
THE JAMAICA BANKERS ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

THE JAMAICA BANKERS ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

CONTENTS

	<u>PAGE</u>
Auditor's report to the members	1-4
Statement of financial position	5
Statement of profit or loss and other comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9-26

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

Income tax computation	I
------------------------	---

Ventry Foo, B.Sc., M.Sc., F.C.A.

Chartered Accountant,

6 Waterloo Way, Kingston 8, Jamaica, West Indies.

Telephone 755-3543, 755-3569, 755-0570, Fax 755-3968

Email: ventryfoo@yahoo.com

Page 1

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of The Jamaica Bankers Association ("the Association"), set out on pages 5 to 26, which comprise the statement of financial position as at December 31, 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes, comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at December 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Association in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and I have fulfilled my other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Report on the Audit of the Financial Statements (continued)

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 IFRS 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 Association'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 association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 AUDITOR'S REPORT (CONTINUED)

To the Members of
THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Association'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 Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Page 4

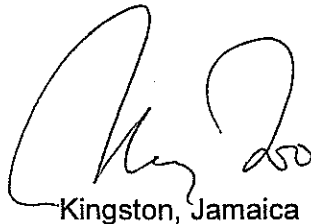
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Report on additional matters as required by the Jamaican Companies Act

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

In my opinion, proper accounting records have been maintained, so far as appears from my 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.

A handwritten signature in black ink, appearing to be 'A. Doo', written over the printed name 'Kingston, Jamaica'.

Kingston, Jamaica

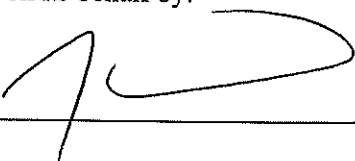
June 7, 2023

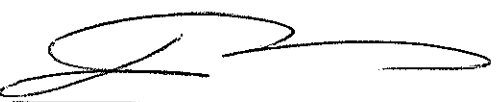
THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Statement of Financial Position
Year ended December 31, 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
NON-CURRENT ASSET			
Property, plant and equipment	3	1	1
CURRENT ASSETS			
Cash and cash equivalents	4	429,174	1,418,042
Accounts receivable	5	921,500	3,288,921
Taxation recoverable		-	198,960
Investments	6	15,646,943	567,373
		<u>16,997,617</u>	<u>5,473,296</u>
TOTAL ASSETS		<u>16,997,618</u>	<u>5,473,297</u>
EQUITY			
Accumulated surplus		<u>12,783,171</u>	<u>3,838,228</u>
CURRENT LIABILITIES			
Accounts payable	7	3,395,225	1,225,716
Taxation payable	10	819,222	409,353
		<u>4,214,447</u>	<u>1,635,069</u>
TOTAL EQUITY AND LIABILITIES		<u>16,997,618</u>	<u>5,473,297</u>

The financial statements on pages 5 to 26 were approved by the Board of Directors on June 7, 2023 and signed on its behalf by:


 _____ President


 _____ Treasurer

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

THE JAMAICA BANKERS ASSOCIATION*(An Association Limited by Guarantee)*Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
Revenue			
Income from subscriptions	8	<u>23,781,356</u>	<u>22,938,239</u>
Administrative expenses:			
Shared costs	9(a)	(13,689,037)	(13,700,708)
Other expenses	9(b)	<u>(1,752,421)</u>	<u>(2,980,244)</u>
		<u>(15,441,458)</u>	<u>(16,680,952)</u>
Subtotal		8,339,898	6,257,287
Other income		703,017	-
Interest income		510,857	17,535
Profit before taxation		<u>9,553,772</u>	<u>6,274,822</u>
Taxation	10	<u>(608,829)</u>	<u>(409,353)</u>
Profit for the year, being total comprehensive income		<u><u>8,944,943</u></u>	<u><u>5,865,469</u></u>

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

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Statement of Changes in Equity
Year ended December 31, 2021

	<u>Accumulated surplus/(deficit)</u> \$
Balance as at December 31, 2019	(2,027,241)
Profit for the year, being total comprehensive profit for the year	<u>5,865,469</u>
Balance as at December 31, 2020	3,838,228
Profit for the year, being total comprehensive profit for the year	<u>8,944,943</u>
Balance as at December 31, 2021	<u>12,783,171</u>

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

THE JAMAICA BANKERS ASSOCIATION*(An Association Limited by Guarantee)*

Statement of Cash Flows

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	8,944,943	5,865,469
Adjustment for:		
Interest income	(510,857)	(17,535)
	<u>8,434,086</u>	<u>5,847,934</u>
Changes in:		
Accounts receivable	2,367,421	(2,187,779)
Taxation recoverable	198,960	51,887
Accounts payable	2,169,509	(3,156,317)
Cash from operations	13,169,976	555,725
Taxation paid	409,869	409,353
Net cash provided by operating activities	<u>13,579,845</u>	<u>965,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments, net	(15,079,570)	(24,116)
Interest received	510,857	17,535
Net cash used by investing activities	<u>(14,568,713)</u>	<u>(6,581)</u>
Net (decrease)/increase in cash and cash equivalents	(988,868)	958,497
Cash and cash equivalents at the beginning of the year	<u>1,418,042</u>	<u>459,545</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>429,174</u></u>	<u><u>1,418,042</u></u>

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

Notes to the Financial Statements
Year ended December 31, 2021

1. Corporate information

The Jamaica Bankers Association (JBA, "the Association") is incorporated in Jamaica under the Companies Act as an Association limited by guarantee and not having a share capital, with the liability of each member limited to \$1.

The JBA represents commercial and merchant banks in Jamaica and its main objective is to partner with members to create, maintain and sustain an operating environment conducive to the successful operations of its members.

The JBA also:

- Promotes the interests of the banking industry locally and internationally;
- Provides a forum for members to agree on issues of common interest;
- Awards scholarships and gives financial assistance to individuals whose service is an asset to the JBA;
- Offers training opportunities for persons employed in the banking industry;
- Assists in the development of codes for the standard of conduct of local banking;
- Conducts research and make recommendations on the request of government or private organisations; and
- Improves and develops security (protocols/policies) for the banking industry.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and comply with the requirements of the Jamaican Companies Act.

New and amended standards that became effective during the year:

During the year, certain new and amended standards and interpretations came into effect. The adoption of those standards and interpretations did not have any impact on the amounts and disclosures in the financial statements.

New and amended standards issued that are not yet effective:

At the date of authorisation of the financial statements, certain new, revised and amended standards and interpretations, have been issued which are not yet effective for the current financial year, and which the Association has not early-adopted. The Association has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations:

THE JAMAICA BANKERS ASSOCIATION
 (An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(a) Statement of compliance (continued):

New and amended standards issued that are not yet effective (continued):

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New ‘bundle of rights’ approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Association is assessing the impact that the new standards and amendments may have on its future financial statements when they become effective.

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars (\$), which is the functional currency of the association.

The financial statements are prepared on the historical cost basis.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(c) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

Financial assets:

Judgements

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

(1) Classification of financial assets:

The assessment of the business model within which assets are held and assessment of whether the contractual terms of financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements of its business operations.

(2) Impairment of financial assets:

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

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(c) Use of estimates and judgements (continued):

Key assumptions concerning the future of other sources of estimation uncertainty:

Allowance for impairment losses:

In determining amounts recorded for impairment losses of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of the forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates.

(d) Property, plant and equipment:

- (i) Property, plant and equipment are measured at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Association and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(ii) Depreciation:

Depreciation is computed on a straight-line basis at annual rates estimated to write down the property, plant and equipment to their estimated residual values at the end of their expected useful lives. Annual depreciation rates are as follows:

Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Computer equipment	20%

Depreciation methods, useful lives and residual values are reassessed annually.

THE JAMAICA BANKERS ASSOCIATION
 (An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(e) Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and in hand and deposits held with financial institutions with maturity dates of less than three months.

(f) Accounts receivable:

Accounts receivable are measured at amortised cost, less impairment losses.

(g) Accounts payable and advance payments:

Accounts payables and advance payments are measured at amortised cost.

(h) Provisions:

A provision is recognised in the statement of financial position when the Association has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(i) Impairment:

Financial assets

The Association recognises loss allowances for expected credit losses (ECLs) on debt instruments that are not measured at FVTPL and financial assets measured at amortised cost.

The Association measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than trade receivables) on which credit risk has not increased significantly since their initial recognition.

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

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(i) Impairment (continued):

Financial assets (continued)

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Association expects to receive).

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Association considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association assumes that the credit risk on financial assets has increased significantly if more than 90 days past due.

The Association recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the counter party is unlikely to pay its credit obligations to the Association in full, without recourse by the Association to action such as realising security if any is held; or
- the financial asset is more than 90 days past due.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(i) Impairment (continued):

Financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Association assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

Evidence that a financial asset is credit-impaired includes the following observable data (continued):

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the Association determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Association's procedures for recovery of amounts due.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(j) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity” that is, “the Association”).

- (a) A person or a close member of that person’s family is related to the Association if that person:
- (i) Has control or joint control over the Association;
 - (ii) Has significant influence over the Association; or
 - (iii) Is a member of the key management personnel of the Association or of a parent of the Association.
- (b) An entity is related to the association if any of the following conditions applies:
- (i) The entity and the association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.
 - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the Association or is a member of the key management personnel of the association (or of a parent of the Association).
 - (viii) The entity or any member of a group of which it is a part, provides key management services to the Association.

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

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(k) Revenue recognition:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The Association recognises revenue when it transfers control over service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Revenue from subscriptions and donations is recognised at a point in time when the services are provided and have been accepted by the customer. Invoices are issued according to contract terms on a monthly basis.

(l) Taxation:

Taxation on profit or loss for the year comprises current tax and deferred tax, if applicable. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

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

(m) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable and investments. Similarly, financial liability includes, accounts payable.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(m) Financial instruments (continued):

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Association becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

(ii) Classification and subsequent measurement

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as “held to collect” and measured at amortised cost.

Amortised cost represents the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Accounts receivable
- Investments

Due to their short-term nature, the Association initially recognises these assets at the original invoices or transaction amount less expected credit losses.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(m) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Association has transferred substantially all the risks and rewards of the asset, or (b) the Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Association's financial liabilities, which include accounts payable, special project funds and loans are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
 Year ended December 31, 2021

2. Basis of preparation and significant accounting policies (continued)

(m) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial liabilities (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(n) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Property, plant and equipment

	<u>Computer equipment</u>	<u>Leasehold improvements</u>	<u>Furniture and equipment</u>	<u>Total</u>
	\$	\$	\$	\$
Cost:				
December 31, 2020 and 2021	<u>431,240</u>	<u>119,845</u>	<u>569,410</u>	<u>1,120,495</u>
Accumulated depreciation:				
December 31, 2020 and 2021	<u>(431,239)</u>	<u>(119,845)</u>	<u>(569,410)</u>	<u>(1,120,494)</u>
Net book value:				
December 31, 2020 and 2021	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Statement of Financial Position
Year ended December 31, 2021

4.	<u>Cash and cash equivalents</u>		
	Cash and cash equivalents consist of the following:	<u>2021</u>	<u>2020</u>
		\$	\$
	Cash at bank	<u>429,174</u>	<u>1,418,042</u>
5.	<u>Accounts receivable</u>	<u>2021</u>	<u>2020</u>
		\$	\$
	Interest receivable	422,610	-
	Subscription fees	-	2,809,358
	Withholding tax recoverable	458,591	449,807
	General Consumption Tax	6,543	-
	Other receivables	<u>33,756</u>	<u>29,756</u>
		<u>921,500</u>	<u>3,288,921</u>
6.	<u>Investments</u>	<u>2021</u>	<u>2020</u>
		\$	\$
	Designated FVTPL:		
	Barita Investments Limited	10,035,193	-
	JMMB Master Retail Repurchase Agreement	5,026,353	-
	Sigma Global Funds	34,157	33,162
	JMMB Giltedge Money Market Fund Global Funds	<u>551,240</u>	<u>534,211</u>
		<u>15,646,943</u>	<u>567,373</u>

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Statement of Financial Position
Year ended December 31, 2021

7. Accounts payable

	<u>2021</u>	<u>2020</u>
	\$	\$
Other payables	3,023,506	261,195
Accrued charges	371,719	749,022
General Consumption Tax	=	<u>215,499</u>
	<u>3,395,225</u>	<u>1,225,716</u>

8. Revenue

Income from subscriptions represent members' contributions which are due on 1 January of each year.

	<u>2021</u>	<u>2020</u>
	\$	\$
Commercial banks	21,403,220	20,962,482
Merchant banks	<u>2,378,136</u>	<u>1,975,757</u>
	<u>23,781,356</u>	<u>22,938,239</u>

9. Expenses by nature

Administrative expenses:

	<u>2021</u>	<u>2020</u>
	\$	\$
(a) Shared costs:		
Accounting	2,228,726	2,228,726
Computer	1,563,929	1,563,929
Other administrative	626,778	639,353
Rental of office	132,450	132,450
Salaries and related	8,746,172	8,745,268
Telephone	<u>390,982</u>	<u>390,982</u>
Subtotal shared costs	<u>13,689,037</u>	<u>13,700,708</u>

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

9. Expenses by nature (continued)

	<u>2021</u>	<u>2020</u>
	\$	\$
(b) Other expenses:		
Annual registration	-	12,000
Auditor's remuneration	402,500	402,500
Bank charges	5,620	12,054
Contribution to Jamaica Institute of Financial Services	714,879	690,538
Group health and Life insurance	179,422	212,830
HR services Jamaica Institute of Financial Services	-	458,736
Professional	22,000	106,070
Public relations and promotions	138,500	280,000
Subscriptions and donations	75,000	73,963
Telephone, fax and e-mail	163,490	123,876
Website	<u>51,010</u>	<u>607,677</u>
Subtotal other expenses	<u>1,752,421</u>	<u>2,980,244</u>
Total expenses	<u>15,441,458</u>	<u>16,680,952</u>

- (c) The statement of profit and loss and other comprehensive income includes expenses incurred in transaction with related parties as outlined in part (a) of Note 9, which amounted to \$13,689,037, (2020: \$13,700,708).

10. Taxation

- (a) Taxation is based on the profit for the year adjusted for tax purposes and comprises:

	<u>2021</u>	<u>2020</u>
	\$	\$
Income tax at 25%	819,222	409,353
Less overprovision prior year	<u>210,393</u>	<u>-</u>
	<u>608,829</u>	<u>409,353</u>

The Association is not liable for taxation on the contributions received.

- (b) The taxation charge differs from the theoretical amount that would arise using the basic income tax rate due to the following reasons:

	<u>2021</u>	<u>2020</u>
	\$	\$
Profit before taxation	<u>9,553,772</u>	<u>6,274,822</u>
Computed "expected" tax charge at 25%	2,388,443	1,568,706
Disallowed (credits) net	<u>(1,779,614)</u>	<u>(1,159,353)</u>
	<u>608,829</u>	<u>409,353</u>

Tax loss of \$1,856,406, (2020 - \$6,633,292) is available for setoff against future taxable profits, subject to approval from Tax Administration Jamaica.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

11. Financial risk management

The financial instrument is any contract that gives rise to financial asset of one enterprise and financial liability or equity instruments of another enterprise. The main risks arising from the Association's financial instruments are credit, liquidity and market risks, The Executive Council reviews and agrees policies for managing each of these risks which are summarised below.

(i) Credit risk:

Credit risk is the risk that one third party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Cash and cash equivalents

Cash and cash equivalents and short-term deposits are held with reputable banks and financial institutions with high credit rate and considered to have minimal risk of default.

Impairment on cash and cash equivalents has been measured at 12 months expected loss basis and reflects the short maturities of the exposures. The Association considered that cash and cash equivalents have low credit risk. No impairment allowances were recognised on initial adoption of IFRS 9 and there has been no change during the current year.

The Association limits its exposure to credit risk by investing only in liquid assets with counterparties that have high credit ratings. Securities purchased under resale agreements are held with reputable financial institutions. Therefore, management does not expect any counterparty to fail to meet its obligations.

(ii) Market rate risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) 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. As at the reporting date, the Association had no significant interest rate risk exposure.

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. As at the reporting date, the Association had no significant currency risk exposure.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

11. Financial risk management (continued)

(iii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Association maintains a balance between continuity of funding and flexibility through strategic cash management decision making.

The contractual outflows as at December 31, 2020 and 2019 for accounts payable are represented by their financial position carrying amounts and require settlement within 12 months of the reporting date.

12. Fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where quoted market prices are not available, the fair values of these instruments have been determined using a generally accepted alternative method.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

<u>Financial instrument</u>	<u>Method</u>
Cash and cash equivalents, accounts receivable, investments and accounts payable.	Assumed to approximate their carrying values, due to their short-term nature.

THE JAMAICA BANKERS ASSOCIATION
(An Association Limited by Guarantee)

Notes to the Financial Statements (continued)
Year ended December 31, 2021

13. Subsequent event

The World Health Organization (WHO) declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020 which was subsequently removed on March 18, 2022. The economy continues to show signs of recovery from the negative impacts of COVID 19 in 2021. The global economy is expected to recover in 2022 with growth being driven by sustained vaccination efforts, greater reopening of the country and rising employment.

There could however be further significant negative financial effects on the Association, depending on factors such as the duration and spread of new variants and possible restrictions and advisories from the Government until the virus is controlled through vaccination, the effects on the financial markets, and the effects on the economy overall, all of which are highly uncertain and cannot be estimated reliably at this time.

The executives continue to conduct its risk assessments, scenario planning and establish action plans as part of managing the continued operations of the business. At the date of approving these financial statements, the executives are of the opinion that the entity will be able to meet its obligations for the next twelve months and to continue as a going concern.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

OF

THE JAMAICA BANKERS ASSOCIATION

YEAR ENDED DECEMBER 31, 2021

The Jamaica Bankers Association
Income tax computation
Year of assessment 2021
TRN #001-528-343

Profit per financial statements	9,553,772
Tax loss from prior year restricted to 50% above	<u>(4,776,886)</u>
Taxable income	<u>4,776,886</u>
Taxation thereon @ 25%	1,194,222
Less Corporate Tax Credit	<u>(375,000)</u>
Final tax payable	<u>819,222</u>

MEMORANDUM ON TAX LOSSES

Tax losses brought from 2020	6,633,292
Tax loss utilized in current year	<u>(4,776,886)</u>
Tax loss carried forward	<u>1,856,406</u>

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

OF

THE JAMAICA BANKERS ASSOCIATION

YEAR ENDED DECEMBER 31, 2021

The Jamaica Bankers Association
Income tax computation
Year of assessment 2021 Revised
TRN #001-528-343

Profit per financial statements	9,553,772
Less net surplus from members contribution	<u>(8,339,898)</u>
Taxable income before tax loss	1,213,874
Tax loss from prior year restricted to 50% above	<u>(606,937)</u>
Taxable income	<u>606,937</u>
Taxation thereon @ 25%	151,734
Less tax deducted at source	<u>(151,734)</u>
Tax owing	=

MEMORANDUM ON TAX LOSSES

Tax losses brought from 2020	9,761,936
Tax loss utilized in current year	<u>(606,937)</u>
Tax loss carried forward	<u>9,154,999</u>