TeamHGS Limited

Financial Statements
31 March 2017

TeamHGS Limited

Index
31 March 2017

	Page

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Financial Statements

Statement of financial position	1
Statement of comprehensive income	2
Statement of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5 – 28

BAKER TILLY
STRACHAN
LAFAYETTE

Chartered Accountants
14 Ruthven Road
Kingston 10
Jamaica

T: 876-906-1658-9
F: 876-920-3226

admin@bakertilly.com.jm
www.bakertilly.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
TeamHGS Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of TeamHGS Limited ("the Company") set out on pages 1 to 28, which comprise the statement of financial position at 31 March 2017, the statement of comprehensive income, the statement of changes in equity and the statement cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, 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

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors 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.

Partners: Wayne Strachan; FCA;FCCA;MBA Emile Lafayette, FCA;FCCA;MBA
An independent member of Baker Tilly International

BAKER TILLY STRACHAN LAFAYETTE

INDEPENDENT AUDITORS' REPORT (Cont'd)

To the Members of
TeamHGS Limited

Responsibilities of Management and the Board of Directors for the Financial Statements (continued)

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 to cease operations, or has no realistic alternative but to do so.

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

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 skepticism throughout the audit. We also:

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

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

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

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BAKER TILLY
STRACHAN
LAFAYETTE

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
TeamHGS Limited

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

Baker Tilly Strachan Lafayette

Chartered Accountants
Kingston, Jamaica
11 May 2017

TeamHGS Limited

Statement of Financial Position
As at 31 March 2017

	Note	2017 $	2016 $
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,474,092,485	650,785,444
Deferred income taxes	6	-	2,931,536
		1,474,092,485	653,716,980
Current Assets			
Receivables	7	229,173,017	174,206,518
Taxation recoverable		5,693,289	-
Cash at bank and in hand	8	36,574,814	7,387,972
		271,441,120	181,594,490
TOTAL ASSETS		1,745,533,605	835,311,470
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	9	1,000	1,000
Retained earnings		122,413,995	41,532,051
		122,414,995	41,533,051
Non-Current Liability			
Due to related parties	10	1,285,734,796	729,251,177
		1,285,734,796	729,251,177
Current Liabilities			
Payables	11	337,383,814	51,120,064
Taxation		-	12,017,552
Bank overdraft	12	-	1,389,626
		337,383,814	64,527,242
TOTAL EQUITY AND LIABILITIES		1,745,533,605	835,311,470

Approved for issue by the Board of Directors on 11 May 2017 and signed on its behalf by:

Director

Narasimha Murthy

TeamHGS Limited

Statement of Comprehensive Income
Year ended 31 March 2017

	Note	2017 $	2016 $
Turnover	13	2,386,198,574	804,981,010
Administrative and operating expenses	14	(2,264,060,619)	(775,124,861)
Operating profit	15	122,137,955	29,856,149
Finance costs, net	16	(38,324,475)	(4,531,803)
Profit before taxation		83,813,480	25,324,346
Taxation	18	(2,931,536)	(8,305,787)
Total comprehensive income		80,881,944	17,018,559

TeamHGS Limited

Statement of Changes in Equity
Year ended 31 March 2017

	Share Capital	Retained Earnings	Total
	$	$	$
Balance at 1 April 2015	1,000	24,513,492	24,514,492
Total comprehensive income	-	17,018,559	17,018,559
Balance at 31 March 2016	1,000	41,532,051	41,533,051
Total comprehensive income	-	80,881,944	80,881,944
Balance at 31 March 2017	1,000	122,413,995	122,414,995

TeamHGS Limited

Statement of Cash Flows
Year ended 31 March 2017

	2017	2016
	$	$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	83,813,480	25,324,346
Items not affecting cash resources:		
Depreciation	181,477,491	83,340,002
Loss on disposal of property, plant and equipment	-	10,863,344
Loss on foreign exchange, net	36,682,125	4,141,964
Interest income	(40,521)	(11,890)
	301,932,575	123,657,766
Changes in operating assets and liabilities:		
Increase in receivables	(54,966,499)	(54,584,019)
Increase in payables	247,877,726	12,798,698
Cash provided by operations	494,843,802	81,872,455
Tax paid	(17,710,841)	(3,494,941)
Interest received	40,521	11,890
Net cash provided by operating activities	477,173,482	78,389,394
Investing Activity		
Purchase of property, plant and equipment	(1,004,784,532)	(498,180,745)
Cash used in investing activity	(1,004,784,532)	(498,180,745)
Financing Activity		
Related parties	557,543,231	390,276,795
Cash provided by financing activity	557,543,231	390,276,795
Net increase/(decrease) in cash and cash equivalents for year	29,932,181	(29,514,556)
Effects of changes in exchange rates on cash and cash equivalents	644,287	1,173,754
Cash and cash equivalents at beginning of year	5,998,346	34,339,148
CASH AND CASH EQUIVQLENTS AT END OF YEAR	36,574,814	5,998,346
Represented by:		
Cash at bank and on hand	36,574,814	7,387,972
Bank overdraft	-	(1,389,626)
	36,574,814	5,998,346

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

1. Identification and principal activity

The company was incorporated in Jamaica on August 19, 2011. Its principal activity involves the provision of call centre and consultancy services. Its registered office is located at 12-14 Worthington Terrace, Kingston 6.

These financial statements are presented in Jamaican dollars.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

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

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

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standard effective in the current year that are relevant to the company's operations.

Amendment to IAS 1, 'Presentation of Financial Statements', (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of the other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Asset'. Through the publication of 'Clarification of acceptable methods of depreciation and amortisation', IASB has clarified that calculating depreciation based on assumptions relating to revenue generation is an inappropriate method as the future economic benefits of an assets are not defined only by its revenue generating ability. IAS 38 allows for this assumption to be rebutted based on the circumstances where the intangible asset is expressed as a measure of revenue or it can be demonstrated that both revenue and consumption of economic benefits of an intangible asset are highly correlated. This standard became effective 1 January 2016.

Amendments to IAS 27 'Separate Financial Statements', permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. This standard became effective 1 January 2016.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standard effective in the current year that are relevant to the company's operations

Annual Improvements 2012-2014, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The amendments to IFRS 5 do not have a significant impact on the Company.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 2018), replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

IFRS 15, 'Revenue from Contracts with Customers', (effective for annual periods beginning on or after 1 January 2018). It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC–31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

IFRS 16 'Leases', specifies how an IFRS reporter will recognise, measure, present and disclose leases. IFRS 16 was issued January 2016 and becomes effective 1 January 2019. It replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, are unlikely to have any material impact on the financial statements.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

2. Summary of significant accounting policies (continued)

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are transalated into Jamaican dollars at the exchange rate prevailing at the date of the statement of financial position, that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Leasehold improvements	20%
Furniture, fixtures and equipment	10%
Signage	10%
Computers	$33^1/_3$%

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

2. Summary of significant accounting policies (continued)

(d) Cash and cash equivalents

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.

(e) Share capital

Ordinary shares are classified as equity.

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

(f) Income taxes

Where applicable, taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

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

Deferred tax is the tax 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 their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

2. Summary of significant accounting policies (continued)

(g) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of General Consumption Tax. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the company's activities, which include the provision of call centres and consultancy services.

2. Summary of significant accounting policies (continued)

(i) Related party transactions
A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party has a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

2. Summary of significant accounting policies (continued)

(j) Impairment

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

3. Critical accounting estimates and judgments in applying accounting policies

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

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

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

(iii) 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.

(iv) Fair value of financial assets
The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (note 4).

4. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The directors are ultimately responsible for the establishment and oversight of the company's risk management framework. They provide written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Credit risk

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables from customers. The company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

(i) Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy which is communicated to each customer. The company will take legal action against customers who fail to comply with the company's credit policy.

The company established an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The company determines impairment on an individual customer basis.

The company's average credit period on receivables is 30 days. The company has provided for receivables based on historical experience, as well as an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired. There is no impairment in receivables for the current year.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

4. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Cash
Cash transactions are limited to high credit quality financial institutions. The company has policies in place to limit the amount of exposure to any one financial institution.

Maximum exposure to credit risk
The company's maximum exposure to credit risk at year end was as follows:

	2017	2016
	$	$
Receivables	229,173,017	174,206,518

Exposure to credit risk for trade receivables
The following table summarises the company's credit exposure for trade receivables at their carrying value amounts:

	2017	2016
	$	$
Trade receivables	150,803,628	117,122,369
Deposits	43,400,375	35,340,429
Prepayments	34,969,014	19,436,960
Other	-	2,306,760
	229,173,017	174,206,518

The ageing of these receivables was as follows:

	2017	2016
	$	$
0 – 30 days	129,414,365	35,704,911
31 – 60 days	4,619,564	62,959,203
61 – 90 days	7,547,851	-
Over 90 days	9,221,848	18,458,255
	150,803,628	117,122,369

4. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the company is 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, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The company's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;

(ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Accessing the necessary funding through the parent company.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

4. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities
The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$	$	$	$	$	$
			2017			
Trade payables	95,777,734	-	-	-	-	95,777,734
Accruals	241,606,080	-	-	-	-	241,606,080
Due to related parties	-	-	-	1,285,734,796	-	1,285,734,796
	337,383,814	-	-	1,285,734,796	-	1,623,118,610
			2016			
Trade payables	8,619,062	-	-	-	-	8,619,062
Accruals	42,501,002	-	-	-	-	42,501,002
Due to related parties	-	-	-	729,251,177	-	729,251,177
	51,120,064	-	-	729,251,177	-	780,371,241

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents and receivables.

(c) Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk exposures are measured using sensitivity analysis. There has been no significant exposure to market risks or the manner in which it manages and measures the risk.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

4. Financial risk management (continued)

(d) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The following table summarises the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$	$
			2017			
Assets						
Receivables	-	-	-	-	229,173,017	229,173,017
Cash at bank and in hand	-	-	-	-	36,574,814	36,574,814
Total financial assets	-	-	-	-	265,747,831	265,747,831
Liabilities						
Due to related parties	-	-	-	-	1,285,734,796	1,285,734,796
Payables	-	-	-	-	337,383,814	337,383,814
Total financial liabilities	-	-	-	-	1,623,118,610	1,623,118,610
Total interest re-pricing gap	-	-	-	-	(1,357,370,779)	(1,357,370,779)

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

4. Financial Risk Management (continued)

(d) Interest rate risk (continued)

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$	$
			2016			
Assets						
Receivables	-	-	-	-	174,206,518	174,206,518
Cash at bank and in hand	-	-	-	-	7,387,972	7,387,972
Total financial assets	-	-	-	-	181,594,490	181,594,490
Liabilities						
Due to related parties	-	-	-	-	729,251,177	729,251,177
Payables	-	-	-	-	51,120,064	51,120,064
Bank overdraft	1,389,626	-	-	-	-	1,389,626
Total financial liabilities	1,389,626	-	-	-	780,371,241	781,760,867
Total interest re-pricing gap	(1,389,626)	-	-	-	(598,776,751)	(600,166,377)

(e) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and bank balances, receivables and payables reflect their approximate fair values because of the short-term maturity of these instruments. The fair value of the related parties could not be reasonable assessed as there are no set repayment terms.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

5. Property, plant and equipment

	Leasehold Improvements	Work in Progress	Signage	Furniture, Fixtures & Equipment	Computers	Total
	$		$	$	$	$
Cost -						
1 April 2015	130,301,991	-	1,045,889	44,161,324	110,089,011	285,598,215
Additions	179,659,048	190,107,394	-	86,160,952	42,253,351	498,180,745
Disposals	(2,766,494)	-	-	(10,796,304)	(38,566)	(13,601,364)
31 March 2016	307,194,545	190,107,394	1,045,889	119,525,972	152,303,796	770,177,596
Additions	375,082,934	405,577,519	-	193,310,201	30,813,878	1,004,784,532
31 March 2017	682,277,479	595,684,913	1,045,889	312,836,173	183,117,674	1,774,962,128
Depreciation -						
1 April 2015	7,579,929	-	166,925	6,936,257	24,107,059	38,790,170
Charge for year	37,361,202	-	75,284	7,074,196	38,829,320	83,340,002
Relieved on disposals	(411,882)	-	-	(2,310,893)	(15,245)	(2,738,020)
31 March 2016	44,529,249	-	242,209	11,699,560	62,921,134	119,392,152
Charge for year	104,964,587	-	207,489	22,068,390	54,237,025	181,477,491
31 March 2017	149,493,836	-	449,698	33,767,950	117,158,159	300,869,643
Net Book Value -						
31 March 2017	532,783,643	595,684,913	596,191	279,068,223	65,959,515	1,474,092,485
31 March 2016	262,665,296	190,107,394	803,680	107,826,412	89,382,662	650,785,444

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

6. Deferred income taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a tax rate of 25%. Assets and liabilities recognised on the statement of financial position are as follows:

	2017	2016
	$	$
Deferred income tax assets	-	2,931,536
Deferred income tax liabilities	-	-
Balance at end of year	-	2,931,536

The movement on the net deferred income tax balance is as follows:

	2017	2016
	$	$
Balance at start of year	2,931,536	(3,731,923)
(Debited)/credited to statement of comprehensive income (Note 18)	(2,931,536)	6,663,459
Balance at end of year	-	2,931,536

The amounts shown in the statement of financial position include the following:

	2017	2016
	$	$
Deferred tax assets to be settled:		
- after more than 12 months	-	2,931,536
- within 12 months	-	-
	-	2,931,536

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

7. Receivables

	2017	2016
	$	$
Trade receivables	150,803,628	117,122,369
Deposits	43,400,375	35,340,429
Prepayments	34,969,014	19,436,960
Other receivables	-	2,306,760
	229,173,017	174,206,518

8. Cash at bank and in hand

	2017	2016
	$	$
National Commercial Bank Jamaica Limited	32,026,966	7,379,472
Cash in hand	4,547,848	8,500
	36,574,814	7,387,972

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the company's savings account ranges from 1% to 2.20% for an account that is denominated in United States Dollars.

9. Share capital

	2017	2016
	$	$
Authorised, issued and fully paid 1,000 ordinary shares of $1.00, no par value.	1,000	1,000

10. Due to related parties

These represent inter-company accounts held with the related parties (HGS St. Lucia, HGS Inc, HGS India, HGS Phillipines and HGS U.S.A.) in the normal course of business. The balance is interest free and has no fixed repayment terms.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

11. Payables

	2017	2016
	$	$
Trade payables	95,777,734	8,619,062
Accruals	217,803,167	42,501,002
Statutory liabilities	23,802,913	-
	337,383,814	51,120,064

12. Bank overdraft

	2017	2016
	$	$
National Commercial Bank Jamaica Limited	-	1,389,626

Bank overdraft represents cheques drawn at year end, not yet presented at the bank.

13. Turnover

Turnover represents income earned from the provision of call centre and consultancy services.

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

14. Expenses by nature

	2017	2016
	$	$
Asset tax	200,000	400,000
Audit fee	1,650,000	1,500,000
Commission	6,335,284	2,362,902
Courier	1,163,009	1,041,661
Depreciation	181,477,491	83,340,002
Donations	135,235	-
Dues and subscription	788,192	73,848
Equipment rental	2,778,427	1,228,960
Fines and penalties	22,527,349	447,805
Insurance	19,106,038	6,406,284
License and fees	-	828,843
Loss on disposal of property, plant and equipment	-	10,863,344
Management fees	30,692,238	28,443,632
Office supplies	41,716,283	13,495,513
Printing and stationery	2,462,743	1,526,865
Professional fees	43,138,262	10,816,980
Rent	101,701,483	32,313,291
Repairs and maintenance	62,111,148	17,087,949
Security	24,413,600	8,210,040
Staff costs	1,501,983,876	441,206,064
Training and development	4,832,682	16,347,367
Travelling, meetings and conferences	40,124,736	48,298,523
Utilities	174,722,543	48,884,988
	2,264,060,619	775,124,861
Finance costs, net (Note 16)	38,324,475	4,531,803
	2,302,385,094	779,656,664

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

15. Operating profit

The following have been charged in arriving at operating profit:

	2017	2016
	$	$
Auditors' remuneration	1,650,000	1,500,000
Depreciation	181,477,491	83,340,002
Directors' emoluments:-		
- Fees	-	-
- Management remuneration	30,692,238	28,443,632
Loss on disposal of property, plant and equipment	-	10,863,344
Staff costs (Note 17)	1,501,983,876	441,205,864

16. Finance costs net

	2017	2016
	$	$
Bank charges	1,682,871	401,729
Foreign exchange losses	44,923,877	6,489,472
	46,606,748	6,891,201
Foreign exchange gains	(8,241,752)	(2,347,508)
Interest income	(40,521)	(11,890)
	38,324,475	4,531,803

17. Staff costs

	2017	2016
	$	$
Salaries and wages	1,308,999,321	377,850,559
Statutory contributions	132,574,714	39,488,139
Staff welfare	60,409,841	23,867,166
	1,501,983,876	441,205,864
Number of persons employed at the end of the year	1,760	835

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

18. Taxation

Taxation is based on the operating profit for the year adjusted for taxation purposes and comprises income tax at 25%:

	2017	2016
	$	$
Income tax at 25%	-	14,969,246
Deferred taxation (Note 6)	2,931,536	(6,663,459)
	2,931,536	8,305,787

The company under the Freezone Act is a designated free zone entity and hence is not subject to income tax on its normal trading activities in any given year in which the criteria for free zone status are met. In the current year the company met all required criteria and as a result was not liable for income taxes.

The taxation charge in the statement of comprehensive income account differs from the theoretical amount that would arise using the income tax rate of 25%, as follows:

	2017	2016
	$	$
Profit before taxation	83,813,480	25,324,346
Tax calculated at a tax rate of 25%	-	6,331,087
Adjusted for the effects of:		
Expenses not allowable for tax purposes	-	11,120,367
Employment Tax Credit	-	(6,415,391)
Other charges and allowances	2,931,536	(2,730,276)
	2,931,536	8,305,787

TeamHGS Limited

Notes to the Financial Statements
31 March 2017

19. Related party transactions

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

Related party transactions and balances are recognised and disclosed below for the following:

(a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or

(b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This include enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the company.

The related party balances are as follows:-

	2017	2016
	$	$
HGS St. Lucia Limited	1,259,133,457	625,097,957
HGS Inc.	20,428,830	37,673,443
HGS India	24,626,955	3,950,940
HGS U.S.A.	(22,821,378)	55,868,453
HGS Phillipines	4,366,932	6,660,384
	1,285,734,796	729,251,177

The following amounts have been charged in the statement of comprehensive income:-

- Management fees - $30,692,238; (2016:- $28,443,632) HGS Inc.
- Sales commission - $Nil; (2016:- $2,362,902) HGS Inc.