



Caribbean Assurance
Brokers Limited

ANNUAL REPORT

2022



Annual Report
2022

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.





CORE VALUES

Teamwork | Experience
Professionalism | Integrity

OUR PHILOSOPHY

“The Team is the Theme”



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING OF CARIBBEAN ASSURANCE BROKERS LIMITED will be held on **Friday August 18, 2023** at **10:00 am** at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston

5. The AGM will 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, 2022, 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. **Election of 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 Mr. Barrington Whyte, Mr. Norman Minott and Ms. Jennifer Rajpat. Being eligible, they offer themselves for re-election.

The proposed resolutions are therefore as follows:

Resolution 2:

“THAT Directors Barrington Whyte, Norman Minott and Jennifer Rajpat who retire by rotation and are eligible for re-election, be and are hereby re-elected Directors of the Company”.

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

Resolution 3:

“THAT BDO Jamaica, 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 5th day of April 2023

By Order of the Board



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.

CHAIRMAN'S REPORT TO THE SHAREHOLDERS



On behalf of the Board of Directors, we are grateful for all that CAB has accomplished during 2022 and now look to the rest of 2023 with renewed confidence, given the foundation that we have established.

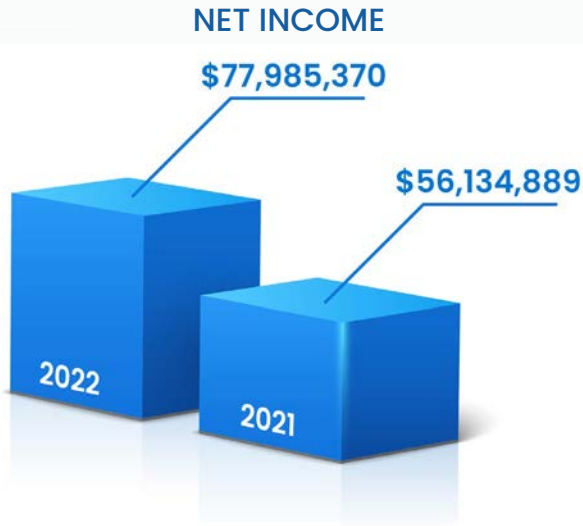
RAYMOND H. WALKER, MBA, B.SC., CLU
Executive Chairman



Fellow Directors and Shareholders,

I am honoured to present the Chairman’s Opening Remarks on the company’s performance for the year ended December 31, 2022.

Despite the challenges faced during the year of review, Caribbean Assurance Brokers Limited (CAB) has not only maintained its profitability growth trajectory started in 2020, but it experienced what could be regarded as significant growth in this area for 2022 over 2021.



Indeed, in 2022 the company achieved net profit of \$77,985,370, a growth of 38.9% over the \$56,134,889 earned in 2021. This is truly impressive, as it follows on the heels of a 77.9% increase in net profit for 2021 over 2020.

I must express my sincere gratitude to our Shareholders for their foresight in selecting a true winner, in which to invest and for their unwavering commitment to CAB.

As Chairman, it has been a pleasure working with a Board of Directors, who, through their various talents and strengths, has come together and worked as a cohesive body to ensure the well-being of this company, its staff, and other stakeholders. I must thank them for directing the affairs of the company and ensuring that plans are constantly being executed to meet the needs of our customers.

Last but by no means least, I cannot thank enough the managers and staff comprising this great team at CAB for the tremendous sacrifice they have consistently made on behalf of the Company. Without them, none of this would have been possible. Indeed, their dedication to the company, especially during these trying times, is quite profound. The company, undoubtedly, owes them a debt of gratitude.

On behalf of the Board of Directors, we are grateful for all that CAB has Accomplished during 2022 and now look to the rest of 2023 with renewed confidence, given the foundation that we have established.

Thank you.


Raymond H. Walker
Executive Chairman



TANIA WALDRON-GOODEN,

MBA, B.SC. (HONS.)

Chief Executive Officer (C.E.O.) and Executive Director

CHIEF EXECUTIVE OFFICER'S REPORT TO THE SHAREHOLDERS

We hereby present the financial results for Caribbean Assurance Brokers Limited (CAB) for the year ended December 31, 2022. CAB reports audited net profit of \$77.99 million for the financial year, an increase of \$21.9 million or 39% over the prior year. During the year, we focused on streamlining key processes within our organisation. As we look to the beginning of a new financial year, we are expecting to reap the rewards of our investment in our operating systems as we aim to continue the trend of outperforming previous financial years. We aim to be innovative in an effort to exceed our clients' expectations. As such, customer experience and satisfaction are at the forefront of our operations.

Highlights of Q4 and Full-Year Performance	Current Quarter			Year-to-Date		
	December 31, 2022 \$'000	December 31, 2021 \$'000	% Change	December 31, 2022 \$'000	December 31, 2021 \$'000	% Change
Revenue	73,622	70,611	4%	505,905	463,054	9%
Gross (Loss)/ Profit	(30,153)	(23,243)	30%	75,417	57,105	32%
Net (Loss)/ Profit	(26,938)	(22,810)	18%	77,985	56,135	39%
Net Profit Attributable to Shareholders	(1,616)	(1,369)	18%	4,679	3,368	39%
Earnings Per Share	(0.10)	(0.06)	80%	0.30	0.21	39%

REVIEW OF 4TH QUARTER

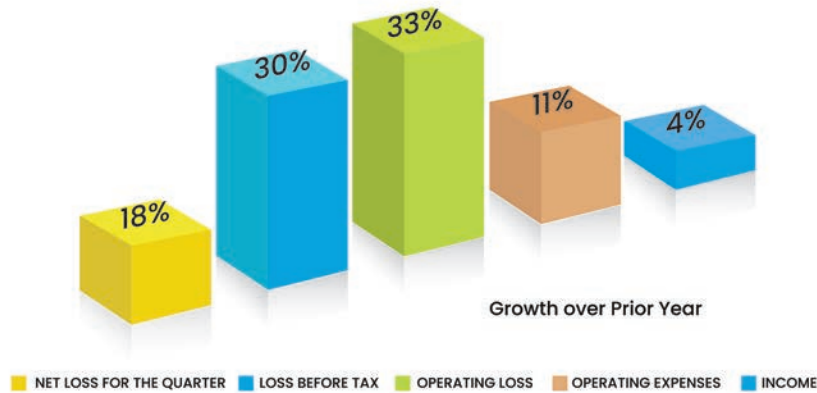
The company earned a total income of \$73.6 million in the quarter ended 31 December 2022 compared to \$70.6 million in the quarter ended 31 December 2021; an increase of \$3 million (4%). This performance is attributable to the fact that some major revenue initiatives were not executed by the end of fourth quarter as planned. These initiatives include but are not limited to local and regional business development and product development activities. The recruitment of new sales team members began during the year but was not effected until December 2022, as new sales team members committed to begin in 2023. The slow recruitment process was a result of us ensuring that we find the right fit for the organization as it relates to its vision and core values. Also, of impact to the revenues was preparing for the possible regulatory and/or IFRS changes which is scheduled to take effect in 2023. The General Insurance market has been particularly strained, given rising cost structures and lowered commission rates as a result of the increased risks related to natural and other disasters.

Commission Income increased by 3%. The Employee Benefits and General Divisions both saw increases of 21% and 22% respectively over their prior quarter's comparative performance. While the International and Individual life divisions saw a decrease of 16% and 2% respectively.

Operating expenses of \$103 million for the quarter ended, increased by \$10.3 million or 11% when compared to the prior comparative period. Areas that contributed to the increase in total expenses for the quarter include; professional fees regarding legal consultation, staff costs associated with the investment in our operating software and systems for full implementation in January 2023. The investment was necessary to improve the internal and external customer experience.

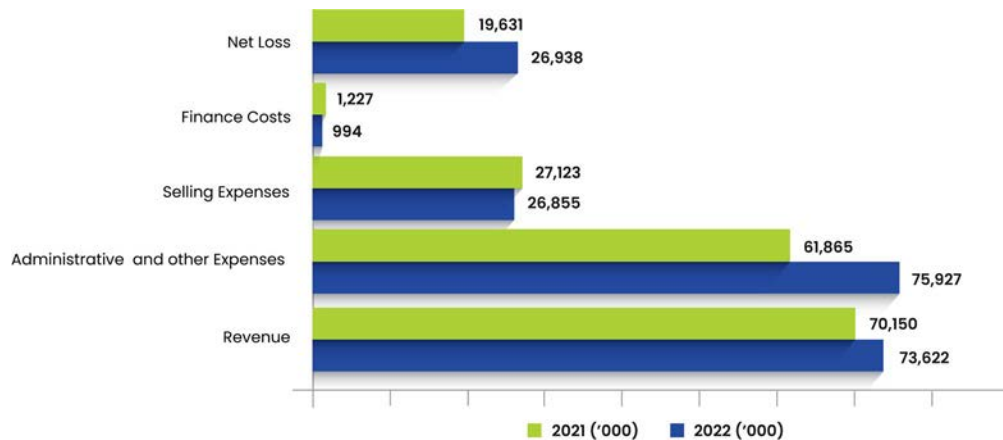
Finance-related charges for the quarter decreased by \$398,022 (29%) when compared to the prior year's comparative period. The reduction was attributable to a paydown on our existing mortgage loan as well as a reduction of interest expense on the lease liability.

4TH QUARTER OVERVIEW



The company was unable to fully execute its planned strategic initiatives regarding expansion and inorganic growth during the fourth quarter. However, the costs associated with the execution of those activities were critical and were undertaken by the company during the period. These activities resulted in an uptick in operating expenses for the quarter under review, when compared to the prior comparative period, resulting in an increase in the Loss After Tax of 18%.

PROFIT OR LOSS ANALYSIS – 4TH QUARTER



COMPANY'S PERFORMANCE FOR THE YEAR ENDED DECEMBER 2022

At the end of the year, Net Profit increased by \$21.9 million (39%) over the prior year. The company earned a total income of \$505.9 million compared to \$463 million for the comparative year; an increase of \$42.9 million (9%). The growth was because of improved sales efforts across all four of the company's divisions which contributed to a cumulative increase of \$45.7 million (11%) in commission income. However, in other operating income, the year over year decrease of \$4.4 million (91%) in foreign exchange gain negatively impacted overall revenue.

The 11% increase in commission income was mainly attributable to the International Insurance and Employee Benefits Divisions which contributed 39% and 37% respectively. The General Insurance and Individual Life Divisions equally contributed 12% of the cumulative increase over the prior year. All divisions experienced growth in commission when compared to the prior year's comparative period.

Operating expenses of \$426.6 million for the year ended were mainly attributable to an increase of \$25.2 million or 10% in administrative and other expenses when compared to 2021. Areas that contributed to the increase in expenses included staff costs, product development initiatives, professional fees, repairs and maintenance, registration fees arising from increased license and regulatory fees and depreciation on additions to property, plant, and equipment. These increased costs are related to setting the stage for expansionary activities.

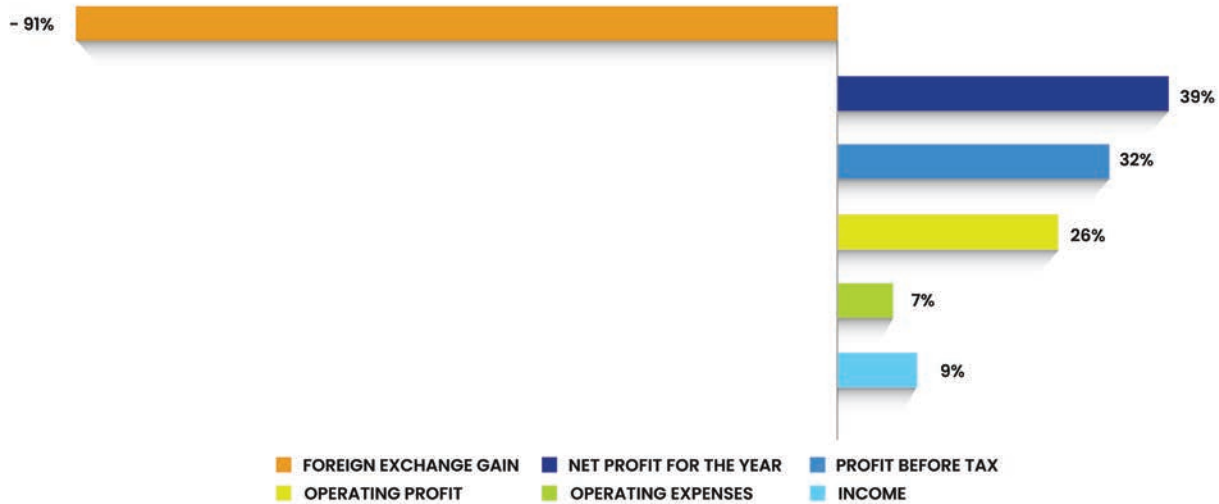
Finance charges for the financial year saw a reduction of \$1.8 million (32%) and this was primarily due to a paydown on the principal of mortgage denominated in foreign currency, in addition to a reduction in interest expense on the lease liability.

The company had a tax credit of \$2.6 million reflecting an increase of \$3.5 million over the comparative period; directly related to an increase in deferred tax movements on property, plant and equipment.

AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS CONT'D

YTD REVIEW

Growth/ (Reduction) over Prior Year



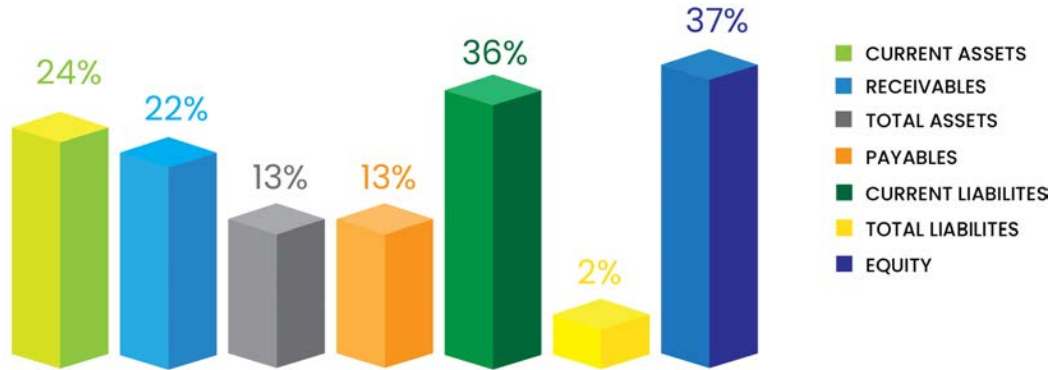
The total assets of the Company increased to \$706.5 million up from \$627 million for 2021-year end; an increase of \$79.5 million or 13%. This increase was mainly attributed to an increase in cash and cash equivalents and receivables.

A \$21 million increase in payables, directly linked to premiums booked for the year; offset against a cumulative \$16 million reduction in lease liabilities and loans, resulted in an uptick of \$4.8 million or 2% in total liabilities.

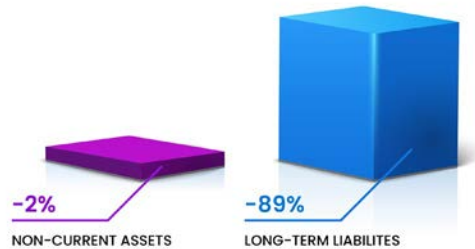
The Company's total Equity increased to \$463 million as at December 31, 2022, up from \$389 million for 2021-year end. The net increase of \$74 million or 19% is reflective of a dividend payment (\$3.36 million) made during the second quarter.

AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS CONT'D

YEARLY REVIEW – INCREASE OVER PRIOR PERIOD



YEARLY REVIEW – REDUCTION OVER PRIOR PERIOD



Tania Waldron-Gooden
Chief Executive Officer

OUR HISTORY

Caribbean Assurance Brokers Limited (CAB) was incorporated in June 2005 and began operations on November 1st as a local and facultative placement broker for Life, Health and Personal Accident insurance business. CAB is the brainchild of its current Executive Chairman, 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 eighty-six (86), 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 become a reality. Over the years we have been first in many critical success areas: i) CAB is the first insurance brokerage 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 seventeen years of operation. Being forward thinking and resourceful has 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.

OUR DIRECTORS

1 **Raymond H. Walker**
Executive Chairman

3 **Rion B. Hall**
Non-executive Director

5 **Janice P. Holness**
Non-executive Director

2 **Tania Waldron-Gooden**
C.E.O. & Executive Director

4 **Barrington Whyte**
Non-executive Director



6 Jennifer Rajpat
Non-executive Director

7 Norman Minott
Non-executive Director

8 Joyce West- Johnson
Non-executive Director

9 Dr. Leo Walker
Non-executive Director

10 Gail Minott
Company Secretary



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

Executive Chairman

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.

2**Tania Waldron-Gooden, MBA, B.Sc. (Hons.)**

Chief Executive Officer (C.E.O.) and Executive Director

Effective January 1, 2022, Tania Waldron-Gooden was appointed Chief Executive Officer of Caribbean Assurance Brokers Limited. Mrs. Waldron-Gooden served in the capacity of Deputy CEO of Caribbean Assurance Brokers Limited from October 1, 2020, to December 31, 2021, and has been a member of the Company's Board of Directors since November 2017. She brings to the organization seventeen years of experience in areas of Investment Banking, Research, New Product Development, Pension Fund and Portfolio Management

Tania is a Director of Chicken Mistress Limited, AJAS Limited, First Rock PE and Island Grill Holdings Limited. She is the Mentor and Director of Main Event Entertainment Group, Express Catering Limited, and the Mentor to Derrimon Trading Company Limited, Spur Tree Spices Jamaica, Caribbean Flavors & Fragrances Limited and Edufocal Limited. She is also a co-opted committee member of the Finance & Audit Committee of the National Health Fund.

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 Jamaica Stock Exchange Rule requirements for financial reporting, good corporate governance, and the making of timely announcements.

Mrs. Waldron-Gooden holds a Bachelor of Science degree (BSc. – Hons.) in Geology from the University of the West Indies, a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K and has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute. Additionally, she holds a post graduate diploma in Paralegal Studies; and is registered/licensed to sell and give advice on Life Insurance business and Sickness & Health Insurance business.

3

Rion B. Hall, MBA, OD, JP.

Non-executive Director, Chairman: Remuneration & Administration 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 Treasurer and 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). He also worked as a member of the Industrial Disputes Tribunal (IDT).

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.

4**Barrington Whyte, MBA, B.A.****Non-executive Director, Chairman: 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 of the 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.

5**Janice P. Holness, J.D., B.Sc.****Non-executive Director, Chairperson: Corporate Governance Committee**

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.

6**Jennifer Rajpat, B.Sc., ACS, AIAA, FLMI, ACII**

Non-executive 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.

7**Norman Minott, LLB (Hons.)**

Non-executive Director

Norman is a well-known Real Estate Attorney with over 40 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.

8

Joyce West- Johnson, FCA, FCCA, M.Sc, B.Sc,
Non-executive Director

Joyce has worked with C&WJ Co-Operative Credit Union Limited for 26 years, gaining sound understanding of the principles and philosophy of a Credit Union. She has held positions as the Chief Financial Officer, Chief Operating Officer and now, the Chief Executive Officer of C&WJ. She is a Fellow of the Institute of Chartered Accountants of Jamaica (FCA), and a Fellow of the Association of Chartered Certified Accountants (FCCA). Joyce holds a Bachelor of Science Degree in Accounting and Economics, and a Master of Science Degree in Accounting from the University of the West Indies, Mona. She also holds an Executive Certificate in Management and Leadership from Massachusetts Institute of Technology (MIT).

Joyce has served on the Board of the St. Andrew Justice of the Peace Association and as Secretary of the Governor General Program of Excellence for the Parish of St. Andrew.

9

Dr. Leo Walker, MBBS, DM
Non-executive Director

Dr. Leo Alexi Walker is an accomplished and passionate specialist/ consultant obstetrician and gynaecologist (OBGYN). Having pursued and completed a fellowship in Maternal Foetal Medicine between 2019-2021, he is currently among less than ten trained professionals on the island. Maternal Foetal Medicine is an area that deals with ultra-high risk or complicated pregnancies, focusing on interventions designed to screen for and limit morbidity and mortality associated with those complications.

Dr. Walker currently has two Private Practices, finds time to instruct medical students on the foundation of obstetrics and gynaecology, leads exam review sessions for other aspiring doctors; and is also a Director of Virsag Limited.

His main objective is to continue to provide outstanding holistic care with a detailed and dedicated approach while maintaining communication and confidentiality.

10

Gail Minott, B.A., CLU
Company Secretary

Gail has worked in the insurance industry in sales and marketing for over 40 years. Starting as a Sales Representative with the former Life of Jamaica, she moved into the Marketing Department as Assistant Vice President. At CAB, Gail has held the posts of Director of Administration and Director, International Insurance Division. She has served as Company Secretary since CAB's inception in 2005.

A former Director of CAB, Gail assists the Board in the execution of critical administrative and governance functions which demand a high degree of compliance and ethical conduct.

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

At CAB, our Corporate Governance Framework <https://www.cabjm.com/investor-relations/> is developed to ensure and instil trust, confidence and credibility with stakeholders and contribute to the success of our bottom line. As such, corporate governance is central to the effective and efficient operation of our company and shapes both the long term direction and day-to-day operations of the company, thereby playing an essential role in the company's success or failure.

CAB's Board of Directors (Board) represents and promotes the shareholder's interest and is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management to ensure a standard set of expectations as to how the Board, its committees and management direct and control the company. The Board is committed to delivering a holistic performance that embraces corporate responsibility toward the company's shareholders. To this end, the Board is responsible for ensuring that management competently executes its responsibilities and regularly monitors the effectiveness of policies and their implementation of management's decisions, including the execution of its strategies.

BOARD TERMS OF REFERENCE

The Board operates pursuant to its Terms of Reference <https://www.cabjm.com/investor-relations/> in its general oversight and providing guidance for the company. The Board makes decisions, reviews and approves policies and critical decisions of the company in relation to:

- Strategic planning
- Finance, financial reporting and audit
- Risk management
- Remuneration of Directors and Executives
- Compliance

- Appointment and removal of Directors
- Corporate citizenship and ethics
- Business development, major investment and disposal

The Board is comprised of Executive Directors and Non-Executive Directors. An Executive Director is a Director who is employed by the company and has responsibility for aspects of the company's day-to-day operations. Non-Executive Directors have no responsibility for aspects of the company's day-to-day operations.

SELECTION AND COMPOSITION OF THE BOARD

The Board is comprised of nine (9) Directors (2 Executive Directors and 7 Non-Executive Directors). Its composition is such that the Directors' background, expertise and discipline satisfy the diversity in skills and characteristics required to competently and successfully execute the responsibilities of the Board and in the interest of all stakeholders. The Board, in its composition, demonstrates its commitment to diversity, equality and inclusion (DEI). During the year, Director Carlton Barclay resigned from the Board and the casual vacancy was filled by Director Joyce West-Johnson. The decision was also taken to increase the board's composition to nine (9) with the appointment of Dr. Leo Walker. Both directors' appointments were approved at the Annual General Meeting (AGM) held on August 18, 2022.

DIRECTORS TRAINING

The Board recognizes the importance of training for its Directors. To this end, the company organizes mandatory training, at least annually, in the area of anti-money laundering and counter financing of terrorism (AML/CFT) as well as encourages Directors to augment this training with self-directed learning in a wide cross-section of areas to enhance their contribution to the Board by keeping abreast of current trends, best practices and standards.

With the appointment of the two (2) new directors and in keeping with the onboarding process pursuant to Sections 3.2.1(c) and 3.3(a) of the Board's **Terms of Reference** <https://www.cabjm.com/investor-relations/>, the requisite Corporate Governance training was conducted on September 10, 2022 by the well respected and regarded corporate governance expert, Shirley-Ann Eaton. The annual AML/CFT Directors' training, was led by Director Whyte, a certified ACAMS Money-Laundering Specialist, on September 3, 2022. Additionally, the Corporate Governance Committee, with responsibility for guiding Directors' training, kept Directors abreast of trends and global developments on industry, operational, compliance and governance matters through a series of articles circulated during the year to promote and encourage self-directed learning as a component of CAB's wider training initiative.

COMMITTEES OF THE BOARD

There are three (3) committees of the Board:

- Audit, Finance, Risk & Compliance Committee (AFRC)
- Corporate Governance Committee (CGC)
- Remuneration & Administration Committee (R&A)

ATTENDANCE AT BOARD, COMMITTEES AND ANNUAL GENERAL MEETINGS

# OF MEETINGS HELD IN 2022	BOARD 6	AFRC 5	REMUNERATION & ADMINISTRATION 2	CORPORATE GOVERNANCE 3	AGM 1
Raymond Walker	6	5	N/A	N/A	1
Tania Waldron-Gooden	6	5	1	N/A	1
Carlton Barclay*	1	N/A	1	N/A	N/A
Rion Hall	4	N/A	2	N/A	1
Janice Holness	6	5	2	3	1
Norman Minott	6	4	N/A	2	1
Jennifer Rajpat	5	N/A	N/A	2	1
Leo Walker***	1	N/A	1	N/A	1
Joyce West-Johnson***	2	1	1	N/A	1
Barrington Whyte	6	5	2	N/A	1
Desmond Taffe **	N/A	5	N/A	N/A	N/A

* Carlton Barclay resignation from the Board became effective on March 31, 2022

** Mr. Taffe is an external member on the AFRC Committee and is not a Director of CAB

*** Dr. Walker and Mrs. West-Johnson were appointed to the Board on August 18, 2022

Key employees are invited to attend Board and Committee meetings to provide needed information on matters being discussed in relation to the areas of their leadership.

AUDIT, FINANCE, RISK & COMPLIANCE

The AFRC Committee, established pursuant to Rule 504 (2)(b) of the JSE Junior Market, operates pursuant to its Terms of Reference <https://www.cabjm.com/investor-relations/>. It is comprised of a majority of independent non-executive directors as its members, and is mainly “responsible for reviewing and recommending for approval the Audited Financial Statement of the Junior Market Company”.

MEMBERS OF THE COMMITTEE

Members of the Committee for the financial year 2022 were:

- Barrington Whyte – Chairperson (Non-Executive Director)
- Norman Minott – Deputy Chairperson (Non-Executive Director)
- Ms. Janice Holness – Member (Non-Executive Director)
- Mrs. Joyce West-Johnson – Member (Non-Executive Director)
- Desmond Taffe – External Member
- Mr. Raymond Walker – Member (Chairperson CAB, Executive Director)
- Mrs. Tania Waldron-Gooden – Member (CEO CAB, Executive Director)

Mrs. Joyce West-Johnson was appointed a non-executive member of the Committee effective August 1, 2022. During the year meetings of the Committee were held on February 23, 2022; April 23, 2022; July 23, 2022; October 22, 2022 and November 19, 2022.

ACTIVITIES OF THE COMMITTEE

Audit

- Met with BDO, the Company’s external auditors, to receive the Report on the 2021 Audit and details of the Auditors finding. The Auditors reported that they had full cooperation from the management of CAB in the conduct of the Audit and reported no issues of major concerns. Based on those discussions and the Auditors Report and Opinion set out in the Financial Statements, the AFRC Committee recommended to the Board of Directors the approval of the 2021 Financial Statements.
- The Committee also received and reviewed the External Auditor’s management letter, and the administrative response to the letter, and satisfied itself that the responses were satisfactory and that the recommendations were implemented where appropriate.

Finance

In the execution of its function as the Finance Committee of the Board, during the year the Committee undertook the following activities:-

- Reviewed the quarterly financial statements prepared for submission to the JSE Junior Market and recommended to the Board for approval.
- Reviewed the Management Discussions and Analysis (MD&A) prepared by Management for submission to the JSE and recommended to the Board for approval.
- Reviewed the quarterly financial position of the Company and made recommendations to the Board on Asset Liabilities Management (ALM) issues including liquidity management.
- Reviewed the overall financial performance of the Company and the different lines of business and products and services and made recommendations to the Board.
- Reviewed investment plans and recommended them for approval.
- Reviewed the Annual Budget and Financial Plans and recommended to the Board for approval.

Compliance

- Assisted the Board of Directors in ensuring that the Company was compliant with all applicable laws and regulations relating to the legal operations of the Company, including but not limited to the Company's Act, the Rules of the JSE Junior Market, the Insurance Act and its Regulations, the Proceeds of Crime (POCA) and Terrorism Prevention Acts (TPA).
- Ensured that the Board appointed a Nominated Officer (Compliance Officer) with the ability and capacity to undertake the responsibility for the ongoing monitoring of the AML/CFT/CFP duties of the Company.
- Ensured that the Company had in place policies and procedures relating to the AML/CFT/CFP requirements of the FID and FSC.
- Reviewed the Compliance Reports submitted by management to ensure that all monthly, quarterly and annual statutory compliance requirements were met by the Company.

Risk Management

In the area of risk management, the Committee:

- Provided assistance to the Board of Directors and management in the continued implementation of the Company's Enterprise Risk Management framework and the Enterprise Risk Management Policy.
- Received reports from and discussed with management the various risks facing the Company from time to time and made recommendations to the Board of Directors on risk-mitigating strategies.

The Committee is satisfied that the major risks faced by the Company are recognised and are being managed by the Board and Management within the available resources of the Company.

REMUNERATION & ADMINISTRATION COMMITTEE

The Remuneration & Administration Committee (R&A) was reconstituted in 2021 in keeping with the regulations of the Jamaica Junior Stock Exchange (JJSE). In accordance with its **Terms of Reference**, <https://www.cabjm.com/investor-relations/> the Committee assumes responsibility to:

- Advise and assist the Board concerning compensation for the Board members and Executive Management of the company.
- Make recommendations to the Board on policies related to compensation and incentives.
- Ensure the implementation of policies and review decisions relating to human resources, staff welfare and general administration of the company's departments, including Information Technology, Disaster Preparedness, Knowledge and Talent Development.
- Review policies to ensure that the company attracts and retains the best talents available to it, in order to achieve the highest levels of customer service and to maximize shareholder's value.

The Committee, which is required to meet at least twice per year, convened two meetings in 2022.

The R&A Committee members are:

- Rion Hall – Chairperson/Non-Executive Director
- Carlton Barclay – Deputy Chairperson/ Non-Executive Director , (resigned effective March 31, 2022)
- Joyce West-Johnson – Deputy Chairperson/ Non-Executive Director , (appointed April 1, 2022)
- Janice Holness – Non-Executive Director
- Barrington Whyte – Non-Executive Director
- Dr. Leo Walker – Non-Executive Director

The R&A Committee completed the following calendar of activities in 2022:

- Amendments to the R & A Committee Terms of Reference which was duly approved by the Board.
- Reviewed the Job Description for the Chief Executive Officer, duly approved by the Board and executed by the CEO.
- Completed the Job Description for the Executive Chairperson/Business Development Officer which will be signed off and recommended to the Board for approval.
- Reviewed the recently updated Code of Conduct. To be submitted to the Board for approval.
- Reviewed the Staff Loan Policy. To be submitted to the Board for approval.
- Reviewed the Cell Phone Policy. To be submitted to the Board for approval.

For its 2023 calendar of activities, the Committee undertakes to:

- Review the existing policy guidelines under the Disaster Preparedness area.
- Review the recently updated Employment Policy.
- Review the Data Security Policy.
- Review other relevant sections of the CAB Policies/Policies Register.
- Review the Draft Sexual Harassment Policy.

CORPORATE GOVERNANCE COMMITTEE

Pursuant to its Terms of Reference <https://www.cabjm.com/investor-relations/> the Corporate Governance Committee (CGC) seeks to ensure that the company's corporate governance framework is sound and consistent with best practices and global standards.

In keeping with its 2022 Schedule of Activities, the CGC completed the following initiatives:

- Prepared the 2021 Corporate Governance Report as required by the JSE for inclusion in CAB's Annual Report submission.
- Reviewed, updated and recommended for the Board's approval, CAB's Corporate Governance Framework <https://www.cabjm.com/investor-relations/>.
- Reviewed, updated and recommended for the Board's approval, its Terms of Reference <https://www.cabjm.com/investor-relations/>.
- Reviewed the various Committees' Terms of References to ensure they were not in conflict with the Board's Terms of Reference and provided guidance for corrective actions.
- Board approval of the evaluation instruments developed for the appraisal of the Board, Directors, Committees and Chairperson.

- Led the Board in discussions relating to the process and procedure to appraise the Board, its Committees, Chairperson and Directors.
- Kept directors abreast of trends and global developments on industry, operational and governance matters through a series of articles circulated during the year to promote and encourage self-directed learning as a component of CAB's wider training initiative.
- Conducted quarterly review of the Policy Register and provided feedback to ensure policies are properly approved and reviewed and updated in a timely manner.

The CGC must hold at least two meetings annually, and in 2022, three meetings were convened.

The members of the Committee are:

- Janice Holness – **Chairperson/Non-Executive Director**
- Norman Minott – **Deputy Chairman/Non-Executive Director**
- Jennifer Rajpat – **Non-Executive Director**

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) with shareholders is held annually, and corporate decisions are shared on a timely basis with shareholders. The meeting and its Agenda are structured to allow shareholders to provide input and feedback as well as have their questions and concerns addressed.

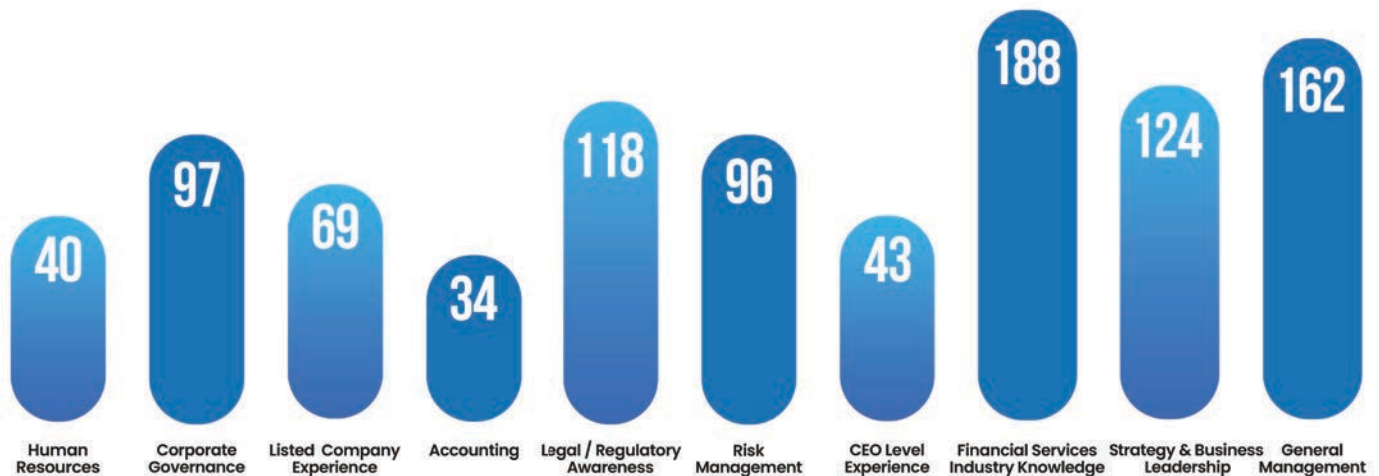
The 2022 AGM was held on August 18, 2022. Among the matters before the meeting was the approval of two (2) Directors, Mrs. Joyce West-Johnson and Dr. Leo Walker.

To make information available and easily accessible to its shareholders and stakeholders, the Company's website includes an Investor Relations link <https://www.cabjm.com/investor-relations/>. This allows shareholders to access AGM related information including the Company's financial reports, among other relevant materials relating to the Board and its Committees.

OUR EXPERTISE & EXPERIENCE

As at December 31, 2022, the Board of Caribbean Assurance Brokers Limited consists of nine (9) members. Except for the Chairman, Mr. Raymond Walker and Chief Executive Officer, Mrs. Tania Waldron-Gooden, 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



MANAGEMENT TEAM





Kemar Ford
International Insurance
Division Sales Manager



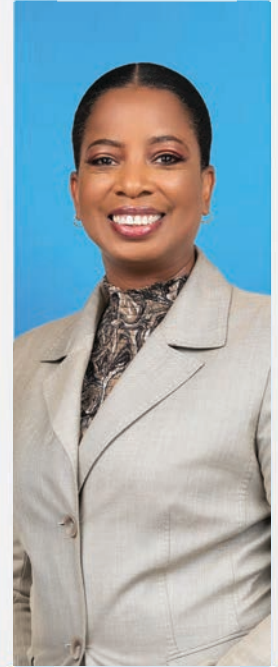
Godfrey Heron
IT & Operations Manager



Toni-Ann Spicer
Individual Life Insurance
Division Manager



Michelle Harris
Employee Benefits Division
Senior Manager



**Heather
Muirhead-Brown**
General Insurance Division
Manager



Krystal Gayle
International Insurance
Divisional Manager



Shanique Thompson
Chief Financial Officer



Carlton Raymond
Training Consultant



Tamika Becky
Human Resources and
Administrative Manager



Sequoia Thomas
Marketing Manager



Kimloy Walker
Compliance Manager



PRODUCTION AREAS

The International Insurance Division provides options in the areas of **INTERNATIONAL HEALTH, LIFE, DISABILITY** and **TRAVEL INSURANCE**, with a suite of products designed for individuals and groups. We take pride in offering our clients global peace of mind supported by strategic partnerships both locally and overseas.

Kemar Ford

International Insurance
Division
- *Sales Manager*



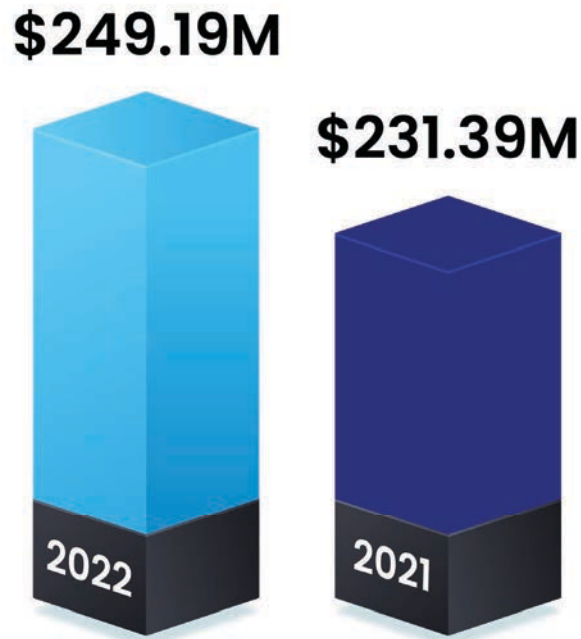
Some plans offered in this Division are underwritten by certain underwriters at Lloyds of London. Other plans are however sought through international partners, which may require approval by local regulators prior to placement of the business.



INTERNATIONAL INSURANCE DIVISION

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

The overall revenue for the Division saw an 8% increase from \$231.39 million in 2021 to \$249.19 million in 2022.





“ As **Employee Benefits Experts**, we understand the importance of offering a **Competitive Benefits Package** to attract and retain top talents. Let us help you create a healthcare plan that meets your specific needs, from comprehensive coverage to wellness programme guides that keep your employees healthy and happy. ”

Michelle Harris
Employee Benefits Division
– Senior Manager



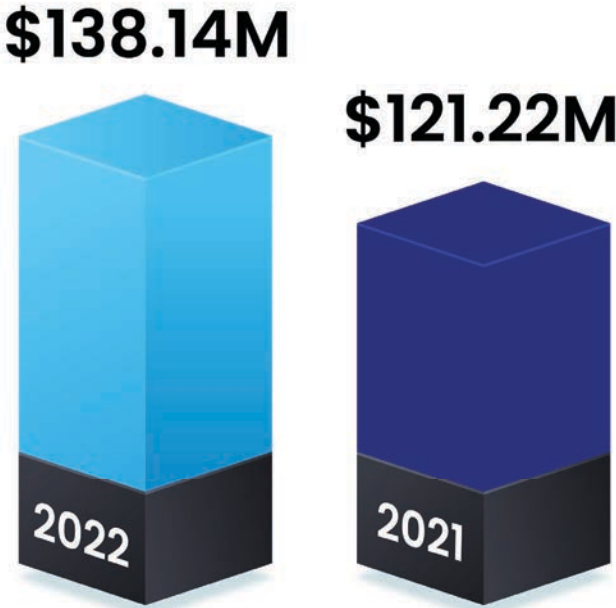
Group Health, Life, Pension & Personal Accident, Voluntary Group Life, Health & Disability Plans
School Companion, Churchmate, School Personal Accident/Life,
Credit Union Gold Series Health Plan & Major Medical Plan

Plans offered in this Division are underwritten by locally registered life & health insurance companies.

EMPLOYEE BENEFITS DIVISION

The division provides a wide range of products for employees, including group health, group life, group personal accident, and group pension.

Employee Benefits, inclusive of the Credit Union Gold Series, a local health insurance product designed for credit union members, increased the commission income of 15% from \$121.22 million in 2021 to \$138.14 million in 2022. This area accounted for 27% of our total revenue in 2022.



FROM MINT TO ASH IN A MATTER OF MINUTES



Get a Quote for Property Insurance Today!

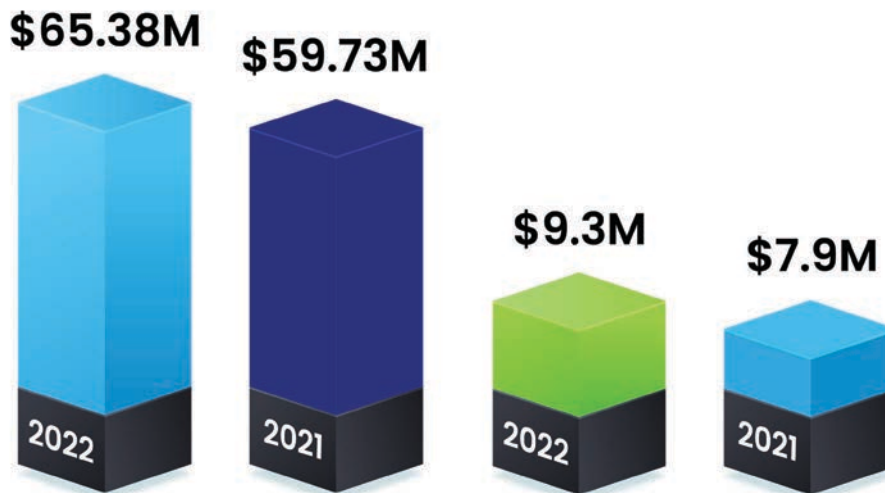
Transform risk into peace of mind with General Insurance. Let us help you preserve your wealth and quality of life. Our priority is to ensure you have access to premium rates and excellent coverage suited to your specific needs, supported by superior customer service. Our range of coverage includes Property, Motor, Professional Indemnity, Liability, Bonds, Marine, Cyber Insurance, Personal Accident and more.

- Plans offered are underwritten by Local & International registered General Insurance providers.

GENERAL INSURANCE DIVISION

General Insurance Division arranges the insurance on behalf of our clients that cover assets against physical loss or damage from perils defined in Insurance Contracts issued by Insurers including Acts of God (wind, flood, earthquake, lightning), fire, riot, strike, civil commotion, malicious damage. Coverage is also available for motor policies and engineering exposures such as electrical surges, breakdowns and other working accidents.

The General Insurance Division experienced a 10% growth in Commission Income: \$65,381,773 for 2022 in relation to \$59,732,391.78 which was achieved in 2021. A favourable increase of 19% in Administrative fees for 2022: \$9,323,749 at the end of 2022 in relation to \$7,859,297 which was achieved in 2021.



MYTH



I don't need to worry about life insurance because I have coverage through my job.



CARIBBEAN
ASSURANCE
BROKERS
LIMITED

FACT



While it's great that your employer offers life insurance, it's important to understand that the coverage may not be enough to meet your family's long-term needs. Plus, if you change jobs, you could lose that coverage altogether.

Local Individual Life & Health Insurance • Critical Illness • Investment • Retirement • Personal Accident

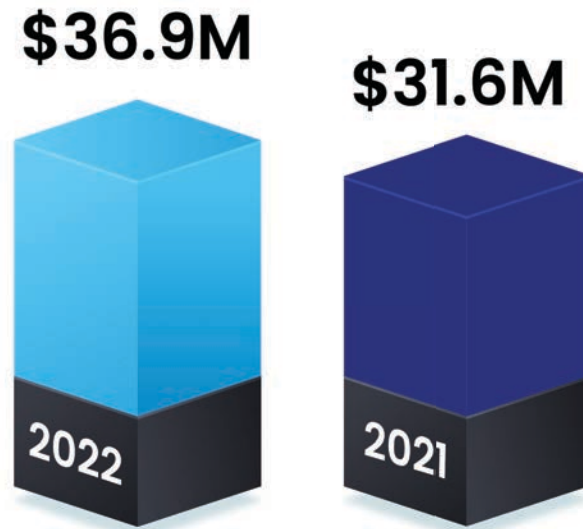
Protect your loved ones' financial future – get a personalized life insurance quote today!

Plans offered in this Division are underwritten by locally registered life & health insurance companies.

INDIVIDUAL INSURANCE DIVISION

The Individual Insurance Division caters to persons seeking to have Individual life protection, health, investment, and retirement plans which can help to provide peace of mind during difficult times when it is needed the most.

In 2021, the Individual Health & Life products generated \$31,655,057 in commission income. This increased by 17% in 2022, reaching \$36,969,300.88 in commission income. This area accounted for 7% of the company's total revenue in 2022.



The background features a complex network of glowing blue lines and nodes, resembling a data network or a neural network. The lines are thin and connect various points, creating a web-like structure. A bright, glowing light source is positioned in the center, casting a soft glow across the network. The overall color palette is dark blue and black, with white and light blue highlights. Binary code (0s and 1s) is scattered throughout the scene, appearing as if it's floating in a digital space. The text 'OPERATIONAL AREAS' is prominently displayed in the lower-left quadrant in a bold, white, sans-serif font.

OPERATIONAL AREAS

INFORMATION TECHNOLOGY & OPERATIONS

The year 2022 continued to be a year of adaptation for organizations globally as the impact of the pandemic lingered. Companies continued to reassess their business processes and service delivery to remain competitive in a rapidly changing market. Caribbean Assurance Brokers Limited (CAB) was well-positioned to handle these changes, with a secure remote working environment and attractive health insurance products.

In 2022, CAB made significant progress in its IT initiatives, focusing on providing a seamless and secure customer experience. The company finalized efforts for offering e-payment options through its web portal. It is expected that customers will appreciate the convenience of managing their policies, claims, and payments digitally. The platform for automated renewal notices and invoices further streamlined the customer experience, reducing friction and enhancing relationship building with CAB.

As remote work became the norm, CAB's IT department continued to play a crucial role in maintaining effective communication and service delivery to clients.

The company's investments in technology positioned us to thrive in an environment where remote work and digital services were becoming increasingly important.

In conclusion, 2022 was a year of growth and innovation for CAB as it leveraged technology to enhance its customer experience and build stronger relationships with its clients. With a focus on security, convenience, and seamless customer service, CAB has positioned itself for continued success in the future.

HUMAN RESOURCE & TRAINING

The Human Resource Department at Caribbean Assurance Brokers Limited (CAB) is committed to developing its workforce. The department's mission is to be a strategic partner by providing Human Resource programs that attract, develop, retain, and engage a skilled and diverse workforce. The department's vision is to be excellent in providing human resource services to the administration and employees through trust, accountability, integrity, respect, and credibility.

The Department's Short-term Goals focus is on employee satisfaction and engagement, fulfilling

the organization's human resources needs to meet its operational goals, team development, attending to employee grievances, and maintaining a healthy workplace.

The Department's Long-term Goal is to develop the staff at all levels of the organization through formal programs offered through departments and across departments, reduce attrition rate (employees leaving the company), maintain a safe and positive work environment, employee satisfaction, continued development of policies and procedures and ensure cross-training is practice across all departments. In 2022, we were supported with a staff complement of 86 employees. This number included 39 producers in the four production areas, while the balance consisted of Managers, Administrators, and other line staff.



Throughout the pandemic, the company has maintained

a happy and healthy workforce and its staff complement by creating strategic moves to encourage, motivate and boost staff morale. Additionally, the health and well-being of the workforce directly support the company's ability to achieve its strategic goals and have been the essential components of our organizational success. In recognizing that a healthy organization achieves more, we have aligned our health and well-being strategy by providing the staff with additional performance incentives and keeping them engaged in activities that foster wellness and team building, that creates good synergy to ensure a healthy work environment for all.

We have a recognition program at Caribbean Assurance Brokers Limited, highlighting the most outstanding administrative employee for each quarter, the top producers for each month, and the top producer for the previous production year. This program has continued because it encourages and motivates our employees to maintain the excellent service standards that CAB endeavors to uphold.

We were able to participate in the ICWI/Reach to Recovery Pink Run as part of our Corporate social events for the year in review. The company also maintained its commitment to the Reddies Place of Safety, our social outreach program.

In conclusion, as part of our efforts to have a more

diverse and well-rounded workforce, CAB has embarked on a mission that emphasizes staff training and development. Some of the strategies being employed are more one-on-one meetings, more coaching and mentoring and product training to ensure that our employees are competent in the various insurance business classes and sharpen their customer service and sales skills whilst expanding their knowledge.

COMPLIANCE & RISK MANAGEMENT

The compliance function of a company serves several vital roles, including to;

- i. Ensure that the company and its employees comply with relevant regulatory requirements and internal policies and procedures.
- ii. Maintain current information on regulatory requirements.
- iii. Defend against money laundering, bribery, corruption & fraud.

As an insurance brokerage and a listed company, CAB is regulated by the Jamaica Stock Exchange (JSE), the Financial Service Commission (FSC) and the Companies Office of Jamaica (COJ). Our main objective is to ensure that we have sound corporate governance practices. To this end, we comply with all the relevant requirements to provide our clients with a service of high quality.

The primary compliance tasks completed throughout the year include:

- ICHIP Renewal Registration with FSC
- Assured Travel Registration with FSC
- Registration of New Sales Representative with the FSC
- Monthly Facultative Placement Reports to the FSC
- Quarterly Facultative Placement Reports to the FSC
- Sales Representative Termination Notification to the FSC
- Monthly Threshold Transaction Reports to the Financial Investigation Division (FID)
- Monthly Sales Representative Licence Renewals
- Annual Payment to Jamaica Stock Exchange
- Public Procurement Commission Renewal
- Professional Indemnity Insurance Renewal
- Fidelity Guarantee Insurance Renewal
- Annual Terrorism Prevention Act Report (TPA)
- Implementation of the Data Protection Act
- Annual renewal Tax Compliance Certificate (TCC)
- Customary verification with the Accounts Division regarding the standard statutory deductions, Payment and Annual Returns filings with Tax Administration Jamaica

- (TAJ) & Company of Jamaica (COJ).
Anti-Money Laundering Training and annual audit

CAB fosters a relationship that facilitates open dialogue with our regulators. This ensures there is clarity on regulatory requirements, particularly concerning novel aspects of the insurance industry, as CAB continues to be an innovator in insurance.

Risk is the effect of uncertainty on objectives and can be effectively managed and understood if clearly articulated. To this end, CAB has employed a strategic approach to corporate risk management, allowing the company to consider the full range of risks it faces and examines the relationship between these risks and their cascading impact on its strategic goals. CAB's approach is best summed up as Alla Valente of Forrester Research articulated, "we don't manage risks to have no risk. We manage risks, so we know which risks are worth taking, which ones will get us to our goal, which ones have enough of a payout even to take them."

MARKETING

Caribbean Assurance Brokers Limited entrusts the planning and execution of its marketing and communications strategies to the Marketing Division. This team

oversees the coordination of advertising, branding, public relations, marketing, digital/social media management, and the management of the company's Loyalty Programme. The division's primary objective is to align these efforts with the company's overall goals, which include expanding its customer base, acquiring and retaining customers, and increasing revenue, market share, and profitability while reinforcing its brand equity.

To achieve these goals, the Marketing Division strives to reinforce the company's brand in the marketplace, increase customer awareness of the company and its products, highlight its competitive advantages, and support departments in surpassing their targets. In doing so, the division aims to foster customer loyalty and drive business growth. Additionally, the Marketing Division monitors industry trends and customer behavior, using data-driven insights to inform its strategies.

By streamlining and coordinating these marketing and communications efforts, the Marketing Division is critical in positioning Caribbean Assurance Brokers Limited as a leading player in its industry. Furthermore, the Marketing Division collaborates with all divisions to ensure that all efforts align with achieving the company's overall objectives.



EXPERIENCE THE SAVINGS & DISCOUNTS

of our Loyalty Programme
Mobile APP



Members of Caribbean Assurance Brokers
can Download the Mobile App from



CORPORATE SOCIAL RESPONSIBILITY

Doing
Good
Doing
Right

At Caribbean Assurance Brokers Limited (CAB), we take our Corporate Social Responsibility seriously and actively engage in initiatives that positively impact the communities where we operate. Our commitment to this cause is evident through our continuous sponsorship and donations towards various causes.

We are proud to have sponsored several events, including the Medical Association of Jamaica, where doctors island-wide attended seminars engaging in discussions around Chronic Non-Communicable Diseases and the Pandemic. The Jamaica Gasolene Retailers Association's (JGRA) 71st Anniversary Award, the Wesley Powel Track and Field Meet held at Excelsior High School, the Kiwanis Club of New Kingston Golf Tournament, and our yearly Christmas donation to the Reddie's Place of Safety, which houses children under protective care.

Moreover, we are committed to providing exceptional value to our customers through our Loyalty Programme. Our innovative approach allows our customers to access discounts and savings from over 200 merchants and Loyalty Partners across the island through a user-friendly app. These partners offer a diverse range of services, including pharmacies, hospitals, medical centers, medical labs, dental services, optical services, surgeons & specialists, spas, automotive dealerships, fashion, and retail services. Our Loyalty Programme is a reflection of our unwavering commitment to meeting the needs of our customers.



1: Caribbean Assurance Brokers Limited partnered with WILCO Finance to launch the “Womentrepreneur” Programme, which provides access to MSME Financing Solutions which include: Working Capital Support, Fixed Asset Purchase, Debt Consolidation and MSME Leadership Training Support.

L-R: Michelle Harris, Senior Manager, Employee Benefits Division Caribbean Assurance Brokers Limited, Nickesha Barrett Bryan, Development Bank of Jamaica, Nikisha Walters, CEO, WILCO Finance Ltd, Karl Willie – CEO, Acorn Professional Group, Tania Waldron-Gooden, CEO of Caribbean Assurance Brokers Limited, Kevin Frith, Director, Small Business Association of Jamaica, Jacqueline Clarke, Development Bank of Jamaica and Marigold Naar, Unit Manager of Employee Benefits Division, Caribbean Assurance Brokers Limited.



2: CAB supported & participated in the ICWI Pink Run, held on Sunday, October 30, 2022, Hope Botanical Gardens in Kingston.

3: CAB sponsored the Kiwanis Club of New Kingston Charity Golf Tournament held on September 19, 2022. Spot prize later awarded to Ms. Audrey Brown of the Kiwanis Club of New Kingston, presented by Sequoia Thomas, Marketing Manager.

HIGHLIGHTS



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1: Caribbean Assurance Brokers Limited sponsored the Wesley Powell Track & Field Meet held on Saturday, December 10, 2022. Mrs. Heather Muirhead-Brown, Manager of the General Insurance Division, attended the launch at the Excelsior High School in Kingston and made a presentation to Mr. Michael Jureidini the Committee Deputy Chairman.

2: The Credit Union Gold Series Award for Highest New Business Acquisition 2021–2022 was awarded to EDUCOM CREDIT UNION CEO, the late Mr. Elvis King. The trophy was presented by Ms. Michelle Harris, Senior Manager of the Employee Benefits Division.

3: World Hypertension Day Outside Broadcast with @radiojamaica94fm Too Live Crew Programme hosted by Dahlia Harris. Interview done by Administrative International Division Manager – Krystal Gayle.

4: Managers in attendance at the Jamaica Stock Exchange: Best Practices Awards Banquet held on Wednesday, December 7, 2022 at the Jamaica Pegasus Hotel. L-R : Sequoia Thomas - Marketing Manager, Michelle Harris - Senior Manager, Employee Benefits Division, Kemar Ford - International Insurance Division Sales Manager, Heather Muirhead-Brown - Manager, General Insurance Division, International Insurance Division, Krystal Gayle - Manager, International Insurance Division

5: Sequoia Thomas, Marketing Manager, speaking live on Edge105fm, about the Cedit Union Gold Series Product and how it benefits persons with disabilities, at the JSE e-learning Disability Act Workshop broadcasted at the Jamaica Stock Exchange.



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8



9

6: Kemar Ford, International Insurance Division, Sales Manager, speaking with a client at the Mobay Expo.

7: Celebration of our Chairman, Mr. Raymond Walker who stepped down as CEO. Celebration was done in commemorating Mr. Walker's leadership and years in the industry. Presented with a gift was done by CEO, Mrs. Tania Waldron-Gooden.

8: Caribbean Assurance Brokers Limited attended The Jamaica Defense Force Credit Union's (JDFCU) 52nd Annual General Meeting held on May 19, 2022. The AGM was also used to promote the The Credit Union Series Health Plan now distributed by the JDFCU to its members.

9: Courtesy of one of our popular loyalty partner's PingLinks Cellular, sponsored a gift voucher to a lucky JDF Officer awarded at the JDFCU AGM. Presenting to the winner is JDFCU Marketing and Business Development Officer, Mr. Alvin Reid.

Caribbean Assurance Brokers Limited

Top 10 Shareholders As at December 31, 2022

TOP TEN SHAREHOLDERS	Shares Held	% of Issued Shares
Raymond Walker	107,100,000	40.80
Rion Hall & Veviene Hall	31,668,724	12.06
C&WJ Co-op Credit Union Limited	21,680,616	8.26
Dr. Karen Rajpat	18,899,952	7.20
Mayberry Jamaican Equities Limited	13,689,395	5.22
Gail Minott	13,402,600	5.11
Dr. Paul L. Brown	12,469,014	4.75
Nigel O. Coke	3,732,808	1.42
Bridgeton Management Services Limited	1,757,202	0.67
Norman Minott	1,701,500	0.65
Barrington Whyte	1,701,500	0.65
Total	227,803,311	86.78
Total Issued shares	262,500,000	100.00

DIRECTORS & SENIOR OFFICERS:	Shares Held	% of Issued Shares
Raymond Walker	107,100,000	40.80
Rion Hall	31,668,724	12.06
Barrington Whyte	1,701,500	0.65
Norman Minott	1,701,500	0.65
Tania Waldron-Gooden	1,570,500	0.60
	143,742,224.00	54.76

DIRECTORS & SENIOR OFFICERS CONT'D:	Shares Held	% of Issued Shares
Senior Officers:		
Heather Muirhead-Brown	78,000	0.03
Michelle Harris	67,900	0.02
Krystal Gayle	17,200	0.01
Godfrey Heron	1,759	0.001
	164,859	0.06



FINANCIAL STATEMENTS

31 DECEMBER 2022

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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 5 to 36, which comprise the statement of financial position as at 31 December 2022, 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 2022, 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 International Code of Ethics for Professional Accountants (including international Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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.

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

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

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

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- 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 presents a true and fair view.

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

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

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
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.

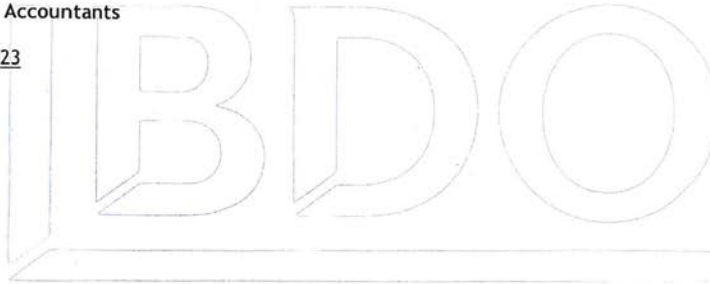
In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

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

A handwritten signature in black ink, appearing to read 'D. Hobson'.

Chartered Accountants

1 March 2023



CARIBBEAN ASSURANCE BROKERS LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> <u>₤</u>	<u>2021</u> <u>₤</u>
REVENUE	6	469,200,710	423,440,242
Other operating income	7	<u>36,704,160</u>	<u>39,613,528</u>
		<u>505,904,870</u>	<u>463,053,770</u>
Administrative and other expenses		(280,506,168)	(255,305,591)
Selling expenses		<u>(146,059,063)</u>	<u>(144,879,537)</u>
	8	<u>(426,565,231)</u>	<u>(400,185,128)</u>
OPERATING PROFIT		79,339,639	62,868,642
Finance costs	9	<u>(3,922,701)</u>	<u>(5,764,060)</u>
PROFIT BEFORE TAXATION		75,416,938	57,104,582
Taxation	11	<u>2,568,432</u>	<u>(969,693)</u>
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME		<u><u>77,985,370</u></u>	<u><u>56,134,889</u></u>
EARNINGS PER STOCK UNIT	12	<u><u>₤0.30</u></u>	<u><u>₤0.21</u></u>


CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> ₤	<u>2021</u> ₤
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	242,119,831	245,202,022
Deferred tax asset	14	13,760,960	11,192,528
Right-of-use assets	15(a)	<u>9,385,821</u>	<u>15,044,976</u>
		<u>265,266,612</u>	<u>271,439,526</u>
CURRENT ASSETS:			
Receivables	16	183,034,012	150,473,011
Taxation recoverable		3,493,091	3,536,989
Cash and cash equivalents	17	<u>254,664,449</u>	<u>201,557,896</u>
		<u>441,191,552</u>	<u>355,567,896</u>
		<u>706,458,164</u>	<u>627,007,422</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	18	137,589,247	137,589,247
Capital reserve	19	48,424,370	48,424,370
Retained earnings		<u>277,148,544</u>	<u>202,523,164</u>
		<u>463,162,161</u>	<u>388,536,781</u>
NON-CURRENT LIABILITIES:			
Loans	20	-	54,553,238
Lease liabilities	15(b)	<u>6,838,895</u>	<u>10,059,958</u>
		<u>6,838,895</u>	<u>64,613,196</u>
CURRENT LIABILITIES:			
Payables	21	181,892,907	160,668,486
Current portion of loans	20	51,343,142	7,481,882
Current portion of lease liabilities	15(b)	<u>3,221,059</u>	<u>5,707,077</u>
		<u>236,457,108</u>	<u>173,857,445</u>
		<u>706,458,164</u>	<u>627,007,422</u>

Approved for issue by the Board of Directors on 1 March 2023 and signed on its behalf by:


 Raymond Walker - Chairman


 Barrington Whyte - Director

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CHANGES IN EQUITY

31 DECEMBER 2022

	<u>Note</u>	<u>Share Capital</u> ₤	<u>Capital Reserve</u> ₤	<u>Retained Earnings</u> ₤	<u>Total</u> ₤
BALANCE AT 31 DECEMBER 2020		137,589,247	48,424,370	146,388,275	332,401,892
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>56,134,889</u>	<u>56,134,889</u>
BALANCE AT 31 DECEMBER 2021		137,589,247	48,424,370	202,523,164	388,536,781
TRANSACTION WITH OWNERS					
Dividend paid	23	<u>-</u>	<u>-</u>	<u>(3,359,990)</u>	<u>(3,359,990)</u>
		<u>-</u>	<u>-</u>	<u>(3,359,990)</u>	<u>(3,359,990)</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>77,985,370</u>	<u>77,985,370</u>
BALANCE AT 31 DECEMBER 2022		<u>137,589,247</u>	<u>48,424,370</u>	<u>277,148,544</u>	<u>463,162,161</u>

CARIBBEAN ASSURANCE BROKERS LIMITED
STATEMENT OF CASH FLOWS
31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> ₤	<u>2021</u> ₤
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		77,985,370	56,134,889
Items not affecting cash resources:			
Exchange gain on foreign balances		85,498	(8,757,559)
Amortization of right-of-use asset	15	5,659,155	6,472,871
Depreciation	13	10,649,765	11,659,453
Loss/(gain) on disposal of property, plant and equipment		76,487	(14,998)
Interest income	7	(3,492,502)	(3,304,660)
Interest expense	9	1,862,908	4,289,803
Interest expense on lease liabilities	15(b)	2,059,793	1,474,257
Taxation expense	11(a)	(2,568,432)	969,693
		92,318,042	68,923,749
Changes in operating assets and liabilities:			
Receivables		(32,856,061)	(1,957,105)
Payables		23,079,456	1,903,521
Taxation recoverable		43,898	(803,826)
Cash provided by operating activities		<u>82,585,335</u>	<u>68,066,339</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		3,492,502	3,304,660
Proceeds from sale of property, plant and equipment		11,000	15,000
Purchase of property, plant and equipment	13	(7,655,061)	(1,129,234)
Cash used in investing activities		(4,151,559)	2,190,426
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid on lease liabilities		(2,059,793)	(1,474,257)
Interest paid		(1,862,908)	(4,289,803)
Principal paid on lease liabilities		(5,707,081)	(6,192,391)
Loan repayments	17(c)	(30,849,916)	(28,419,991)
Loan proceeds		21,141,502	3,399,304
Dividend paid		(3,359,990)	-
Cash used in financing activities		(22,698,186)	(36,977,138)
INCREASE IN CASH AND CASH EQUIVALENTS		55,735,590	33,279,627
Effects of exchange rate translation on cash and cash equivalents		(2,629,037)	12,486,693
		53,106,553	45,766,320
Cash and cash equivalents at beginning of year		<u>201,557,896</u>	<u>155,791,576</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)		<u>254,664,449</u>	<u>201,557,896</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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.
- (c) The company's shares were listed on the Junior Market of Jamaica Stock Exchange on 9 March 2020.

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 and modified by the revaluation of certain property, plant and equipment that are measured at revalued amounts. 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 year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are immediately relevant to its operations.

Those standards which management considered may be relevant to the company are as follows:

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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)

Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements 2018-2021, (effective for accounting periods beginning on or after 1 January 2022). The IASB issued its Annual Improvements to IFRSs 2018-2021 cycle amending a number of standards, of which the following are relevant to the company: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', in which illustrative example 13 was amended to remove the reimbursement of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

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

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

The following amendments to standards which are not effective and have not been adopted early in these financial statements will or may have an effect on the company's financial statements.

CARIBBEAN ASSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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

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

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities (effective for accounting periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of Financial Statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The company will assess impact of future adoption of these amendments on its financial statements.

Amendments to IAS 12 (Effective for periods beginning on or after 1 January 2023). The main change in *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* is an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

(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.

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, except for freehold land and buildings which was measured at valuation, less accumulated depreciation and impairment losses (deemed cost). 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 2022

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.

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 disposal 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.

(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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (cont'd)

Financial assets

(i) Recognition and derecognition

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

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

(ii) Classification

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

The company classifies its financial assets as those measured at amortised cost.

(iii) Measurement category

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 and receivables in the statement of financial position.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Measurement category (cont'd)

Amortised cost (cont'd)

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.

(iv) Impairment

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within the statement of profit and loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

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: loans, lease liabilities and trade payables.

The company derecognizes a financial liability when its contractual obligation expire or are discharged or cancelled.

CARIBBEAN ASSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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

(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.

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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Leases

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.

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.

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

(i) **Leases (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.

As lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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.

(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.

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

(b) **Key sources of estimation uncertainty (cont'd)**

(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 simple models and assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of 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.

The company has the following types of financial assets that are subject to IFRS 9's expected credit loss model:

- Receivables from policyholders
- Commission due from insurance companies; and
- Cash and cash equivalents.

For cash and cash equivalents, due to its short term nature, the credit exposure is significantly reduced.

The company applies the IFRS 9 simplified approach to measuring expected credit loss (ECL) which uses a life time expected loss allowance for receivables from policyholders and commission receivable from insurance companies. To measure the expected credit losses the total amount receivable from policyholders are matched to the amount payable to the insurance companies.

CARIBBEAN ASSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(a) **Key sources of estimation uncertainty (cont'd)**

(iii) **Measurement of the expected credit loss allowance (cont'd)**

The expected credit loss (ECL) provision is measured on the excess of receivables from policyholders against the payable due to the insurance companies. The risk of exposure of policies outstanding is ultimately with the insurance companies. The company's credit risk exposure from receivables due from insurance companies relates to the commission earned.

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:

- Receivables
- Cash and cash equivalents
- Payables
- Loans
- Lease liabilities

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category

Financial assets

	<u>Amortised cost</u>	
	<u>2022</u>	<u>2021</u>
	<u>₹</u>	<u>₹</u>
Cash and cash equivalents	254,664,449	201,557,896
Receivables	<u>166,940,065</u>	<u>131,459,300</u>
Total financial assets	<u>421,604,514</u>	<u>333,017,196</u>

Financial liabilities

	<u>Financial liabilities at amortised cost</u>	
	<u>2022</u>	<u>2021</u>
	<u>₹</u>	<u>₹</u>
Payables	115,942,419	107,982,202
Lease liabilities	10,059,954	15,767,035
Loans	<u>51,343,142</u>	<u>62,035,120</u>
Total financial liabilities	<u>177,345,515</u>	<u>185,784,357</u>

(c) 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):**

(c) **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:

	<u>2022</u> ₤	<u>2021</u> ₤
Receivables	58,198,749	48,055,587
Cash and bank balances	229,886,201	177,031,244
Loans	(30,201,640)	(60,035,405)
Payables	(54,352,624)	(46,184,237)
	<u>203,530,686</u>	<u>118,867,189</u>

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 loan balances, and adjusts their translation at the year-end for 4% (2021 - 8%) depreciation and a 1% (2021 - 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate <u>2022</u>	Effect on Profit before Tax 31 December <u>2022</u> ₤	% Change in Currency Rate <u>2021</u>	Effect on Profit before Tax 31 December <u>2021</u> ₤
Currency:				
USD	-4	8,141,227	-8	9,509,375
USD	<u>+1</u>	<u>(2,035,307)</u>	<u>+2</u>	<u>(2,377,344)</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

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 loans which is 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 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.

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.

CARIBBEAN ASSURANCE BROKERS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2022

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

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

(ii) **Credit risk**

A 1% increase/0.5% decrease (2021 - 1% increase/1% decrease) in interest rates on Jamaican dollar borrowings would result in \$211,415 increase/\$105,708 decrease (2021 - NIL) in profit before tax for the company.

A 1% increase/0.5% decrease (2021 - 1% increase/1% decrease) in interest rates on US dollar borrowings would result in a \$302,016 increase/\$151,008 decrease (2021 - \$620,351 increase/\$620,351 decrease) 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.

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:

Receivables due from policyholders:

	<u>2022</u>	<u>2021</u>
	\$	\$
0 - 30 days	21,678,238	28,840,450
31 - 60 days	30,580,587	33,390,278
61 - 90 days	11,855,251	2,072,859
91 days and over	<u>23,129,085</u>	<u>7,646,974</u>
	<u>87,243,161</u>	<u>71,950,561</u>

CARIBBEAN ASSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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

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

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

Maximum exposure to credit risk (cont'd)

Commission due from insurance companies:

	<u>2022</u>	<u>2021</u>
	<u>₹</u>	<u>₹</u>
0 - 30 days	15,907,050	12,772,168
31 - 60 days	371,989	1,240,580
61 - 90 days	1,072,687	1,648,147
91 days and over	<u>20,161,017</u>	<u>9,020,526</u>
	<u>37,512,743</u>	<u>24,681,421</u>
	<u>124,755,904</u>	<u>96,631,982</u>

No ECL provision has been recognized for commission receivable which is due from insurance companies that are past due, as the provision calculated was immaterial. 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 (net of commission earned) (note 21) is reflected in the financial statements.

(iii) **Liquidity risk**

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.

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:

CARIBBEAN ASSURANCE BROKERS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2022

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

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

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

Cash flows of financial liabilities (cont'd)

	<u>Within 1</u> <u>Year</u> <u>₤</u>	<u>1 to 2</u> <u>Years</u> <u>₤</u>	<u>2 to 5</u> <u>Years</u> <u>₤</u>	<u>Total</u> <u>₤</u>
31 December 2022				
Trade payables	115,942,419	-	-	115,942,419
Loans	55,029,416	-	-	55,029,416
Lease liabilities	<u>3,221,059</u>	<u>3,823,216</u>	<u>7,327,830</u>	<u>14,372,105</u>
Total financial liabilities (contractual maturity dates)	<u>174,192,894</u>	<u>3,823,216</u>	<u>7,327,830</u>	<u>185,343,940</u>
	<u>Within 1</u> <u>Year</u> <u>₤</u>	<u>1 to 2</u> <u>Years</u> <u>₤</u>	<u>2 to 5</u> <u>Years</u> <u>₤</u>	<u>Total</u> <u>₤</u>
31 December 2021				
Trade payables	107,982,202	-	-	107,982,202
Loans	10,567,165	10,333,386	78,381,167	99,281,718
Lease liability	<u>5,707,077</u>	<u>3,823,216</u>	<u>7,362,875</u>	<u>16,893,168</u>
Total financial liabilities (contractual maturity dates)	<u>124,256,444</u>	<u>14,156,602</u>	<u>85,744,042</u>	<u>224,157,088</u>

(d) **Capital management**

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

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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6. REVENUE:

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

The company has disaggregated commission earned in the following categories:

	<u>2022</u>	<u>2021</u>
	\$	\$
Local	240,495,342	212,598,413
International	<u>228,705,368</u>	<u>210,841,829</u>
	<u>469,200,710</u>	<u>423,440,242</u>

7. OTHER OPERATING INCOME:

	<u>2022</u>	<u>2021</u>
	\$	\$
Agency fee	29,813,227	28,409,878
Interest	3,492,502	3,304,660
Foreign exchange translation	433,738	4,871,487
Miscellaneous	623,841	567,247
(Loss)/gain on disposal of property, plant and equipment	(76,487)	15,000
Rental income	<u>2,417,339</u>	<u>2,445,256</u>
	<u>36,704,160</u>	<u>39,613,528</u>

CARIBBEAN ASSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>2022</u>	<u>2021</u>
	\$	\$
Directors' remuneration	29,550,000	27,928,656
Directors' fee	2,286,360	1,854,467
Rent	480,000	480,000
Printing and stationery	1,893,558	2,143,294
Repairs and maintenance	5,932,416	5,750,442
Telephone, cables and postage	3,914,765	3,627,059
Registration fee	30,098,854	24,196,250
Legal and professional fees	19,413,648	14,014,688
Auditors' remuneration	2,350,000	2,300,000
Security	4,339,323	3,852,824
Electricity	4,426,821	3,679,253
Insurance	8,356,018	7,758,906
Subscriptions and donations	1,389,470	322,828
Bank charges	9,143,050	8,877,411
Foreign travel and entertainment	1,065,127	782,613
Amortization	5,659,155	6,472,871
Staff costs (note 10)	274,911,402	259,420,080
Advertising and promotion	4,870,526	8,577,800
Depreciation	10,649,765	11,659,453
Other	5,812,851	6,486,233
Bad debt	<u>22,122</u>	<u>-</u>
	<u>426,565,231</u>	<u>400,185,128</u>

9. FINANCE COSTS:

	<u>2022</u>	<u>2021</u>
	\$	\$
Loan interest	1,862,908	4,289,803
Interest - lease liabilities	<u>2,059,793</u>	<u>1,474,257</u>
	<u>3,922,701</u>	<u>5,764,060</u>

10. STAFF COSTS:

	<u>2022</u>	<u>2021</u>
	\$	\$
Salaries, wages and statutory contributions	117,035,459	109,264,591
Commission	127,384,661	125,012,990
Travel and accommodation	12,738,749	10,506,133
Staff training and welfare	4,796,598	1,968,826
Group health	11,565,951	10,531,768
Pension	<u>1,389,984</u>	<u>2,135,772</u>
	<u>274,911,402</u>	<u>259,420,080</u>

The company employed eighty-six (86) persons at the end of the year (2021 - 88).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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%:

	<u>2022</u>	<u>2021</u>
	£	£
Current taxation	24,688,733	18,668,745
Deferred tax (note 14)	<u>(2,568,432)</u>	<u>969,693</u>
	22,120,301	19,638,438
Adjustment for the effect of tax remission:		
Current tax	<u>(24,688,733)</u>	<u>(18,668,745)</u>
Tax (credit)/charge in income statement	<u>(2,568,432)</u>	<u>969,693</u>

- (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:

	<u>2022</u>	<u>2021</u>
	£	£
Profit before taxation	<u>75,416,938</u>	<u>57,104,582</u>
Tax calculated at applicable tax rate	25,138,979	19,034,861
Adjusted for the effects of:		
Expenses not deducted for tax purposes	6,351,043	6,825,912
Net effect of other charges and allowances	<u>(9,369,721)</u>	<u>(6,222,335)</u>
	22,120,301	19,638,438
Adjustment for the effect of tax remission:		
Current tax	<u>(24,688,733)</u>	<u>(18,668,745)</u>
Tax (credit)/charge in income statement	<u>(2,568,432)</u>	<u>969,693</u>

- (c) Remission for income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 9 March 2020. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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.

	<u>2022</u>	<u>2021</u>
Net profit attributable to stockholders (\$)	77,985,370	56,134,889
Weighted average number of ordinary shares (units)	262,500,000	262,500,000
Earnings per stock unit (\$)	<u>\$0.30</u>	<u>\$0.21</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT:

	<u>Land & Building</u> ₤	<u>Office Equipment</u> ₤	<u>Furnitures & Fixtures</u> ₤	<u>Motor Vehicles</u> ₤	<u>Total</u> ₤
At cost/deemed cost:					
31 December 2020	239,532,753	62,554,144	13,720,779	2,006,438	317,814,114
Additions	-	1,129,234	-	-	1,129,234
Disposal	-	-	(24,420)	-	(24,420)
31 December 2021	239,532,753	63,683,378	13,696,359	2,006,438	318,918,928
Additions	380,260	2,024,107	581,860	4,668,834	7,655,061
Disposals	-	-	(102,367)	(1,276,824)	(1,379,191)
31 December 2022	<u>239,913,013</u>	<u>65,707,485</u>	<u>14,175,852</u>	<u>5,398,448</u>	<u>325,194,798</u>
Depreciation:					
31 December 2020	7,789,876	46,299,970	6,943,205	1,048,820	62,081,871
Charge for the year	4,413,319	5,629,231	1,215,615	401,288	11,659,453
Disposal	-	-	(24,418)	-	(24,418)
31 December 2021	12,203,195	51,929,201	8,134,402	1,450,108	73,716,906
Charge for the year	4,417,165	5,183,147	670,089	379,364	10,649,765
Disposal	-	-	(78,720)	(1,212,984)	(1,291,704)
31 December 2022	<u>16,620,360</u>	<u>57,112,348</u>	<u>8,725,771</u>	<u>616,488</u>	<u>83,074,967</u>
Net Book Value:					
31 December 2022	<u>223,292,653</u>	<u>8,595,137</u>	<u>5,450,081</u>	<u>4,781,960</u>	<u>242,119,831</u>
31 December 2021	<u>227,329,558</u>	<u>11,754,177</u>	<u>5,561,957</u>	<u>556,330</u>	<u>245,202,022</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

Land and building were revalued on 24 September 2018 by Allison Pitter & Company, Chartered (Valuation) Surveyors on an open market value basis. The revaluation of land and building was conducted upon acquisition and represents the deemed cost.

The company's land and building is located at 94D Old Hope Road, Kingston 6. St Andrew. Surplus arising on revaluation has been taken to Capital Reserve.

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:

	<u>2022</u> \$	<u>2021</u> \$
Deferred tax asset	<u>13,760,960</u>	<u>11,192,528</u>

The movement on the deferred tax account is as follows:

Balance at start of year	11,192,528	12,162,221
Credit/(charge) for the year (note 11(a))	<u>2,568,432</u>	(969,693)
Balance at end of year	<u>13,760,960</u>	<u>11,192,528</u>

Deferred taxation is due to the following temporary differences:

	<u>2022</u> \$	<u>2021</u> \$
Decelerated capital allowances	<u>13,760,960</u>	<u>11,192,528</u>

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

	<u>2022</u> \$	<u>2021</u> \$
Decelerated capital allowances	<u>13,760,960</u>	<u>11,192,528</u>
Asset at end of year	<u>13,760,960</u>	<u>11,192,528</u>

CARIBBEAN ASSURANCE BROKERS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2022

15. **RIGHT-OF-USE ASSETS:**

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

	<u>Motor Vehicles</u>	
	<u>2022</u>	<u>2021</u>
	\$	\$
At 1 January	15,044,976	21,517,847
Amortization	(5,659,155)	(6,472,871)
At 31 December	<u>9,385,821</u>	<u>15,044,976</u>

(b) **Lease liabilities**

	<u>Motor vehicles</u>	
	<u>2022</u>	<u>2021</u>
	\$	\$
At 1 January	15,767,035	21,959,426
Interest expense	2,059,793	1,474,257
Lease payments	(7,766,874)	(7,666,648)
At 31 December	10,059,954	15,767,035
Less current portion	(3,221,059)	(5,707,077)
	<u>6,838,895</u>	<u>10,059,958</u>

16. **RECEIVABLES:**

	<u>2022</u>	<u>2021</u>
	\$	\$
Trade receivables	124,755,904	96,631,982
Due from employees	4,187,158	2,343,331
Deposits	42,184,161	34,827,318
Prepayments	9,575,200	12,401,662
Other receivables	<u>2,331,589</u>	<u>4,268,718</u>
	<u>183,034,012</u>	<u>150,473,011</u>

17. **CASH AND CASH EQUIVALENTS:**

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash and bank balances -		
Deposits and short-term investments	176,398,250	170,776,790
Foreign currency accounts	62,395,513	8,125,251
Local currency account	15,808,514	22,579,832
Cash in hand	<u>62,172</u>	<u>76,023</u>
	<u>254,664,449</u>	<u>201,557,896</u>

CARIBBEAN ASSURANCE BROKERS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2022

17. **CASH AND CASH EQUIVALENTS (CONT'D):**

- (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:

	<u>2022</u>	<u>2021</u>
	<u>%</u>	<u>%</u>
Interest bearing - JA\$ account	2.00	2.25
- US\$ account	<u>2.08</u>	<u>3.30</u>

- (c) Reconciliation of movements of liabilities to cash flows from financing activities:

Amounts represent loans.

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
At 1 January	62,035,120	82,080,407
Cash -		
Loans received	21,141,502	3,399,304
Loan repaid	<u>(30,849,916)</u>	<u>(28,419,991)</u>
	52,326,706	57,059,720
Non-cash -		
Foreign exchange effect	<u>(983,564)</u>	<u>4,975,400</u>
	<u>51,343,142</u>	<u>62,035,120</u>

18. **SHARE CAPITAL:**

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
Authorised -		
Unlimited Ordinary shares of no par value		
Issued and fully paid -		
262,500,000 Ordinary shares of no par value	<u>137,589,247</u>	<u>137,589,247</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. CAPITAL RESERVE:

This represents unrealised gain on the revaluation of land and building.

20. LOANS:

	<u>2022</u> ₤	<u>2021</u> ₤
(i) Bank of Nova Scotia Jamaica Limited	30,201,640	62,035,120
(ii) JMWB Bank (Jamaica) Limited	20,000,000	-
(iii) JN Finance Limited	<u>1,141,502</u>	<u>-</u>
	51,343,142	62,035,120
Less: Current portion	<u>(51,343,142)</u>	<u>(7,481,882)</u>
	<u>-</u>	<u>54,553,238</u>

(i) This represents US dollar loan which commenced on 1 January 2019 and attracts an interest rate of 5% per annum. It is repayable over 5 years and 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) This loan represents a line of credit at an interest rate of 10.75% per annum.

(iii) This loan represents amount obtained to finance insurance premiums.

21. PAYABLES:

	<u>2022</u> ₤	<u>2021</u> ₤
Trade payables	115,942,419	107,982,202
Due to employees	16,580,333	21,031,669
Other payables and accruals	<u>49,370,155</u>	<u>31,654,615</u>
	<u>181,892,907</u>	<u>160,668,486</u>

CARIBBEAN ASSURANCE BROKERS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2022

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

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

	<u>2022</u> <u>₤</u>	<u>2021</u> <u>₤</u>
(a) Key management compensation (included in staff costs - note 10)		
Key management includes directors and senior managers -		
Salaries and other short term benefits	<u>67,991,046</u>	<u>58,571,709</u>
Directors' remuneration -		
Fees	2,286,360	1,854,467
Management remuneration (included above)	<u>29,550,000</u>	<u>27,928,656</u>
(b) Year-end balances		
Due to -		
Directors (included in payables)	<u>7,506</u>	<u>5,212,547</u>
Due from -		
Directors (included in receivables)	<u>549,687</u>	<u>693,259</u>

23. **DIVIDEND:**

On 6 April 2022, a dividend of \$0.0128 per share was approved by the Board of Directors for payment on 20 May 2022.

We want you to LOVE doing business with us!

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 Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 on
Friday August 18, 2023 at 10.00am** 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:

“THAT Directors Barrington Whyte , Norman Minott and Jennifer Rajpat, who retire by rotation, and being eligible for re-election, be and are hereby re-elected Directors 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 2023

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.



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