,295,237	43,059,358
Taxation	11	(7,660,475)	(10,238,768)
NET PROFIT FOR THE YEAR		38,634,762	32,820,590
OTHER COMPREHENSIVE INCOME:			
Item that may not be reclassified to profit or loss			
Unrealised gain on revalued building/lease equipment		-	925,236
Unrealised gain on revaluation of property		47,499,134	-
TOTAL COMPREHENSIVE INCOME		86,133,896	33,745,826
EARNINGS PER STOCK UNIT	12	$1.10	$0.94

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2019

	Note	2019 $	2018 $
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	234,130,383	41,920,010
Deferred tax asset	14	15,908,571	7,354,934
Right of use asset	15(a)	9,915,131	-
		259,954,085	49,274,944
CURRENT ASSETS:			
Receivables	16	138,096,421	217,951,812
Taxation recoverable		2,622,018	9,256,756
Cash and bank balances	17	75,799,379	32,070,637
		216,517,818	259,279,205
		476,471,903	308,554,149
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	18	48,765,008	48,765,008
Retained earnings		114,835,737	79,700,975
Capital reserve	19	48,424,370	925,236
		212,025,115	129,391,219
NON-CURRENT LIABILITIES:			
Long term loan	20	86,547,672	25,543,240
Lease liability	15(b)	6,296,122	-
		92,843,794	25,543,240
CURRENT LIABILITIES:			
Payables	21	157,133,091	141,377,185
Bank overdraft	17	1,421,118	-
Short term loan	22	-	12,242,505
Current portion of long term loan	20	3,261,197	-
Current portion of lease liability	15(b)	3,958,557	
Taxation		5,829,031	-
		171,602,994	153,619,690
		476,471,903	308,554,149

Approved for issue by the Board of Directors on 28 February 2020 and signed on its behalf by:

Raymond Walker - Director

Barrington Whyte - Director

CARIBBEAN ASSURANCE BROKERS LIMITED

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital $	Capital Reserve $	Retained Earnings $	Total $
BALANCE AT 31 JANUARY 2018		48,765,008	-	49,880,385	98,645,393
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	32,820,590	32,820,590
Other comprehensive income		-	925,236	-	925,236
		-	925,236	32,820,590	33,745,826
TRANSACTION WITH OWNERS					
Dividends paid	24	-	-	(3,000,000)	(3,000,000)
		-	925,236	29,820,590	30,745,826
BALANCE AT 31 DECEMBER 2018		48,765,008	925,236	79,700,975	129,391,219
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	38,634,762	38,634,762
Other comprehensive income		-	47,499,134	-	47,499,134
		-	47,499,134	38,634,762	86,133,896
TRANSACTION WITH OWNERS					
Dividends paid	24	-	-	(3,500,000)	(3,500,000)
BALANCE AT 31 DECEMBER 2019		48,765,008	48,424,370	114,835,737	212,025,115

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		38,634,762	32,820,590
Items not affecting cash resources:			
Exchange gain on foreign balances		(6,640,606)	(3,584,526)
Amortization of right of use asset	15	5,569,060	-
Depreciation	13	10,917,104	10,284,456
Loss on disposal of property, plant and equipment		77,037	-
Interest income		(2,249,183)	(2,418,911)
Interest expense		6,954,082	2,054,763
Interest expense on right of use asset		918,228	-
Taxation expense		7,660,475	10,238,768
		61,840,959	49,395,140
Changes in operating assets and liabilities:			
Receivables		85,981,937	(56,819,261)
Payables		16,456,165	(2,745,848)
		164,279,061	(10,169,969)
Taxation paid		(3,750,344)	(23,063,295)
Cash provided by/(used in) operating activities		160,528,717	(33,233,264)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		2,249,183	2,418,911
Short term and long term investments		-	22,957,919
Purchase of property, plant and equipment	25(a)	(155,705,377)	(3,755,349)
Cash (used in)/provided by investing activities		(153,456,194)	21,621,481
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid on right of use asset		(918,228)	-
Interest paid		(6,954,082)	(2,054,763)
Principal paid on right of use assets		(5,229,512)	-
Loan repayments	25(b)	(44,912,976)	(8,009,807)
Loan proceeds		96,936,101	16,757,759
Dividends paid		(3,500,000)	(3,000,000)
Cash provided by financing activities		35,421,303	3,693,189
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		42,493,826	(7,918,594)
Effects of exchange rate translation on cash and cash equivalents		(186,202)	1,265,254
		42,307,624	(6,653,340)
Cash and cash equivalents at beginning of year		32,070,637	38,723,977
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)		74,378,261	32,070,637

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

   (a) Caribbean Assurance Brokers Limited is a limited liability company incorporated and domiciled in Jamaica and is regulated by the Financial Services Commission of Jamaica. The registered office of the company is 94d Old Hope Road, Kingston 6, St. Andrew, Jamaica.

   (b) The principal activity of the company is to search the insurance market place for a company in which to place the insured's business for the lowest cost to the insured.

2. **REPORTING CURRENCY:**

   Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

   The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented.

   (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. They are also prepared in accordance with requirements of the Jamaican Companies Act.

   The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

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

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

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

New, revised and amended standards and interpretations that became effective during the year (cont'd)

The company has adopted the following new and amended standards and interpretations as of 1 January 2019:

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

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Upon adoption of IFRS 16 the lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The adoption of IFRS 16 from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. Management has decided it will apply the modified retrospective adoption method, and therefore, the revised requirements are not reflected in the prior year financial statements.

IFRIC 23, 'Uncertainty over Income Tax Treatments,' (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over tax treatments. There was no impact on the company's financial statements from the adoption of this standard.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. **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 new standard, amendment and interpretation, which is not yet effective and has not been adopted early in these financial statements, will or may have an effect on the company's future financial statements:

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

The company is assessing the impact that this standard and amendment will have on the financial statements when it is adopted.

(b) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising 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 profit or loss.

(c) **Property, plant and equipment**

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(c) **Property, plant and equipment (cont'd)**

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recoginised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal, of such transaction is recognized in profit or loss.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives of property, plant and equipment are as follows:

Building	40 years
Leasehold improvements	4 and 10 years
Office equipment	4 years
Furniture and fixtures	10 years
Motor vehicles	5 years

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

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

(d) **Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(e) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

(i) **Classification**

The company classifies its financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 recognized at fair value plus transaction costs that are directly attributed to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise cash and cash equivalents, receivables and short term deposits.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.

(ii) **Recognition and measurement**

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

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

(e) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iii) **Impairment**

The company assesses on a forward-looking basis the expected credit losses (ECL) associated with its instruments carried at amortised cost.

(a) **Instruments carried at amortised cost**

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

- Stage 1 - This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk.

- Stage 2 - This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted.

- Stage 3 - This category includes instruments that are in default.

The above categories exclude purchased or originated credit-impaired (POCI) financial assets. A financial asset is considered credit-impaired on purchase or origination if there is evidence of impairment at the point of initial recognition (for instance, if it is acquired at a deep discount). POCI financial assets are not included in Stages 1,2 or 3 and are instead shown as a separate category.

Expected credit loss (ECL) is measured as follows:

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.

- Instruments in Stages 2 or 3 that are POCI have their ECL measured based on expected credit losses on a lifetime basis.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. The company utilized a probability-weighted assessment of the factors which it believes will have an impact on forward looking rates.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(e) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iii) **Impairment (cont'd)**

(a) **Instruments carried at amortised cost (cont'd)**

The formula for ECL is generally the 'Probability of Default' (PD) multiplied by the 'Exposure at Default' (EAD) multiplied by the 'Loss Given Default' (LGD). An adjustment is made to reflect the time value of money by considering the original effective interest rate on the individual instruments. The overall models involved the use of various PD, EAD and LGD tables which were then applied to individual instruments based on several pre-determined criteria, including type, original tenor, time to maturity, whether they are Stages 1, 2 or 3 and other indicators.

The process in arriving at the individual components of ECL and the forward-looking adjustments involved critical estimates and judgements. This is discussed further in Note 4.

Financial liabilities

The company'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: long term loans, lease liability and trade payables.

(f) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(g) **Current and deferred income taxes**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. 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. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(g) **Current and deferred income taxes (cont'd)**

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(h) **Revenue recognition**

Commission income is recognized in the statement of comprehensive income on the effective commencement or renewal dates of the related policies. Commission is decreased by any cancellation of policies by principals with a corresponding reversal of commission earned.

Interest income

Interest income is recognized in the statement of comprehensive income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

(i) **Leases**

Policy applicable after 1 January 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 26. The following policies apply subsequent to the date of initial application, 1 January 2019.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(i) **Leases (cont'd)**

Policy applicable after 1 January 2019 (cont'd)

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 if, rarely, this is judged to be shorter than the lease term.

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 (revised) lease term.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(i) **Leases (cont'd)**

Policy applicable after 1 January 2019 (cont'd)

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy

- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Nature of leasing activities (in the capacity as lessee)

The periodic payment is fixed over the lease term. The company leased motor vehicles. Leases of motor vehicles comprise only fixed payments over the lease terms.

Policy applicable before 1 January 2019

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(i) **Leases (cont'd)**

Policy applicable before 1 January 2019 (cont'd)

Leases of property, plant and equipment, where the company assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The items of property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset and the lease term.

(j) **Dividend distribution**

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

(k) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

Judgements and estimates 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.

(a) **Critical judgements in applying the company's accounting policies**

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(b) **Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Income taxes**

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iii) **Measurement of the expected credit loss allowance**

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

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

5. **FINANCIAL RISK MANAGEMENT:**

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Long term loan
- Short term loan
- Lease liability

(b) **Financial instruments by category**

Financial assets

	Amortised cost	
	2019	2018
	$	$
Cash and cash equivalents	75,799,379	32,070,637
Receivables	128,548,690	205,947,954
Total financial assets	204,348,069	238,018,591

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(b) **Financial instruments by category (cont'd)**

Financial liabilities

	Financial liabilities at amortised cost	
	2019	2018
	$	$
Bank overdraft	1,421,118	-
Payables	103,695,766	86,667,762
Lease liability	10,254,679	-
Long term loan	89,808,869	25,543,240
Short term loan	-	12,242,505
Total financial liabilities	205,180,432	124,453,507

(c) **Financial instruments measured at fair value**

There were no financial instruments measured at fair value subsequent to initial recognition.

(d) **Financial risk factors**

The Board of Directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's Finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(d) **Financial risk factors (cont'd)**

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

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar cash and bank balances, receivables, long term loan and payables. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of the US dollars as follows:

	2019 $	2018 $
Receivables	43,685,735	132,867,689
Cash and bank balances	61,157,654	21,379,056
Long-term loan	(89,808,869)	(25,543,240)
Short-term loan	-	(12,242,505)
Payables	(23,026,529)	(19,356,663)
	(7,992,009)	97,104,337

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank, accounts receivable, accounts payable and long and short-term loan balances, and adjusts their translation at the year-end for 6% (2018 - 4%) depreciation and a 4% (2018 - 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(d) **Financial risk factors (cont'd)**

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

Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

	% Change in Currency Rate 2019	Effect on Profit before Tax 31 December 2019 $	% Change in Currency Rate 2018	Effect on Profit before Tax 31 December 2018 $
Currency:				
USD	-6	(479,521)	-4	3,884,173
USD	+4	319,681	+2	(1,942,087)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the company does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk. The company has long and short-term loans which are at fixed rates of interest.

The company is primarily exposed to fair value interest rate risk on its fixed rate borrowings. The company analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and the long and short-term loans are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits are due to mature and re-price respectively, within 3 months of the reporting date.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(d) **Financial risk factors (cont'd)**

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

Price risk (cont'd)

Interest rate sensitivity

There is no significant exposure to interest rate risk on short-term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

(ii) **Credit risk**

There is no significant exposure to interest rate risk on borrowings. A 1% increase /1% decrease (2018 - 1% increase/1% decrease) in interest rates on Jamaican dollar borrowings would result in Nil effect due to no JMD borrowings (2018 - NIL) in profit before tax for the company.

A 1% increase/1% decrease (2018 - 0.5% increase/0.5% decrease) in interest rates on US dollar borrowings would result in a $898,089 decrease/$898,089 increase (2018 - $188,929 decrease/$188,929 increase) in profit before tax for the company.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables and cash and bank balances.

Trade receivables

Revenue transactions in respect of the company's primary operations are settled in cash. For its operations done on a credit basis, the company has policies in place to ensure that sales of insurance policies are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(d) **Financial risk factors (cont'd)**

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

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

The aging of trade receivables is:

	2019 $	2018 $
0 - 30 days	26,783,816	84,754,789
31 - 60 days	27,582,203	35,913,046
61 - 90 days	12,112,314	10,055,653
91 days and over	46,344,817	12,928,697
	112,823,150	143,652,185

(iii) **Liquidity risk**

Trade receivables that are past due but not impaired

As at 31 December 2019, trade receivables of $86,039,334 (2018 - $42,522,270) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

No provision for impairment has been made for receivables that are past due as the company has the option of cancelling policies where premiums remain unpaid. The risk of default on payment of insurance premiums also resides with the insurance companies therefore a corresponding payable to the insurance companies for outstanding premiums (note 21) is reflected in the financial statements.

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(d) **Financial risk factors (cont'd)**

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

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a regular basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year $	1 to 2 Years $	2 to 5 Years $	Total $
31 December 2019				
Trade payables	103,695,766	-	-	103,695,766
Long term loan	10,808,848	10,482,940	83,943,217	105,235,005
Lease liability	4,725,822	3,710,166	2,782,625	11,218,613
Total financial liabilities (contractual maturity dates)	119,230,436	14,193,106	86,725,842	220,149,384

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(d) **Financial risk factors (cont'd)**

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

Cash flows of financial liabilities (cont'd)

	Within 1 Year $	1 to 2 Years $	2 to 5 Years $	Total $
31 December 2018				
Trade payables	86,667,762	-	-	86,667,762
Long term loan	-	27,842,132	-	27,842,132
Short term loan	12,568,972	-	-	12,568,972
Total financial liabilities (contractual maturity dates)	99,236,734	27,842,132	-	127,078,866

(e) **Capital management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity.

There are no particular strategies to determine the optimal capital structure. There is a minimum capital maintenance requirement to which the company is subject by the Financial Services Commission.

6. **REVENUE:**

This represents commission earned from premiums generated during the year.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

7. OTHER OPERATING INCOME:

	2019 $	2018 $
Agency fee	27,023,087	24,558,560
Interest	2,249,183	2,418,911
Foreign exchange translation	3,549,654	11,771,537
Miscellaneous	923,834	2,263,230
	33,745,758	41,012,238

8. FINANCE COSTS:

	2019 $	2018 $
Loan interest	6,954,082	2,054,763
Right of use asset - interest	918,228	-
	7,872,310	2,054,763

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

9. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	2019 $	2018 $
Directors' remuneration	13,134,618	12,509,160
Directors' fee	1,751,356	2,630,000
Rent	1,663,331	8,867,466
Printing and stationery	2,306,045	2,012,637
Repairs and maintenance	7,132,301	3,945,253
Telephone, cables and postage	3,309,708	4,120,179
Registration fee	15,519,389	14,461,704
Legal and professional fees	12,054,017	7,162,033
Auditors' remuneration	1,512,000	1,400,000
Security	3,640,510	2,761,586
Electricity	4,817,622	4,377,709
Insurance	5,710,855	3,742,482
Subscriptions and donations	824,908	586,988
Bank charges	9,678,480	6,512,277
Foreign travel and entertainment	4,989,236	4,037,687
Loss on disposal of property, plant and equipment	77,037	-
Amortization	5,569,060	-
Operating lease	-	7,132,410
Staff costs (note 10)	262,753,663	265,337,922
Advertising and promotion	6,394,325	12,282,465
Depreciation	10,917,104	10,284,456
Other	7,300,918	7,188,768
	381,056,483	381,353,182

10. STAFF COSTS:

	2019 $	2018 $
Salaries, wages and statutory contributions	110,117,432	103,802,567
Commission	124,472,177	134,496,927
Travel and accommodation	10,171,318	11,398,030
Staff training and welfare	5,976,797	4,575,700
Group health	10,210,228	9,160,013
Pension	1,805,711	1,904,685
	262,753,663	265,337,922

The company employed eighty-three (83) persons at the end of the year (2018 - 86).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

11. **TAXATION EXPENSE:**

(a) Taxation is computed on the profit for the year, adjusted for taxation purposes, and comprises income tax at 33 1/3%:

	2019 $	2018 $
Current taxation	16,214,112	10,945,321
Deferred tax (note 14)	(8,553,637)	(706,553)
Tax charge in income statement	7,660,475	10,238,768

(b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 33 1/3%, as follows:

	2019 $	2018 $
Profit before taxation	46,295,237	43,059,358
Tax calculated at applicable tax rate	15,431,746	14,353,119
Adjusted for the effects of:		
Expenses not deducted for tax purposes	4,431,145	3,780,786
Net effect of other charges and allowances	(12,202,416)	(7,895,137)
Tax charge in income statement	7,660,475	10,238,768

12. **EARNINGS PER STOCK UNIT:**

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at year end.

	2019 $	2018 $
Net profit attributable to stockholders ($)	38,634,762	32,820,590
Weighted average number of ordinary shares (units)	35,000,000	35,000,000
Earnings per stock unit ($)	$1.10	$0.94

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

13. PROPERTY, PLANT AND EQUIPMENT:

	Land & Building $	Leasehold Improvements $	Office Equipment $	Furniture & Fixtures $	Motor Vehicles $	Total $
At cost/valuation						
1 January 2018	-	50,472,095	43,802,746	11,330,400	1,443,747	107,048,988
Additions	-	1,000,000	2,875,854	639,924	164,807	4,680,585
31 December 2018	-	51,472,095	46,678,600	11,970,324	1,608,554	111,729,573
Transfer/disposal	24,845,441	(51,472,095)	(459,849)	-	-	(27,086,503)
Additions	152,655,425	-	2,023,385	1,026,567	-	155,705,377
Revaluation	47,499,134	-	-	-	-	47,499,134
30 December 2019	225,000,000	-	48,242,136	12,996,891	1,608,554	287,847,581
Depreciation:						
31 January 2018	-	18,043,068	36,529,324	4,702,768	249,947	59,525,107
Charge for the year	-	5,153,402	4,108,187	703,903	318,964	10,284,456
31 December 2018	-	23,196,470	40,637,511	5,406,671	568,911	69,809,563
Charge for the year	4,050,000	3,430,204	2,327,448	787,741	321,711	10,917,104
Elimination on transfer/disposal	-	(26,626,674)	(382,795)	-	-	(27,009,469)
31 December 2019	4,050,000	-	42,582,164	6,194,412	890,622	53,717,198
Net Book Value:						
31 December 2019	220,950,000	-	5,659,972	6,802,479	717,932	234,130,383
31 December 2018	-	28,275,625	6,041,089	6,563,653	1,039,643	41,920,010

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

14. DEFERRED TAX:

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 33 1/3%.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	2019 $	2018 $
Deferred tax asset	15,908,571	7,354,934

The movement on the deferred tax account is as follows:

Balance at start of year	7,354,934	6,648,381
Credit for the year (note 11 (a))	8,553,637	706,553
Balance at end of year	15,908,571	7,354,934

Deferred taxation is due to the following temporary differences:

	2019 $	2018 $
Decelerated capital allowances	15,908,571	7,354,934

Deferred taxation charges to profit or loss comprises the following temporary differences:

	2019 $	2018 $
Decelerated capital allowances	15,908,571	7,354,934
Asset at end of year	15,908,571	7,354,934

15. RIGHT OF USE ASSET:

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

	Motor Vehicle $	Total $
Adoption of IFRS 16	15,484,191	15,484,191
Amortization	(5,569,060)	(5,569,060)
At 31 December 2019	9,915,131	9,915,131

(b) **Lease liability**

	Motor Vehicle $	Total $
Adoption of IFRS 16	15,484,191	15,484,191
Interest expense	918,228	918,228
Lease payments	(6,147,740)	(6,147,740)
At 31 December 2019	10,254,679	10,254,679
Less current portion	(3,958,557)	(3,958,557)
	6,296,122	6,296,122

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

16. **RECEIVABLES:**

	2019 $	2018 $
Trade receivables	112,823,150	143,652,185
Due from employees	1,990,759	2,651,478
Deposits	15,725,540	62,295,769
Prepayments	5,448,457	8,608,961
Other receivables	2,108,515	743,419
	138,096,421	217,951,812

17. **CASH AND CASH EQUIVALENTS:**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and cash in hand as follows:

	2019 $	2018 $
Cash and bank balances -		
Deposits and short-term investments	55,769,681	15,836,900
Foreign currency accounts	9,495,121	6,380,251
Local currency account	10,419,619	9,832,699
Cash in hand	114,958	20,787
	75,799,379	32,070,637
Bank overdraft	(1,421,118)	-
	74,378,261	32,070,637

(a) Deposits and short term instruments are interest bearing.

(b) The weighted average effective interest rates on short term deposits at the year end were as follows:

	2019 %	2018 %
Interest bearing - JA$ account	3	2.78
- US$ account	1.25	1.25

(c) Bank overdraft is as a result of unpresented cheques at end of reporting period.

18. **SHARE CAPITAL:**

	2019 $	2018 $
Authorised -		
50,000,000 Ordinary shares of no par value		
Issued and fully paid -		
35,000,000 Ordinary shares of no par value	48,765,008	48,765,008

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

19. CAPITAL RESERVE:

This represents unrealised gain on revaluation of building and equipment.

20. LONG TERM LOANS:

	2019 $	2018 $
Bank of Nova Scotia Jamaica Limited loan	89,808,869	-
Shareholders' loan	-	25,543,240
	89,808,869	25,543,240
Less: Current portion	(3,261,197)	-
	86,547,672	25,543,240

(i) The Bank of Nova Scotia Jamaica Limited loan is denominated in foreign currency and attracts an interest rate of 5% per annum. It is repayable over 5 years. It is secured by first legal mortgage stamped for US$700,000 or equivalent in JMD over commercial property located at 94D Old Hope Road, Kingston 6, registered at Volume 1286, Folio 396 and 397.

(ii) The shareholders' loan was denominated in foreign currency, attracted an interest rate of 7% per annum, was repayable over 3 years and was unsecured. This loan was repaid during the year.

21. PAYABLES:

	2019 $	2018 $
Trade payables	103,695,766	86,667,762
Due to employees	16,673,669	22,003,445
Other payables and accruals	36,763,656	32,705,978
	157,133,091	141,377,185

22. SHORT TERM LOAN:

	2019 $	2018 $
Directors' loan	-	12,242,505

The directors' loan was denominated in foreign currency and attracted an interest rate of 8% per annum. It was repayable over 3 months and was unsecured. The loan was repaid during the year.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

23. **RELATED PARTY TRANSACTIONS AND BALANCES:**

The following were the transactions carried out with related parties during the year, and the year end balances.

	2019 $	2018 $
(a) Transactions:		
Key management compensation	17,426,531	16,471,269
Directors' remuneration		
Fees	1,751,356	2,630,000
Management remuneration (included above)	13,134,618	12,509,160
(b) Year-end balances:		
Due to -		
Shareholders (note 20)	-	25,543,240
Directors (included in payables)	478,474	810,415
Directors' loan (note 22)	-	12,242,505

The shareholders' loan was denominated in foreign currency, attracted interest at a rate of 7% per annum and was for a period of 3 years. The initial loan given to the company expired in 2016 and was renegotiated for an additional 3 years at the stated rate of interest. The loan was repaid during the year.

24. **DIVIDENDS:**

During the year the company declared and paid a dividend of $3,500,000 (2018 - $3,000,000) relating to the previous year's results.

The amount was allocated to shareholders in proportion to their percentage shareholdings in the company.

25. **NON-CASH TRANSACTION:**

(a) **INVESTING ACTIVITIES -**

	2019 $	2018 $
Additions to property, plant and equipment	155,705,377	4,680,585
Less: Non-cash amount from lease assets	-	(925,236)
	155,705,377	3,755,349

(b) **FINANCING ACTIVITIES -**

	2019 $	2018 $
Loan repayments	(46,583,340)	8,009,807
Foreign exchange effect	1,670,364	-
	(44,912,976)	8,009,807

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

26. **ADOPTION OF NEW ACCOUNTING STANDARD:**

The company adopted IFRS 16 with a transition date of 1 January 2019. The company has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Details of the impact this standard is given below.

IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17, Leases and IFRIC 4, Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value (US$5,000). IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

Transition Method and Practical Expedients Utilised

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the company previously classified leases as operating based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the company recognizes right-of-use assets and lease liabilities for most leases. However, the company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

26. **ADOPTION OF NEW ACCOUNTING STANDARD (CONT'D):**

Transition Method and Practical Expedients Utilised (cont'd)

On adoption of IFRS 16, the company recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
Operating leases	Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.	Measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate as at 1 January 2019. The company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 7.5%.

27. **SUBSEQUENT EVENT:**

The company issued a Prospectus dated 7 February 2020, for the issue of up to 52,500,000 ordinary shares at a subscription price of J$1.91. The offer was oversubscribed. The company has made an application for the shares to be listed on the Junior Market of the Jamaica Stock Exchange.

We want you to LOVE doing business with us!

Raymond Walker, CLU, MBA, B.Sc.

Chairman & CEO

PROXY FORM

CARIBBEAN ASSURANCE BROKERS LIMITED

I/We………of……… being a member/members of Caribbean Assurance Brokers Limited, hereby appoint ……………………………………………………… of ………………………………………………………………………………….. and failing him/her ……………………………………………..………… of ……………………………………………………………..………………….………, as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the physical location of **94D Old Hope Road, Kingston 6** and **via live-stream** on **February 25, 2021** at **3:00 pm** and at any adjournment thereof.

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast on the resolutions referred to. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

Resolution 1:

"THAT the Audited Accounts together with the Reports of the Directors and the Auditors circulated and the Notice convening the Meeting be and are hereby adopted. ☐ For ☐ Against

Resolution 2 (a):

"THAT Director Janice Holness, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company". ☐ For ☐ Against

Resolution 2 (b):

"THAT Director Tania Waldron-Gooden, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company". ☐ For ☐ Against

Resolution 2 (c):

"THAT Director Jennifer Rajpat, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company". ☐ For ☐ Against

Resolution 3:

"THAT BDO, having agreed to continue to serve as auditors, be and is hereby appointed Auditors of Caribbean Assurance Brokers Limited, to hold office until the next Annual General Meeting, at a remuneration to be fixed by the Directors of the Company." ☐ For ☐ Against

Signed………………………………………… Dated the ……….. date of ……………………… 2021

NOTES:

1. This form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.
2. This form of Proxy should bear the stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

NOTES


Caribbean Assurance Brokers Limited
www.cabjm.com