

THE GENERAL LEGAL COUNCIL
Financial Statements
Year ended 31 March 2021

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Independent Auditor's Report

To the Members of
The General Legal Council

Report on the Audit of the Financial Statements

I have audited the financial statements of The General Legal Council set out on pages 4 to 22, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and a summary of 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 Council as at 31 March 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Council in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (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.

Management's Responsibility 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 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.

Independent Auditor's Report (cont'd)

To the Members of
The General Legal Council

Management's Responsibility for the Financial Statements (cont'd)

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operation, or has no realistic alternative but to do so.

The management is responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for Audit of the Financial Statements

My 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 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatements 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.
- 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 Council's internal control.

Independent Auditor's Report (cont'd)

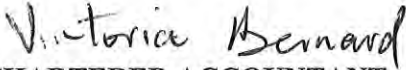
To the Members of
The General Legal Council

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If 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 Council 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.

Report on additional matters

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.


CHARTERED ACCOUNTANT

28 July 2021


THE GENERAL LEGAL COUNCIL**Statement of Comprehensive Income****Year ended 31 March 2021**

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
<u>Revenue</u>			
Practising certificate fees		77,764,141	70,772,808
CLPD	9	36,060,838	33,985,208
Interest		1,452,500	1,102,712
Fines		1,901,174	6,153,241
Other		<u>1,775,292</u>	<u>1,646,510</u>
		118,953,945	113,660,479
Administrative and general	8	<u>(87,235,058)</u>	<u>(94,099,186)</u>
Total Comprehensive Income for the year		<u><u>31,718,887</u></u>	<u><u>19,561,293</u></u>

THE GENERAL LEGAL COUNCIL
Statement of Financial Position
As at 31 March 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
<u>ASSETS</u>			
Non-current assets			
Furniture and equipment	4	8,733,045	10,038,559
Investment	11	<u>2,750,114</u>	<u>2,750,114</u>
		<u>11,483,159</u>	<u>12,788,673</u>
Current assets			
Receivables	6	1,728,558	1,537,889
Cash and cash equivalents	5	<u>123,754,427</u>	<u>88,877,085</u>
		<u>125,482,985</u>	<u>90,414,974</u>
TOTAL ASSETS		<u>136,966,144</u>	<u>103,203,647</u>
<u>RESERVES AND LIABILITIES</u>			
Reserves			
Capital fund		<u>128,345,561</u>	<u>96,626,674</u>
		<u>128,345,561</u>	<u>96,626,674</u>
Current liabilities			
Bank overdraft		954,869	-
Payables and accruals	7	<u>7,665,714</u>	<u>6,576,973</u>
		<u>8,620,583</u>	<u>6,576,973</u>
TOTAL RESERVES AND LIABILITIES		<u>136,966,144</u>	<u>103,203,647</u>

Approved and authorised for issue by the Council on ²⁸July 2021 and signed on its behalf by:



 Chairman



 Council Member

THE GENERAL LEGAL COUNCIL**Statement of Changes in Reserves****Year ended 31 March 2021**

	Capital Fund \$	Total \$
Balance at 31 March 2019	77,065,381	77,065,381
Changes in reserves for 2020		
Surplus for the year	19,561,293	19,561,293
Total comprehensive income for the year	19,561,293	19,561,293
Balance at 31 March 2020	96,626,674	96,626,674
Changes in reserves for 2021		
Surplus for the year	31,718,887	31,718,887
Total comprehensive income for the year	31,718,887	31,718,887
Balance at 31 March 2021	128,345,561	128,345,561

THE GENERAL LEGAL COUNCIL
Statement of Cash Flows
Year ended 31 March 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Cash Flows from Operating Activities			
Surplus for the year		31,718,887	19,561,293
Adjustments for:			
Depreciation	4	2,980,290	4,199,670
Loss on disposal		-	148,835
Interest income		(1,452,500)	(1,102,712)
		<u>33,246,677</u>	<u>22,807,086</u>
Changes in operating assets and liabilities:			
Receivables		(190,669)	47,947
Payables and accruals		1,088,741	(6,784,438)
Cash provided by operating activities		<u>34,144,749</u>	<u>16,070,595</u>
Cash Flows from Investing Activities			
Purchase of fixed assets	4	(1,674,776)	(3,830,493)
Interest received		1,452,500	1,102,712
Cash used in investing activities		<u>(222,276)</u>	<u>(2,727,781)</u>
Increase in net cash and cash equivalents		33,922,473	13,342,814
Cash and cash equivalents at beginning of year		88,877,085	75,534,271
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	<u><u>122,799,558</u></u>	<u><u>88,877,085</u></u>

THE GENERAL LEGAL COUNCIL

Notes to the Financial Statements

Year ended 31 March 2021

1. **Identification**

The Council is incorporated under the Legal Profession Act. The main activity comprises the upholding of standards of professional conduct within the legal profession.

2. **Summary of Significant Accounting Policies**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

a) **Statement of Compliance and Measurement Basis**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB).

The financial statements are prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Except where otherwise stated, the financial statements are presented in Jamaican Dollars.

b) **New standards, amendments and interpretations not yet effective**

At the reporting date, certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the Council has not early adopted. The Council has assessed them with respect to its operations and has determined that the following are relevant:

- **Amendments to IFRS 9 ‘Financial Instruments’, IAS 39, ‘Financial Instruments: Recognition and Measurement’ and IFRS 7, ‘Financial Instruments: Disclosures’,** – (effective for annual periods beginning on or after January 1, 2021). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that interbank offered rate (IBOR) reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 2021**b) New standards, amendments and interpretations not yet effective (cont'd)**

industries. The adoption of these amendments is not expected to have an impact on the Council.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to **IFRS 1 First-Time Adoption of International Financial Reporting Standards**, **IFRS 9 Financial Instruments**, and are effective for annual periods beginning on or after January 1, 2022.

IFRS 9 Financial Instruments amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The Council does not expect the amendment to have a significant impact on its 2023 financial statements.

- **Amendments to IAS 1 Presentation of Financial Statements**, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. As part of its amendments, the standard requires that a right to be unconditional has been removed and instead, the standard requires that a right to defer settlement must have substance and exist at the end of the reporting period. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the reporting date, even if the lender does not test compliance until a later date.

THE GENERAL LEGAL COUNCIL

Notes to the Financial Statements

Year ended 31 March 2021

2. **Summary of Significant Accounting Policies (cont'd)**

c) Critical judgements and sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts and related disclosures reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from those estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the Council's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

i) Useful lives of plant and equipment

Depreciation is provided so as to write down the respective assets to their estimated residual values over their expected useful lives and as such, the selection of the expected useful lives and the estimated residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are shown in note 2d.

d) Plant and equipment

Plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

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

Furniture and fixtures	10%
Computer equipment and software	20%
Website development	20%
Leasehold improvements	20%

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 2021**2. Summary of Significant Accounting Policies (cont'd)****d) Plant and equipment (cont'd)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Repairs and maintenance expenditure is written off during the financial period in which they are incurred.

e) Revenue Recognition

The council recognises revenue when the amount of revenue can be reliably measured.

Fees

Fees are accounted for on an accrual basis.

Interest

Interest is recognised in the statement of comprehensive income on an accrual basis.

f) Foreign Currencies

Transactions in foreign currencies have been converted to Jamaican dollars at the rates of exchange ruling at the date of those transactions. Assets and liabilities denominated in foreign currencies are translated to Jamaican dollars at exchange rates current at statement of financial position date. Gains and losses arising from fluctuations in exchange rates are recognised in the statement of comprehensive income.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial assets and financial liabilities are recognised in the council's statement of financial position when it becomes a party to the contractual provisions of the instruments.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 2021**2. Summary of Significant Accounting Policies (cont'd)****g) Financial Instruments (cont'd)**

The financial instruments carried in the statement of financial position are:

Financial assets: - Receivables and cash and cash equivalents

Financial liabilities: - Payables and accruals

The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, current and savings account balances and short term deposits with maturity dates of twelve (12) months or less.

i) Taxation

Income tax on the results for the year comprises current tax.

The Council being a public body created by the Legal Profession Act qualifies for exemption from Income Tax (*under section 12 (h) of the Income Tax Act*). No provision has therefore been made in these financial statements for Income Tax.

j) Receivables

Receivables are initially recognised at original amount which represent fair value and subsequently measured at net realisable value which is the lesser of the carrying and recoverable amount. Recoverable amounts are based on the council's best estimates, having regards to economic conditions, historical experience and age of debt, as well as, post-statement of financial position collections.

k) Payables and Accruals

Payables and accruals are stated at cost.

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 2021**2. Summary of Significant Accounting Policies (cont'd)****l) Borrowings**

Borrowings are classified as financial liabilities measured at amortised cost and are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction cost) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

m) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an out-flow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

n) Pension

The Council operates a defined-contribution pension plan for its employees (note 14). Contributions to the scheme are charged to the statement of comprehensive income in the period to which they relate.

o) Capital Fund

The surplus or deficit on the statement of comprehensive income is transferred to the Capital Fund.

p) Impairment

The carrying amounts of the Council's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, an impairment loss is recognised based on the asset's estimated recoverable amount.

If, in subsequent period, the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 2021**3. Financial Assets and Liabilities by Categories****i) Financial assets by categories**

The categories of financial assets included in the statement of financial position are as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Current assets		
Receivables (excluding prepayments)	1,309,708	1,286,614
Cash and cash equivalents	<u>122,799,558</u>	<u>88,877,085</u>
Total	<u>124,109,266</u>	<u>90,163,699</u>

ii) Financial liabilities by categories

	<u>2021</u>	<u>2020</u>
	\$	\$
Current liabilities		
Payables	7,665,714	6,576,973
	<u>7,665,714</u>	<u>6,576,973</u>

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 20214. **Fixed Assets**

	Furniture & Fixtures \$	Computer Equipment & Software \$	Website Development \$	Leasehold Improvement \$	Total \$
At Cost:-					
1 April 2020	13,347,593	10,530,823	986,193	5,255,416	30,120,025
Additions	874,183	606,895	-	193,698	1,674,776
31 March 2021	14,221,776	11,137,718	986,193	5,449,114	31,794,801
Depreciation:-					
1 April 2020	6,774,585	9,603,714	986,193	2,716,974	20,081,466
Charge for the year	1,430,016	460,451	-	1,089,823	2,980,290
31 March 2021	8,204,601	10,064,165	986,193	3,806,797	23,061,756
Net Book Value:-					
31 March 2021	6,017,175	1,073,553	-	1,642,317	8,733,045
31 March 2020	6,573,008	927,109	-	2,538,442	10,038,559

5. **Cash and Cash Equivalents**

	<u>2021</u>	<u>2020</u>
	\$	\$
Short term deposits	25,694,555	42,790,913
US\$ Savings accounts (US\$357,223 (2020-US\$205,242))	51,754,502	27,494,245
Savings accounts	41,040,639	18,310,622
Current accounts	5,109,431	76,705
Cash in hand	155,300	204,600
	<u>123,754,427</u>	<u>88,877,085</u>

For the purpose of the cash flows statement, cash and cash equivalents comprise the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash and cash equivalents	123,754,427	88,877,085
Bank overdraft	(954,869)	-
	<u>122,799,558</u>	<u>88,877,085</u>

THE GENERAL LEGAL COUNCIL**Notes to the Financial Statements****Year ended 31 March 2021****5. Cash and Cash Equivalents (cont'd)**

The amount of \$954,869 shown as bank overdraft represents uncleared cheques at 31 March 2021.

6. Receivables

	<u>2021</u>	<u>2020</u>
	\$	\$
Other	1,309,708	1,286,614
	<u>1,309,708</u>	<u>1,286,614</u>
Prepayment	418,850	251,275
	<u>1,728,558</u>	<u>1,537,889</u>

7. Payables and Accruals

	<u>2021</u>	<u>2020</u>
	\$	\$
Trade payables	1,271,169	1,177,068
Audit fees	740,000	710,000
Clients' accounts	4,081,960	3,676,202
Other	1,572,585	1,013,703
	<u>7,665,714</u>	<u>6,576,973</u>

8. Expenses by Nature

	<u>2021</u>	<u>2020</u>
	\$	\$
Depreciation	2,980,290	4,199,670
Advertising	566,704	729,397
Legal and professional fees	8,292,417	6,748,898
Employee benefits (note 12)	52,103,503	55,235,105
Other expenses	23,292,144	27,186,116
	<u>87,235,058</u>	<u>94,099,186</u>

THE GENERAL LEGAL COUNCIL

Notes to the Financial Statements

Year ended 31 March 2021

9. **CLPD Operating Account**

	<u>2021</u>	<u>2020</u>
	\$	\$
Fees	<u>36,122,724</u>	<u>43,455,328</u>
<u>Expenses</u>		
Accommodation and meals	-	6,724,361
Contract labour	-	2,250
Meeting expenses	37,809	30,300
Printing and stationery	-	91,195
Rental	-	1,300,978
Seminar expense	-	776,051
Telephone and internet	24,077	41,065
Travelling	-	503,920
	<u>61,886</u>	<u>9,470,120</u>
Net Surplus	<u>36,060,838</u>	<u>33,985,208</u>

10. **Surplus for the Year**

Surplus for the year is stated after charging:

	<u>2021</u>	<u>2020</u>
	\$	\$
Auditor's remuneration	<u>710,000</u>	<u>710,000</u>

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 2021**11. Investment**

	<u>2021</u>	<u>2020</u>
	\$	\$
Unquoted security	<u>2,750,114</u>	<u>2,750,114</u>

This represents 12,851 shares in Jambar Holdings at cost.

12. Employee Benefits

	<u>2021</u>	<u>2020</u>
	\$	\$
Salaries	43,990,249	47,197,738
Pension (note 13)	3,841,329	3,504,207
Health insurance	2,242,397	2,135,682
Uniform and other benefits	<u>2,029,528</u>	<u>2,397,478</u>
	<u>52,103,503</u>	<u>55,235,105</u>

The number of employees at year end was twenty-two (22) (2020 – twenty-two (22)).

13. Pension

The Council participated in a Defined Contribution Pension Plan for its employees, which is administered by Sagicor Life of Jamaica Limited. It is funded by contributions from employees and employer. The Council contributes at a rate of ten percent (10%) of pensionable salaries, while the employees contribute at a mandatory rate of five percent (5%) but may make voluntary contributions not exceeding a further five percent (5%).

Pension benefits are based on contributions plus accumulated interest. Accordingly, the Council's liability is restricted to its contributions.

The Council's contribution to the above plan during the year ended 31 March 2021 amounted to \$3,841,329 (2020 - \$3,504,207)

THE GENERAL LEGAL COUNCIL

Notes to the Financial Statements

Year ended 31 March 2021

14. **Financial Risk Management**

The Council's activities expose it to a variety of financial risks: market risk (currency risk, interest rate and other price risk), credit risk and liquidity risk. The Council seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a) Market Risk

i) Currency risk

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

The Council is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar.

At statement of financial position date, the Council had net foreign currency assets of US\$357,223 (2020 US\$205,242) which were subject to foreign exchange rate changes as follows:

	<u>2021</u>	<u>2020</u>
Financial assets	\$	\$
Cash and bank balances	<u>357,223</u>	<u>205,242</u>
Net total assets	<u>357,223</u>	<u>205,242</u>

The above assets are receivable in United States dollars (US\$). The exchange rate applicable at the statement of financial position date is JA\$144.88 to US\$1.00 (2020 – JA\$133.96 to US\$1.00).

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 2021**14. Financial Risk Management (cont'd)****a) Market Risk (cont'd)****i) Currency risk (cont'd)****Foreign currency sensitivity**

Due to the nature of the Council's operations and the very short term nature of balances denominated in currencies other than the Jamaican dollar, there is no material impact on the results of the Council's operations as a result of changes in exchange rates.

ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Council's cash and cash equivalents are subject to interest rate risk. However, the Council attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The Council invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions. Short-term deposits are invested for periods of twelve (12) months or less at fixed interest rates and are not affected by fluctuations in market interest rates up to the date of maturity. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

Interest rate sensitivity

Due to the fact that interest rates on the Council's short-term deposits are fixed up to maturity and interest earned from interest-bearing bank accounts is immaterial, there would be no material impact on the results of the Council's operations as a result of fluctuations in interest rates.

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 202114. **Financial Risk Management (cont'd)**a) Market Risk (cont'd)iii) Other price risk

Other price risk is the risk that the value of a financial instrument fluctuates as a result of changes in market prices, whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all instruments traded in the market. The Council's exposure to changes in market prices is limited.

b) Credit Risk

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

The Council faces credit risk in respect of its receivables, cash and cash equivalents and short-term deposits held with financial institutions.

The Council limits its exposure to credit risk by maintaining these balances with licensed financial institutions that are considered to be stable. The maximum credit risk exposure faced by the Council is the total of the balances reflected in the financial statements, summarised as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Receivables	1,309,708	1,286,614
Cash and cash equivalents	<u>122,799,558</u>	<u>88,877,085</u>
	<u>124,109,266</u>	<u>90,163,699</u>

c) Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty in raising funds to meet its commitment associated with financial instruments.

The Council manages its liquidity risk by maintaining appropriate level of resources in liquid or near liquid form. The Council maintains cash and short-term deposits for up to 12 months to meet its liquidity requirements.

THE GENERAL LEGAL COUNCILNotes to the Financial StatementsYear ended 31 March 202114. **Financial Risk Management (cont'd)**c) Liquidity Risk (cont'd)

The Council's financial liabilities comprise payables and accruals. These amounts are due as follows:

	Within 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Total \$
As at 31 March 2021				
Bank overdraft	954,869	-	-	954,869
Payables and accruals	2,057,523	1,526,231	4,081,960	7,665,714
	<u>3,012,392</u>	<u>1,526,231</u>	<u>4,081,960</u>	<u>8,620,583</u>
As at 31 March 2020				
Payables and accruals	1,468,642	5,108,331	-	6,576,973
	<u>1,468,642</u>	<u>5,108,331</u>	<u>-</u>	<u>6,576,973</u>

15. **Subsequent Event**

The World Health Organisation 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. The Pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. This could have significant negative financial effects on the entity, depending on factors such as i) duration and spread of the outbreak ii) the restrictions and advisories from Government iii) the effects on the financial markets and iv) the effects on the economy overall. All of which are highly uncertain and cannot be estimated reliably.

The entity expects this to have some effects on its financial performance; however, at the date of authorisation of these financial statements, the entity is unable to determine a reliable estimate of the financial impact of this matter on the profitability and financial position.

THE GENERAL LEGAL COUNCIL
Additional Information – Schedule of Expenses
Year ended 31 March 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
Advertising	566,704	729,397
Audit and accounting fees	770,000	770,000
Bad debt	-	58,641
Bank charges	1,372,707	1,326,191
Depreciation	2,980,290	4,199,670
Donation	10,700	125,000
Electricity	2,906,908	2,919,186
Insurance	202,674	139,750
Irrecoverable GCT	1,589,752	2,806,274
Legal and professional fees	8,292,417	6,748,898
Loss on disposal	-	148,835
Meeting expenses	71,185	654,900
Office expenses	965,675	1,599,888
Office rent	5,523,392	5,693,787
Printing, stationery and postage	1,516,933	2,096,341
Repairs and maintenance	2,623,366	2,240,656
Salaries, wages and related costs	50,073,975	52,837,627
Security	3,274,807	3,606,165
Staff training	-	171,300
Staff welfare	1,985,113	1,868,983
Telephone	2,278,045	2,615,702
Travel and accommodation	186,000	213,500
Uniforms	44,415	528,495
	<u>87,235,058</u>	<u>94,099,186</u>