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Barita Investments Limited

Financial Statements
30 September 2011

Barita Investments Limited

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30 September 2011

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Independent Auditors' Report

To the Members of
Barita Investments Limited

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Barita Investments Limited and its subsidiary (the group), and the accompanying financial statements of Barita Investments Limited standing alone set out on pages 1 to 63, which comprise the consolidated and company statements of financial position as of 30 September 2011 and the consolidated and company statements of comprehensive income , statements of changes in shareholders' equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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C.D.W. Maxwell P.W. Pearson E.A. Crawford J.W. Lee P.E. Williams G.L. Lewars L.A. McKnight L.E. Augier A.K. Jain B.L. Scott B.J. Denning
G.A. Reece P.A. Williams R.S. Nathan

Opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as of 30 September 2011, and of the financial performance and cash flows of the group and the company for the year then ended, so far as concerns the members of the company, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements
As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

Chartered Accountants
30 November 2011
Kingston, Jamaica

Barita Investments Limited

Consolidated Statement of Comprehensive Income
Year ended 30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Net Interest Income and Other Revenue			
Interest income		1,337,377	1,367,953
Interest expense		(888,745)	(1,091,698)
Net interest income		448,632	276,255
Fees and commission income		58,546	68,949
Dividend income		6,758	5,869
Foreign exchange trading and translation gains/ (losses)		12,019	(24,160)
Gain on sale of investments		207,852	139,896
Other		14,146	5,104
Net operating revenue		747,953	471,913
Operating Expenses			
Staff costs	7	(207,715)	(182,628)
Administration costs		(154,185)	(156,196)
Impairment of available-for-sale investment		(61,277)	-
	6	(423,177)	(338,824)
Profit before Taxation		324,776	133,089
Taxation	8	(105,697)	(36,003)
Profit for the Year		219,079	97,086
Other Comprehensive Income:			
Unrealised gains on available- for- sale investments, net of taxes	8	507,806	169,084
Net gains recycled to profit or loss on disposal, maturity, and impairment of available -for- sale investments, net of taxes	8	(97,717)	(93,264)
Surplus on revaluation of property, plant and equipment, net of taxes	8	27,403	-
		437,492	75,820
Total Comprehensive Income		656,571	172,906
Basic and Diluted Earnings Per Share	15	$0.49	$0.22

Barita Investments Limited

Consolidated Statement of Financial Position
30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	Reclassified 2010 $'000	Reclassified 2009 $'000
ASSETS				
Cash and bank balances	10	111,650	263,309	62,486
Securities purchased under resale agreements	11	1,465,705	1,880,251	3,420,663
Marketable securities	12	8,471,381	4,983,546	3,908,063
Pledged assets	13	4,029,643	4,551,973	3,907,127
Receivables	14	440,473	436,737	321,374
Loans receivable		73,753	59,424	39,495
Due from related parties	16	9,667	11,853	4,382
Property, plant and equipment	17	167,944	133,482	132,251
Intangible assets	18	35,503	16,172	1,610
Investments	19	2	2	2
Deferred tax assets	20	-	-	441
Total assets		14,805,721	12,336,749	11,797,894
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Bank overdraft	10	4,288	4,042	6,056
Securities sold under repurchase agreements		12,306,108	10,837,409	10,829,441
Payables	21	82,769	91,152	63,900
Due to related parties	16	1,576	767	1,842
Redeemable preference shares	22	205,968	164,100	-
Convertible preference shares	22	3,460	3,460	-
Taxation		113,377	4,526	2,174
Deferred tax liabilities	20	328,605	112,689	45,742
Total liabilities		13,046,151	11,218,145	10,949,155
Shareholders' Equity				
Share capital	22	765,154	765,154	667,550
Treasury shares	22	(10,145)	(10,145)	(9,500)
Capital reserve	23	28,506	1,103	1,103
Fair value reserve	24	436,876	26,787	(49,033)
Retained earnings		539,179	335,705	238,619
Total shareholders' equity		1,759,570	1,118,604	848,739
Total liabilities and shareholders' equity		14,805,721	12,336,749	11,797,894

Approved for issue by the Board of Directors on 30 November 2011 and signed on its behalf by:

Rita Humphries-Lewin — Director

Carl Domville — Director

Barita Investments Limited

Consolidated Statement of Changes in Shareholders' Equity
Year ended 30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Treasury Shares	Capital Reserve	Fair Value Reserve	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 September 2009		667,550	(9,500)	1,103	(49,033)	238,619	848,739
Total comprehensive income							
Profit for the year		-	-	-	-	97,086	97,086
Other comprehensive income		-	-	-	75,820	-	75,820
		-	-	-	75,820	97,086	172,906
Transactions with owners:							
Issue of ordinary shares	21	87,444	-	-	-	-	87,444
Issue of convertible preference shares	21	10,160	-	-	-	-	10,160
Purchase of treasury shares	21	-	(645)	-	-	-	(645)
		97,604	(645)	-	-	-	96,959
Balance at 30 September 2010		765,154	(10,145)	1,103	26,787	335,705	1,118,604
Total comprehensive income							
Profit for the year		-	-	-	-	219,079	219,079
Other comprehensive income		-	-	27,403	410,089	-	437,492
		-	-	27,403	410,089	219,079	656,571
Transactions with owners:							
Dividends paid		-	-	-	-	(15,605)	(15,605)
		-	-	-	-	(15,605)	(15,605)
Balance at 30 September 2011		765,154	(10,145)	28,506	436,876	539,179	1,759,570

Barita Investments Limited

Consolidated Statement of Cash Flows

Year ended 30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Net profit		219,079	97,086
Adjusted for:			
Depreciation and amortisation		11,795	7,939
Effect of exchange (gain)/loss on foreign balances		(641)	53,733
Impairment of available-for-sale investments		61,277	-
Interest income		(1,337,377)	(1,367,953)
Interest expense		888,745	1,091,698
Taxation expense	8	105,697	36,003
Gain on the disposal of property, plant and equipment		-	(3,954)
		(51,425)	(85,448)
Changes in operating assets and liabilities:			
Marketable securities		(2,343,709)	(1,770,275)
Securities purchased under resale agreements		409,562	1,276,952
Securities sold under repurchase agreements		1,519,418	318,061
Receivables		(3,736)	(115,363)
Loans receivable		(14,329)	(19,929)
Payables		(8,383)	(17,770)
Due from related companies		2,995	368
		(489,607)	(413,404)
Interest received		1,325,124	1,714,622
Interest paid		(913,657)	(1,317,513)
Income tax paid		(4,526)	(2,699)
Cash used in operating activities		(82,666)	(18,994)
Cash Flows from Investing Activities			
Proceeds from the disposal of property, plant and equipment		3	4,635
Purchase of property, plant and equipment	17	(6,300)	(9,361)
Purchase of intangible asset		(20,414)	(15,052)
Cash used in investing activities		(26,711)	(19,778)
Cash Flows from Financing Activities			
Issue of redeemable preference shares	22	-	164,100
Issue of convertible preference shares	22	-	13,620
Issue of ordinary shares	22	-	86,799
Interest paid on preference shares		(27,017)	(19,586)
Dividends paid		(15,605)	-
Cash (invested in)/provided by financing activities		(42,622)	244,933
Effect of exchange rate on cash and cash equivalents		94	(3,324)
(Decrease)/increase in net cash and cash equivalents		(151,905)	202,837
Net cash and cash equivalents at beginning of year		259,267	56,430
Net Cash and Cash Equivalents at End of Year	10	107,362	259,267

Barita Investments Limited

Company Statement of Comprehensive Income
Year ended 30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Net Interest Income and Other Revenue			
Interest income		1,347,120	1,379,015
Interest expense		(899,686)	(1,107,937)
Net interest income		447,434	271,078
Fees and commission income		16,321	27,581
Dividend income		6,758	5,869
Foreign exchange trading and translation gains/ (losses)		12,019	(24,160)
Gain on sale of investments		201,597	139,896
Other		14,719	5,681
Net operating revenue		698,848	425,945
Operating Expenses			
Staff costs	7	(188,968)	(164,537)
Administration costs		(140,326)	(142,627)
Impairment of available-for-sale investment		(61,277)	-
	6	(390,571)	(307,164)
Profit before Taxation		308,277	118,781
Taxation	8	(97,120)	(32,999)
Profit for the Year		211,157	85,782
Other Comprehensive Income:			
Unrealised gains on available- for- sale investments net of taxes	8	497,267	170,863
Net gains recycled to profit or loss on disposal, maturity and impairment of available -for- sale investments, net of taxes	8	(93,546)	(93,264)
Surplus on revaluation of property, plant and equipment, net of taxes	8	27,403	-
		431,124	77,599
Total Comprehensive Income		642,281	163,381

Barita Investments Limited

Company Statement of Financial Position
30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	Reclassified 2010 $'000	Reclassified 2009 $'000
ASSETS				
Cash and bank balances	10	107,343	245,305	55,523
Securities purchased under resale agreements	11	1,465,705	1,880,251	3,420,289
Marketable securities	12	8,404,637	4,959,903	3,848,241
Pledged assets	13	4,029,643	4,551,973	3,907,127
Receivables	14	436,335	426,481	309,127
Loans receivable		156,378	195,993	39,495
Due from related parties	16	7,974	8,576	952
Property, plant and equipment	17	165,987	130,567	128,375
Intangible assets	18	35,503	16,172	1,610
Investment	19	2	2	2
Investment in subsidiary		85,700	85,700	85,700
Total assets		14,895,207	12,500,923	11,796,441
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Bank overdraft	10	4,288	4,042	6,056
Securities sold under repurchase agreements		12,344,506	10,891,571	10,851,978
Payables	21	75,116	85,006	52,874
Due to related parties	16	1,478	576	632
Redeemable preference shares	22	299,970	299,970	-
Convertible preference shares	22	3,460	3,460	-
Taxation		109,201	-	-
Deferred tax liabilities	20	330,368	116,154	45,742
Total liabilities		13,168,387	11,400,779	10,957,282
Shareholders' Equity				
Share capital	22	765,154	765,154	667,550
Treasury shares	22	(9,500)	(9,500)	(9,500)
Capital reserve	23	90,361	62,958	62,958
Fair value reserve	24	431,719	27,998	(49,601)
Retained earnings		449,086	253,534	167,752
Total shareholders' equity		1,726,820	1,100,144	839,159
Total liabilities and shareholders' equity		14,895,207	12,500,923	11,796,441

Approved for issue by the Board of Directors on 30 November 2011 and signed on its behalf by:

Rita Humphries-Lewin — Director

Carl Domville — Director

Barita Investments Limited

Company Statement of Changes in Shareholders' Equity
Year ended 30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Treasury Shares	Capital Reserve	Fair Value Reserve	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 September 2009		667,550	(9,500)	62,958	(49,601)	167,752	839,159
Total Comprehensive income							
Profit for the year		-	-	-	-	85,782	85,782
Other comprehensive income		-	-	-	77,599	-	77,599
		-	-	-	77,599	85,782	163,381
Transactions with owners:							
Issue of ordinary shares	21	87,444	-	-	-	-	87,444
Issue of convertible preference shares	21	10,160	-	-	-	-	10,160
		97,604	-	-	-	-	97,604
Balance at 30 September 2010		765,154	(9,500)	62,958	27,998	253,534	1,100,144
Total comprehensive income							
Profit for the year		-	-	-	-	211,157	211,157
Other comprehensive income		-	-	27,403	403,721	-	431,124
		-	-	27,403	403,721	211,157	642,281
Transactions with owners:							
Dividends paid		-	-	-	-	(15,605)	(15,605)
		-	-	-	-	(15,605)	(15,605)
Balance at 30 September 2011		765,154	(9,500)	90,361	431,719	449,086	1,726,820

Barita Investments Limited

Company Statement of Cash Flows
Year ended 30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Net profit		211,157	85,782
Adjusted for:			
Depreciation and amortisation		10,815	6,960
Effect of exchange (gain)/loss on foreign balances		(641)	53,733
Impairment of available-for-sale investments		61,277	-
Interest income		(1,347,120)	(1,379,015)
Interest expense		899,686	1,107,937
Income tax expense	8	97,120	32,999
Gain on the disposal of property, plant and equipment		-	(3,954)
		(67,706)	(95,556)
Changes in operating assets and liabilities:			
Marketable securities		(2,349,183)	(1,839,526)
Securities purchased under resale agreements		409,562	1,276,931
Securities sold under repurchase agreements		1,503,654	349,686
Receivables		(9,854)	(117,354)
Loans receivable		39,615	(156,498)
Payables		(9,890)	32,132
Due from related companies		1,504	7,680
		(482,298)	(557,865)
Interest received		1,337,905	1,725,049
Interest paid		(910,495)	(1,349,794)
Cash used in operating activities		(54,888)	(182,610)
Cash Flows from Investing Activities			
Proceeds from the disposal of property, plant and equipment		3	4,635
Purchase of property, plant and equipment	17	(6,278)	(9,343)
Purchase of intangible asset		(20,414)	(15,052)
Cash used in investing activities		(26,689)	(19,760)
Cash Flows from Financing Activities			
Issue of redeemable preference shares	22	-	299,970
Issue of convertible preference shares	22	-	13,620
Issue of redeemable preference shares	22	-	87,444
Interest paid on preference shares		(41,120)	(34,086)
Dividends paid		(15,605)	-
Cash (used in)/provided by financing activities		(56,725)	397,490
Effect of exchange rate on cash and cash equivalents		94	(3,324)
(Decrease)/ increase in net cash and cash equivalents		(138,208)	191,796
Net cash and cash equivalents at beginning of year		241,263	49,467
Net Cash and Cash Equivalents at End of Year	10	103,055	241,263

Barita Investments Limited

Notes to the Financial Statements
30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification, Regulation and Licence

Barita Investments Limited (Barita, the company) is a limited liability company incorporated and resident in Jamaica, with its registered office at 15 St. Lucia Way, Kingston 5.

The company is a licensed securities dealer and has primary dealer status from the Bank of Jamaica (BoJ). It is licensed under the Securities Act and is regulated by the Financial Services Commission (FSC).

On 14 January 2010, following an Initial Public Offering of its shares, the company's ordinary and preference shares were listed on the Jamaica Stock Exchange (JSE).

The principal activities of the company and its subsidiary (collectively referred to as "the Group") are stocks and securities brokerage, money market activities, cambio operations, and funds management.

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, and certain items of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements are disclosed in Note 4.

Interpretations and amendments to published accounting standards effective in the current financial year

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

- **IAS 36 (Amendment), 'Impairment of assets'.** This amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The Group currently does not have goodwill on its statement of financial position.

Barita Investments Limited

Notes to the Financial Statements
30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Interpretations and amendments to published accounting standards effective in the current financial year (continued)

- **IFRS 2 (Amendment), 'Group cash-settled and share-based payment transactions'.** In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance did not have any impact on the financial statements.

- **IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations'.** The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. This amendment did not have any impact on the financial statements.

- **IFRIC 19, 'Extinguishing financial liabilities with equity instruments'.** The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation did not have an impact on the financial statements, as the entity has no debt for equity swap agreements.

Standards, interpretations and amendments to published accounting standards that are not effective in the current financial year

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the balance sheet date, one of which the Group has early adopted as noted below.

- **IFRS 7 (Amendment),'Financial instruments'** (effective for annual periods beginning on or after 1 January 2011). The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risk associated with financial instruments. It clarifies that only those financial assets whose carrying amounts do not reflect the maximum exposure to credit risk need to be further disclosed in the notes related to management of credit risk. It removes the disclosure requirement of the collateral held as security, other credit enhancements and an estimate of the fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired. It clarifies that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date. Lastly, it removes the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired. The Group and company, having early adopted, have made the relevant amendments to the credit risk disclosure notes for both the current and prior years.

Barita Investments Limited

Notes to the Financial Statements
30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards that are not effective in the current financial year (continued)
The Group has assessed the relevance of all other new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IAS 24 (Revised), 'Related party disclosures'** (effective for annual periods beginning on or after 1 January 2011). The revised standard clarifies and simplifies the definition of a related party and provides certain exemptions for government-related entities. The Group will apply the revised standard from 1 October 2011, but it is not expected to have a significant impact on its related party disclosures.

- **IFRS 9, 'Financial instruments'. (effective for annual periods beginning on or after 1 January 2013).** The standard addresses the principles for the financial reporting of financial assets and financial liabilities to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The standard will eventually replace IAS 39 - Financial Instruments: Recognition and Measurement.

  The standard is mandatory for accounting periods beginning on or after 1 January 2013, however earlier adoption is permitted. Management is assessing the impact of adoption of the standard on the Group.

- **IFRS 10, Consolidated Financial Statements** (effective for annual periods beginning on or after 1 January 2013). This standard replaces IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation-Special Purpose Entities. The standard requires an entity that is a parent to present consolidated financial statements. A limited exemption is available to some entities. The standard addresses certain instances of divergence in practice in applying IAS 27 and SIC-12, for example, entities varied in their application of the control concept in circumstances in which a reporting entity controls another entity but holds less than a majority of the voting rights of the entity, and in circumstances involving agency relationships. In addition, a perceived conflict of emphasis between IAS 27 and SIC-12 had led to inconsistent application of the concept of control. IAS 27 required the consolidation of entities that are controlled by a reporting entity, and it defined control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. SIC-12, which interpreted the requirements of IAS 27 in the context of special purpose entities, placed greater emphasis on risks and rewards. The Group will apply the standard from 1 October 2013 but it is not expected to have any impact on the Group's financial statements.

- **IFRS 12, Disclosure of Interests in Other Entities** (effective for annual periods beginning on or after 1 January 2013). This standard applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The Group will apply the standard from 1 October 2013.

Barita Investments Limited

Notes to the Financial Statements
30 September 2011
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards that are not effective in the current financial year (continued)

- **IFRS 13, Fair Value Measurement** (effective for annual periods beginning on or after 1 January 2013). The standard explains how to measure fair value for financial reporting. It defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements. This standard applies to those standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. The Group will apply the standard from 1 October 2013 and it will result in expanded disclosure in the financial statements.

(b) Basis of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated.

(i) Acquisitions from third parties

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree's either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

(ii) Acquisitions involving entities under common control

The predecessor method of accounting is used to account for acquisitions involving entities under common control, as such acquisitions are outside of the scope of IFRS 3. Under the predecessor method of accounting, the acquiring entity consolidates the results and net assets of the acquired entity either from the date of acquisition, or as if the acquisition had always taken place, and the current structure had always been in existence. In electing to utilise the latter option, the prior year's comparatives are restated.

Barita Investments Limited

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2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Acquisitions involving entities under common control (continued)

In applying the predecessor method, the purchase consideration for the acquisition is eliminated against the book value of net assets acquired (adjusted for inconsistencies in accounting policies) with any resulting difference being dealt with as an adjustment to equity. There is no goodwill created, nor is there any negative goodwill recognised.

The Group has elected to treat all such acquisitions as if the acquisition had taken place in previous years.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The accounting policies of the subsidiary are consistent with those adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the company are measured using Jamaican dollars, which is the currency of the primary economic environment in which the company operates. The financial statements for the group and the company are presented in Jamaican dollars, which is also the company's functional currency.

Translations and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the profit or loss for the year, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve through other comprehensive income.

Barita Investments Limited

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2. Significant Accounting Policies (Continued)

(e) Financial instruments

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

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at cost, which is the cash given to originate the debt including any transaction costs and subsequently measured at amortised cost using the effective interest method. Loans and receivables on the statement of financial position include securities purchased under resale agreements, receivables, loans receivable, due from related companies and marketable securities.

Financial assets classified as loans and receivables either meet the definition of loans and receivables at the date of acquisition, or at the date of reclassification from another category (fair value through profit or loss or available-for-sale), under the provisions of IAS 39 (Amendment). Financial assets which have been reclassified to this category, meet the definition of loans and receivables as a result of the market for these securities having become inactive.

The Group has elected to reclassify all financial assets reclassified to loans and receivables, to available-for-sale, once the markets for these securities become active again.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are initially recognised at cost, which is the cash given to originate the security, inclusive of any transaction costs, and are subsequently measured at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income.
Purchases and sales of investments are recognised on the settlement date – the date on which an asset is delivered to or by the Group.

Financial assets are assessed periodically for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount for debt instruments carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset. If in a subsequent period, the impairment loss for debt securities carried at amoritsed cost or fair value decreases and that decrease can be related objectively to an event occurring after the impairment, the reversal of the impairment is recorded in the profit or loss for the year.

Barita Investments Limited

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2. Significant Accounting Policies (Continued)

(e) Financial instruments (continued)

Financial assets (continued)
In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value below cost is considered an indicator of impairment. Significant or prolonged are assessed based on market conditions and other indicators. If any such evidence exists for equity instruments, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in the profit or loss, is removed from equity and recognised in the profit or loss. Impairment losses recognised on the equity instruments are not reversed through the profit or loss for the year.

Financial liabilities
The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

(f) Interest income and expense
Interest income and expense are recognised in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method. Interest income includes coupons earned on fixed income investments and accrued discounts or premiums on treasury bills and other discounted instruments.

(g) Fees and commission income
Fees and commission income are recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

(h) Dividend income
Dividends are recognised when the right to receive payments is established.

(i) Gain or loss on sale of investment
Gain or loss on the disposal or maturity of investments, is determined by comparing sale proceeds with the carrying amount of the investment. The amount is recognised in the profit or loss for the year.

When available-for-sale securities are disposed of, the related accumulated unrealised gains or losses included in shareholders' equity are recognised in profit or loss for the year.

(j) Income taxes
Taxation expense in the statement of comprehensive income comprises current and deferred income taxes.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible.

Barita Investments Limited

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2. Significant Accounting Policies (Continued)

(j) Income taxes (continued)

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

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

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

(k) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at market valuation based on triennial valuations by external independent valuers, less subsequent depreciation of buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated on the straight-line basis at annual rates to write off the carrying value of each asset over the period of its useful life. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Office furniture, machines and equipment	10 years
Computer equipment	3 years
Motor vehicles	5 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Revaluation gains on land and buildings are recorded net of tax in other comprehensive income. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net operating revenue.

Repairs and maintenance expenses are charged to profit or loss when the expenditure is incurred.

(l) Receivables

Receivables are carried at anticipated realisable value less provision for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings.

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2. Significant Accounting Policies (Continued)

(m) Repurchase and reverse repurchase agreements
Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the repurchase agreements using the effective yield method.

Securities purchased under agreements to resell and sold under agreements to repurchase are carried on the statement of financial position at amortised cost.

(n) Payables
Payables are initially recognised at fair value and are subsequently measured at amoritsed cost.

(o) Fiduciary activities
The Group commonly acts as a trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

(p) Employee benefits
The Group maintains a pension plan for its eligible employees and agents. The pension plan is a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The plan is generally funded by basic employee contributions of 5% of pensionable salary and voluntary contributions up to a maximum of an additional 5%. This is matched by the Group. Once the Group contributions have been paid the Group has no further payment obligations. The Group's contributions to the plan are charged to profit or loss in the year to which they relate.

(q) Intangible assets
Separately acquired intangible assets are assessed annually for indicators of impairment and are carried at cost less any accumulated amortisation and impairment. The cost of separately acquired intangible assets comprises its purchase price, any directly attributable cost of preparing the asset for its intended use and professional fees directly attributed to acquiring the asset. Amortisation is calculated using the straight line method to allocate the cost of the assets over their estimated useful lives of three years.

(r) Cash and cash equivalents
Cash and cash equivalents are carried in the statement of financial position at cost and comprise balances which mature within 90 days of the date of acquisition, including cash, short term investments and bank overdrafts.

(s) Related party balances and transactions
Parties are considered to be related if directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries), has significant influence over the entity or has joint control over the entity. Related party balances and transactions are recognised and disclosed for the following:

(i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the Group, significant influence over the Group's affairs and close members of the family of these individuals.

(ii) Key management personnel, that is those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers and close members of the families of these individuals

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3. Financial Risk Management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group'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 Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board, through the Asset and Liability Management Committee, Treasury Department, Audit Committee and Risk Manager, manages and monitors risks, as follows:

(i) Asset and Liability Management Committee
This committee is responsible for monitoring the profile of the Group's assets and liabilities. This includes monitoring policies and procedures that are established to ensure that there is sufficient liquidity and that interest rate risk, currency risk and capital adequacy is also monitored.

(ii) Treasury Department
This department is responsible for managing the Group's financial assets and liabilities. It is also primarily responsible for managing the funding and liquidity risks of the Group. It manages these risks by monitoring the statement of financial position and ensuring that business strategies are consistent with liquidity requirements; measuring the capital adequacy for regulatory and business requirements; and monitoring the composition of the assets and liabilities of the Group.

(iii) Audit Committee
The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit, which is outsourced. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iv) Risk Manager
The Risk Manager inspects the Group's operations by reviewing new ventures and projects, new lines of business, and new and existing products for risk exposure. The Risk Manager also ensures compliance with regulations and policies. Periodic reports are prepared by the Risk Manager and presented to senior management and the Board of Directors.

The most important types of financial risk faced by the Group are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

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3. Financial Risk Management (Continued)

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is a significant risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to any one borrower.

Credit review process

The Group has established a process involving regular analysis of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Loans
In addition to assessments of earnings and cash flows, management assesses the existence of free and clear assets which are to be used as collateral in the event of default.

(ii) Investments and cash
The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and Government of Jamaica and Bank of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

(i) For loans receivable - charges over financial instruments such as debt securities and equities, and hypothecation.

(ii) For securities sold under repurchase agreements – cash or securities.

Management monitors the market value of collateral held and requests additional collateral in accordance with the underlying agreement when additional collateral is required.

Impairment

The main considerations for the impairment assessment for financial assets include the following:
(i) Whether any payments of principal or interest are overdue by more than 90 days;
(ii) Whether there are any known difficulties in the cash flows of counterparties or infringement of the original terms of the contract; and
(iii) Whether there is any significant or prolonged decline in the market value below cost.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment (continued)
Based on the foregoing considerations, financial assets that are individually impaired are as follows:

	2011	2010
	$'000	$'000
Investment securities (quoted equities)	61,277	-

Debt securities

The following table summarises the Group's and company's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group		The Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Government of Jamaica	11,846,080	8,908,969	11,817,507	8,908,215
Financial institutions	1,461,057	1,885,471	1,461,057	1,875,156
Corporate	317,231	276,804	317,231	276,804
	13,624,368	11,071,244	13,595,795	11,060,175
Accrued interest	192,021	179,771	188,836	179,645
	13,816,389	11,250,955	13,784,631	11,239,820

3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and is also unable to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay investors and fulfil commitments to lend.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Maintaining committed lines of credit.

(iv) Optimising cash returns on investments.

(v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities.

(vi) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below present the undiscounted cash flows (both interest and principal cash flows) of the Group's and company's financial liabilities based on contractual rights and obligations as well as expected maturity and also shows the undiscounted cash flows of the Group's and company's financial assets based on expected maturity. The Group and company expect that many customers will not request repayment on the earliest date the Group and company could be required to pay.

	The Group						
	2011						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No specific maturity $'000	Total $'000
Financial Liabilities							
Bank overdraft	4,288	-	-	-	-	-	4,288
Securities sold under repurchase agreements	5,983,500	4,220,115	2,150,820	-	-	-	12,354,435
Payables	75,281	-	-	-	-	-	75,281
Due to related parties	1,576	-	-	-	-	-	1,576
Redeemable preference shares	-	-	19,990	205,968	-	-	225,958
Convertible preference shares	-	-	889	3,460	-	-	4,349
Total financial liabilities (based on contractual maturity)	6,064,645	4,220,115	2,171,699	209,428	-	-	12,665,887
Total financial liabilities (based on expected maturity)	683,215	1,628,519	2,338,731	9,341,312	77,262	-	14,069,039
Total financial assets (based on expected maturity)	243,131	1,777,656	2,132,893	7,368,591	11,633,977	150,340	23,306,588

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Group						
	2010						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No specific maturity $'000	Total $'000
Financial Liabilities							
Bank overdraft	4,042	-	-	-	-	-	4,042
Securities sold under repurchase agreements	4,310,148	3,661,310	3,288,787	52,944	49,733	-	11,362,922
Payables	87,778	-	-	-	-	-	87,778
Due to related parties	767	-	-	-	-	-	767
Redeemable preference shares	-	-	20,307	238,559	-	-	258,886
Convertible preference shares	-	-	415	4,083	-	-	4,498
Total financial liabilities (based on contractual maturity)	4,402,735	3,661,310	3,309,509	295,586	49,733	-	11,718,873
Total financial liabilities (based on expected maturity)	431,015	1,235,069	1,970,363	8,805,749	49,733	-	12,491,929
Total financial assets (based on expected maturity)	1,521,441	917,816	1,198,171	8,828,012	4,886,310	164,815	17,516,565

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Company						
	2011						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No specific maturity $'000	Total $'000
Financial Liabilities							
Bank overdraft	4,288	-	-	-	-	-	4,288
Securities sold under repurchase agreements	5,983,500	4,220,115	2,150,820	-	-	-	12,354,435
Payables	69,513	-	-	-	-	-	69,513
Due to related parties	1,478	-	-	-	-	-	1,478
Redeemable preference shares	-	-	29,397	299,970	-	-	329,367
Convertible preference shares	-	-	889	3,460	-	-	4,349
Total financial liabilities (based on contractual maturity)	6,058,779	4,220,115	2,181,106	303,430	-	-	12,763,430
Total financial liabilities (based on expected maturity)	673,629	1,628,302	2,338,731	9,341,312	77,262	-	14,059,236
Total financial assets (based on expected maturity)	200,434	1,773,088	2,128,523	7,353,405	11,620,864	115,354	22,884,805

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Company						
	2010						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No specific maturity $'000	Total $'000
Financial Liabilities							
Bank overdraft	4,042	-	-	-	-	-	4,042
Securities sold under repurchase agreements	4,310,148	3,661,310	3,288,787	52,944	49,733	-	11,362,922
Payables	81,632	-	-	-	-	-	81,632
Due to related parties	576	-	-	-	-	-	576
Redeemable preference shares	-	-	35,997	353,965	-	-	389,962
Convertible preference shares	-	-	416	4,083	-	-	4,498
Total financial liabilities (based on contractual maturity)	4,396,398	3,661,310	3,325,199	410,992	49,733	-	11,843,632
Total financial liabilities (based on expected maturity)	520,063	1,235,069	2,006,775	9,163,797	49,733	-	12,975,437
Total financial assets (based expected maturity)	1,521,441	717,816	724,449	7,137,202	8,719,452	152,307	18,972,667

Assets available to meet all of the liabilities include cash, securities purchased under resale agreements and marketable securities. The Group and company are also able to meet unexpected net cash outflows by selling securities.

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3. Financial Risk Management (Continued)

(c) Market risk

The Group 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 risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Risk Manager in conjunction with the Treasury Manager, who carries out extensive research and monitors the price movement of financial assets on the local and international markets. Generally, the Group has a low to medium risk profile and invests primarily in Government of Jamaica securities. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Jamaican dollar.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

The main currencies giving rise to this risk are the Euro, United States dollar and British pound. The Group sets limits on the level of exposure by currency and in total for both overnight and intra-day positions which are monitored daily.

	The Group				
	Euro J$'000	US$ J$'000	GBP J$'000	Jamaican$ J$'000	Total J$'000
			2011		
Financial Assets					
Cash and bank balances	3,206	9,601	2,954	95,889	111,650
Securities purchased under resale agreements	-	62,868	45,637	1,357,200	1,465,705
Marketable securities and pledged assets	197,779	3,346,968	-	8,956,277	12,501,024
Receivables	-	-	-	38,675	38,675
Loans receivable	-	-	-	73,753	73,753
Due from related parties	-	-	-	9,667	9,667
Total financial assets	200,985	3,419,437	48,591	10,531,461	14,200,474
Financial Liabilities					
Bank overdraft	-	-	-	4,288	4,288
Securities sold under repurchase agreements	-	2,687,237	124,908	9,493,963	12,306,108
Payables	-	-	-	75,281	75,281
Due to related parties	-	-	-	1,576	1,576
Redeemable preference shares	-	-	-	205,968	205,968
Convertible preference shares	-	-	-	3,460	3,460
Total financial liabilities	-	2,687,237	124,908	9,784,536	12,596,681
Net financial position	200,985	732,200	(76,317)	746,925	1,603,793

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	The Group				
	Euro	**US$**	**GBP**	**Jamaican$**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**	**J$'000**
			2010		
Financial Assets					
Cash and bank balances	28	195,637	809	66,835	263,309
Securities purchased under resale agreements	-	92,635	53,711	1,733,905	1,880,251
Marketable securities and pledged assets	251,808	3,040,146	-	6,243,565	9,535,519
Receivables	-	-	-	80,215	80,215
Loans receivable	-	-	-	59,424	59,424
Due from related parties	-	-	-	11,853	11,853
Total financial assets	251,836	3,328,418	54,520	8,195,797	11,830,571
Financial Liabilities					
Bank overdraft	-	-	-	4,042	4,042
Securities sold under repurchase agreements	-	2,758,665	140,039	7,938,705	10,837,409
Payables	-	-	-	87,778	87,778
Due to related parties	-	-	-	767	767
Redeemable preference shares	-	-	-	164,100	164,100
Convertible preference shares	-	-	-	3,460	3,460
Total financial liabilities	-	2,758,665	140,039	8,198,852	11,097,556
Net financial position	251,836	569,753	(85,519)	3,055	733,015

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
(i) Currency risk (continued)

	The Company				
	Euro J$'000	US$ J$'000	GBP J$'000	Jamaican$ J$'000	Total J$'000
	2011				
Financial Assets					
Cash and bank balances	3,206	9,586	2,954	91,597	107,343
Securities purchased under resale agreements	-	62,868	45,637	1,357,200	1,465,705
Marketable securities and pledged assets	197,779	3,346,968	-	8,889,533	12,434,280
Receivables	-	-	-	35,168	35,168
Loans receivable	-	-	-	156,378	156,378
Due from related parties	-	-	-	7,974	7,974
Total financial assets	200,985	3,419,412	48,591	10,537,850	14,206,848
Financial Liabilities					
Bank overdraft	-	-	-	4,288	4,288
Securities sold under repurchase agreements	-	2,687,237	124,908	9,532,361	12,344,506
Payables	-	-	-	69,513	69,513
Due to related parties	-	-	-	1,478	1,478
Redeemable preference shares	-	-	-	299,970	299,970
Convertible preference shares	-	-	-	3,460	3,460
Total financial liabilities	-	2,687,237	124,908	9,911,070	12,723,215
Net financial position	200,985	732,185	(76,317)	(626,780)	(1,483,633)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	The Company				
	Euro J$'000	US$ J$'000	GBP J$'000	Jamaican$ J$'000	Total J$'000
			2010		
Financial Assets					
Cash and bank balances	28	195,637	809	48,831	245,305
Securities purchased under resale agreements	-	92,635	53,711	1,733,905	1,880,251
Marketable securities and pledged assets	251,808	3,040,146	-	6,219,922	9,511,876
Receivables	-	-	-	70,436	70,436
Loans receivable	-	-	-	195,993	195,993
Due from related parties	-	-	-	8,576	8,576
Total financial assets	251,836	3,328,418	54,520	8,277,663	11,912,437
Financial Liabilities					
Bank overdraft	-	-	-	4,042	4,042
Securities sold under repurchase agreements	-	2,758,665	140,039	7,992,867	10,891,571
Payables	-	-	-	81,632	81,632
Due to related parties	-	-	-	576	576
Redeemable preference shares	-	-	-	299,970	299,970
Convertible preference shares	-	-	-	3,460	3,460
Total financial liabilities	-	2,758,665	140,039	8,382,547	11,281,251
Net financial position	251,836	569,753	(85,519)	(104,884)	631,186

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rate below represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% devaluation and a 1% revaluation in the value of the Jamaican dollar (JMD) (2010 - 5% devaluation and 5% revaluation). The sensitivity analysis includes cash and bank balances, securities purchased under resale agreements, marketable securities and securities sold under repurchase agreements.

	The Group and Company					
	% Change in Currency Rate	Effect on Profit before Tax	Effect on other components of Equity	% Change in Currency Rate	Effect on Profit before Tax	Effect on other component of Equity
	2011	2011 $'000	2011 $'000	2010	2010 $'000	2010 $'000
Currency:						
EURO (devaluation of JMD)	1	2,010	-	5	12,592	-
EURO (revaluation of JMD)	1	(2,010)	-	5	(12,592)	-
USD (devaluation of JMD)	1	7,322	-	5	28,488	-
USD (revaluation of JMD)	1	(7,322)	-	5	(28,488)	-
GBP (devaluation of JMD)	1	(763)	-	5	(4,276)	-
GBP (revaluation of JMD)	1	763	-	5	4,276	-

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) 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 Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires the Group to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by the Treasury Department.

The following tables summarise the Group's and company's exposure to interest rate risk. It includes financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	The Group						
	2011						
	Immediately rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non- rate sensitive $'000	Total $'000
Financial Assets							
Cash and bank balances	111,650	-	-	-	-	-	111,650
Securities purchased under resale agreements	1,090,635	291,384	83,686	-	-	-	1,465,705
Marketable securities and pledged assets	215,150	81,052	610,302	3,905,970	7,538,210	150,340	12,501,024
Receivables	-	-	-	-	-	38,675	38,675
Loans receivable	66,422	7,331	-	-	-	-	73,753
Due from related parties	-	-	-	-	-	9,667	9,667
Total financial assets	1,483,857	379,767	693,988	3,905,970	7,538,210	198,682	14,200,474
Financial Liabilities							
Bank overdraft	4,288	-	-	-	-	-	4,288
Securities sold under repurchase agreements	6,021,228	4,519,757	1,765,123	-	-	-	12,306,108
Payables	-	-	-	-	-	75,281	75,281
Due to related parties	-	-	-	-	-	1,576	1,576
Redeemable preference shares	-	-	-	205,968	-	-	205,968
Convertible preference shares	-	-	-	3,460	-	-	3,460
Total financial liabilities	6,025,516	4,519,757	1,765,123	209,428	-	76,857	12,596,681
Total interest repricing gap	(4,541,659)	(4,139,990)	(1,071,135)	3,696,542	7,538,210	121,825	1,603,793
Cumulative gap	(4,541,659)	(8,681,649)	(9,752,784)	(6,056,242)	1,481,968	1,603,793	

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	2010						
	Immediatel y rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non- rate sensitive $'000	Total $'000
Financial Assets							
Cash and bank balances	263,309	-	-	-	-	-	263,309
Securities purchased under resale agreements	161,986	1,293,223	425,042	-	-	-	1,880,251
Marketable securities and pledged assets	1,416,820	415,090	-	4,131,273	3,407,521	164,815	9,535,519
Receivables	-	-	-	-	-	80,215	80,215
Loans receivable	59,159	-	265	-	-	-	59,424
Due from related parties	-	-	-	-	-	11,853	11,853
Total financial assets	1,901,274	1,708,313	425,307	4,131,273	3,407,521	256,883	11,830,571
Financial Liabilities							
Bank overdraft	4,042	-	-	-	-	-	4,042
Securities sold under repurchase agreements	4,199,278	3,400,103	3,135,492	-	102,536	-	10,837,409
Payables	-	-	-	-	-	87,778	87,778
Due to related parties	767						767
Redeemable preference shares	-	-	-	164,100	-	-	164,100
Convertible preference shares	-	-	-	3,460	-	-	3,460
Total financial liabilities	4,204,087	3,400,103	3,135,492	167,560	102,536	87,778	11,097,556
Total interest repricing gap	(2,302,813)	(1,691,790)	(2,710,185)	3,963,713	3,304,985	169,105	733,015
Cumulative gap	(2,302,813)	(3,994,603)	(6,704,788)	(2,741,075)	563,910	733,015	

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	2011						
	Immediately rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non- rate sensitive $'000	Total $'000
Financial Assets							
Cash and bank balances	107,343	-	-	-	-	-	107,343
Securities purchased under resale agreements	1,090,635	291,384	83,686	-	-	-	1,465,705
Marketable securities and pledged assets	215,795	78,306	608,944	3,890,784	7,525,097	115,354	12,434,280
Receivables	-	-	-	-	-	35,168	35,168
Loans receivable	66,422	89,956	-	-	-	-	156,378
Due from related parties	-	-	-	-	-	7,974	7,974
Total financial assets	1,480,195	459,646	692,630	3,890,784	7,525,097	158,496	14,206,848
Financial Liabilities							
Bank overdraft	4,288	-	-	-	-	-	4,288
Securities sold under repurchase agreements	6,059,626	4,519,757	1,765,123	-	-	-	12,344,506
Payables	-	-	-	-	-	69,513	69,513
Due to related parties	-	-	-	-	-	1,478	1,478
Redeemable preference	-	-	-	299,970	-	-	299,970
Convertible preference shares	-	-	-	3,460	-	-	3,460
Total financial liabilities	6,063,914	4,519,757	1,765,123	303,430	-	70,991	12,723,215
Total interest repricing gap	(4,583,719)	(4,060,111)	(1,072,493)	3,587,354	7,525,097	87,505	1,483,633
Cumulative gap	(4,583,719)	(8,643,830)	(9,716,323)	(6,128,969)	1,396,128	1,483,633	

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	2010						
	Immediately rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non- rate sensitive $'000	Total $'000
Financial Assets							
Cash and bank balances	245,305	-	-	-	-	-	245,305
Securities purchased under resale agreements	161,986	1,293,223	208,791	216,251	-	-	1,880,251
Marketable securities and pledged assets	1,405,602	414,964	-	4,127,473	3,411,530	152,307	9,511,876
Receivables	-	-	-	-	-	70,436	70,436
Loans receivable	61,071	134,922	-	-	-	-	195,993
Due from related parties	-	-	-	-	-	8,576	8,576
Total financial assets	1,873,964	1,843,109	208,791	4,343,724	3,411,530	231,319	11,912,437
Financial Liabilities							
Bank overdraft	4,042	-	-	-	-	-	4,042
Securities sold under repurchase agreements	4,253,441	3,400,103	3,135,492	-	102,536	-	10,891,571
Payables	-	-	-	-	-	81,632	81,632
Due to related parties	-	-	-	-	-	576	576
Redeemable preference shares	-	-	-	299,970	-	-	299,970
Convertible preference shares	-	-	-	3,460	-	-	3,460
Total financial liabilities	4,257,483	3,400,103	3,135,491	303,430	102,536	82,208	11,281,251
Total interest repricing gap	(2,283,519)	(1,556,994)	(2,926,700)	4,040,294	3,308,995	149,111	631,186
Cumulative gap	(2,283,519)	(3,940,513)	(6,867,213)	(2,826,919)	482,075	631,186	

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group and Company					
	2011					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities denominated in Ja$	8.34	8.53	9.84	11.61	10.48	10.70
Marketable securities denominated in US$	-	-	8.00	7.48	9.10	8.74
Marketable securities denominated in EURO	-	-	11.00	10.50	-	10.57
Securities purchased under resale agreements-denominated in Ja$	6.44	6.62	-	-	-	6.48
Securities purchased under resale agreements-denominated in US$	4.04	-	-	-	-	4.04
Securities purchased under resale agreements-denominated in GBP	3.23	2.85	2.65	-	-	3.12
Bank overdraft	22.25	-	-	-	-	22.25
Securities sold under repurchase agreements- denominated in Ja$	6.16	6.26	5.93	-	-	6.16
Securities sold under repurchase agreements- denominated in US$	3.61	3.72	3.90	-	-	3.72
Securities sold under repurchase agreements- denominated in GBP	2.77	2.37	2.43	-	-	2.65
Redeemable preference shares	-	-	-	8.33	-	8.33
Convertible preference shares	-	-	-	9.70	-	9.70

Yields are based on book value and contractual interest rate adjusted for amortisation of premium and discounts.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group and Company					
	2010					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities denominated in Ja$	-	8.00	9.01	11.79	12.51	11.26
Marketable securities denominated in US$	-	-	-	7.84	9.45	8.92
Marketable securities denominated in EURO	-	-	-	-	10.60	10.60
Securities purchased under resale agreements-denominated in Ja$	7.00	8.39	-	-	-	7.70
Securities purchased under resale agreements-denominated in US$	4.09	-	-	-	-	4.09
Securities purchased under resale agreements-denominated in GBP	3.32	2.50	2.99	-	-	3.17
Bank overdraft	22.25	-	-	-	-	22.25
Securities sold under repurchase agreements- denominated in Ja$	7.73	7.67	6.51	-	-	7.36
Securities sold under repurchase agreements- denominated in US$	4.02	4.10	4.55	-	-	4.20
Securities sold under repurchase agreements- denominated in GBP	3.27	3.16	2.80	-	-	3.18
Redeemable preference shares	-	-	-	16.5	-	16.5
Convertible preference shares	-	-	-	12.5	-	12.5

Yields are based on book value and contractual interest rate adjusted for amortisation of premium and discounts.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's and company's profit or loss and shareholders' equity.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on profit before taxation based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of shareholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The change in the interest rates will impact the financial assets and liabilities differently. Consequently, individual analyses were performed. The effect on profit before taxation and other components of equity below is the total of the individual sensitivities done for each of the assets and liabilities.

	Effect on Profit before Taxation	Effect on Other Components of Equity	Effect on Profit before Taxation	Effect on Other Components of Equity
	2011	2011	2010	2010
	$'000	$'000	$'000	$'000
	The Group			
Change in basis points:				
-100(2010 : -200)	(22,769)	40,538	(21,929)	5,122
+100(2010 : +200)	22,769	(40,157)	21,929	(5,750)
	The Company			
Change in basis points:				
-100 (2010: -200)	(22,114)	39,760	(21,872)	4,358
+100 (2010: +200)	22,114	(39,424)	21,872	(4,986)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group and the company are exposed to equity securities price risk because of certain equity and unit trust investments which it holds.

The table below summarises the impact of increases/decreases on the Group's and company's net other comprehensive income (before taxation) resulting from a reasonably possible change in market prices. There would be no impact on profit before taxation as the equities are classified as available-for-sale. The analysis is based on the assumption that the equity and unit trust prices had increased/decreased by 5% (2010 – 10%).

	Effect on Equity 2011 $'000	Effect on Equity 2010 $'000
	The Group	
Change in index:		
+5% (2010: + 10%)	5,011	10,987
-5% (2010: – 10%)	(5,011)	(10,987)
	The Company	
Change in index:		
+10% (2010: + 10%)	3,845	10,154
-10 %(2010: – 10%)	(3,845)	(10,154)

(d) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statements of financial position, are:

(i) To comply with the capital requirements set by the regulators of the banking markets where the Group operates.

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders' and benefits for other stakeholders.

(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored regularly by the Group's management, employing techniques based on the guidelines developed by the FSC. The required information is filed with the FSC on a monthly basis.

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3. Financial Risk Management (Continued)

(d) Capital management (continued)

The company and its subsidiary, BUTM, are both regulated by the FSC.

The FSC requires each bank or banking group to:

(i) Hold the minimum level of the tier 1 capital as a percentage of total capital base.

(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets.

The Group's regulatory capital is managed by its Treasury Department and Risk Manager and is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill, if any, is deducted in arriving at Tier 1 capital; and

(ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

The tables below summarise the composition of regulatory capital and the ratios of the company and BUTM for the years ended 30 September. During those two years, the Group complied with all of the externally imposed capital requirements to which they are subject.

	Barita		BUTM	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Tier 1 capital	1,220,345	1,009,188	120,662	129,128
Tier 2 capital	93,821	66,418	-	-
Total regulatory capital	1,314,166	1,075,606	120,662	129,128

Barita

	2011		2010	
	Actual	Required	Actual	Required
Regulatory Capital/Risk-weighted assets	22%	>10%	46%	>10%
Tier 1 Capital/Capital base	93%	>50%	93%	>50%

BUTM

	2011		2010	
	Actual	Required	Actual	Required
Regulatory Capital/Risk-weighted assets	79%	>10%	53%	>10%
Tier 1 Capital/Capital base	100%	>50%	100%	>50%

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3. Financial Risk Management (Continued)

(e) Fair values of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Group is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The following table presents the Group's and company's financial assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end, and the Group had no instruments classified in Level 3 during the year.

	The Group		
	2011		
At 30 September 2011	**Level 1 $'000**	**Level 2 $'000**	**Total $'000**
Available-for-sale financial assets -			
Equity securities	150,340	-	150,340
Debt securities	-	12,350,684	12,350,684
	150,340	12,350,684	12,501,024

	2010		
At 30 September 2010	**Level 1 $'000**	**Level 2 $'000**	**Total $'000**
Available-for-sale financial assets -			
Equity securities	164,815	-	164,815
Debt securities	-	7,101,059	7,101,059
	164,815	7,101,059	7,265,874

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3. Financial Risk Management (Continued)

(e) Fair values of financial instruments (continued)

	The Company		
	2011		
At 30 September 2011	**Level 1 $'000**	**Level 2 $'000**	**Total $000**
Available-for-sale financial assets -			
Equity securities	115,354	-	115,354
Debt securities	-	12,318,926	12,318,926
	115,354	12,318,926	12,434,280

	2010		
At 30 September 2010	**Level 1 $'000**	**Level 2 $'000**	**Total $000**
Available-for-sale financial assets -			
Equity securities	152,307	-	152,307
Debt securities	-	7,089,924	7,089,924
	152,307	7,089,924	7,242,231

The fair value of financial instruments that are traded in an active market for which there are no quoted market prices, is determined by using valuation techniques. When using valuation techniques, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at year end. The following methods and assumptions have been used:

(i) Investments securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

(iv) The fair value of securities sold under agreements to repurchase is assumed to approximate to their carrying amounts, due to the short term maturity on these instruments. The fair value of redeemable and convertible preference shares (classified as debt) was determined using the quoted price at 30 September to be $223,020,000 (2010 - $221,480,000) for the Group and $318,589,000 (2010 - $393,582,000) for the company.

(v) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

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4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the Group's accounting policies**
In the process of applying the Group's accounting policies, management has not made any judgements that would cause a significant impact on the amounts recognised in the financial statements.

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

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

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5. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group is organised and managed in business segments based on its business activities which are all located in Jamaica. The designated segments are as follows:

(a) Fixed income – this includes money market activities and securities broking

(b) Funds management – this includes the administration of two unit trust funds

(c) Other operations – this includes the operation of foreign exchange cambio, stock broking and any other income.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted profit before tax. The segment information provided to the Board of Directors for the reportable segments for the year ended 30 September 2011 is as follows:

	The Group			
	30 September 2011			
	Fixed Income $'000	Funds Management $'000	Other $'000	Group $'000
Total segment revenue	1,534,381	64,659	63,580	1,662,620
Inter-segment revenue	(13,103)	(12,891)	-	(25,994)
Total gross external revenue	1,521,278	51,768	63,580	1,636,626
Total expenses	(899,113)	(48,160)	-	(947,273)
Inter-segment expense	13,103	12,891	-	25,994
	(886,010)	(35,269)	-	(921,279)
Segment results				715,347
Unallocated expenses				(390,571)
Profit before tax				324,776
Taxation				(105,697)
Net profit				219,079
Segment assets	14,056,363	214,762	-	14,271,125
Inter-segment assets	(135,923)	(82,625)	-	(218,548)
Net segment assets	13,920,440	132,137	-	14,052,577
Unallocated assets				753,144
Total assets				14,805,721
Segment liabilities	12,647,936	94,100	-	12,742,036
Inter-segment liabilities	(177,938)	(38,398)	-	216,336
Net segment liabilities	12,469,998	57,465	-	12,525,700
Unallocated liabilities				520,451
Total liabilities				13,046,151

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5. Segment Reporting (Continued)

	The Group			
	30 September 2010			
	Fixed Income $'000	Funds Management $'000	Other $'000	Group $'000
Total segment revenue	1,511,686	64,661	21,619	1,597,966
Inter-segment revenue	(16,820)	(17,535)	-	(34,355)
Total gross external revenue	1,494,866	47,126	21,619	1,563,611
Total expenses	(1,107,937)	(50,353)	-	(1,162,967)
Inter-segment expense	16,820	17,535	-	34,355
	(1,090,540)	(32,818)	-	1,123,358
Segment results	404,326	(3,227)	21,619	440,253
Unallocated expenses				(307,164)
Profit before tax				133,089
Taxation				(36,003)
Net profit				97,086
Segment assets	11,588,120	285,385	-	11,873,505
Inter-segment assets	(190,731)	(173,128)	-	(363,859)
Net segment assets	11,397,389	112,257	-	11,509,646
Unallocated assets				827,103
Total assets				12,336,749
Segment liabilities	11,219,324	156,257	-	11,375,581
Inter-segment liabilities	(227,215)	(135,999)	-	(363,214)
Net segment liabilities	10,992,109	20,258	-	11,012,367
Unallocated liabilities				230,101
Total liabilities				11,218,145

Profit from the reportable segments is reconciled to the Group's profit before taxation as follows:

	The Group	
	2011 $'000	2010 $'000
Profit from reportable segments	715,347	440,253
Unallocated costs -		
Operating expenses	(390,571)	(307,164)
	324,776	133,089

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5. Segment Reporting (Continued)

Reportable segments' assets are reconciled to the Group's total assets as follows:

	The Group	
	2011 $'000	**2010 $'000**
Segment assets from reportable segments	14,052,577	11,509,646
Unallocated assets -		
Cash and bank balances	107,343	245,305
Receivables	436,335	426,481
Due from related parties	7,974	8,576
Property, plant and equipment	165,987	130,567
Intangible assets	35,503	16,172
Investments	2	2
	14,805,721	12,336,749

Reportable segments' liabilities are reconciled to the Group's total liabilities as follows:

	The Group	
	2011 $'000	**2010 $'000**
Segment liabilities from reportable segments	12,525,700	11,012,367
Unallocated liabilities -		
Bank overdraft	4,288	4,042
Payables	75,116	85,006
Due to related parties	1,478	576
Taxation	109,201	-
Deferred tax liabilities	330,368	116,154
	13,046,157	11,218,145

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6. Expense by Nature

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and promotion	30,671	37,892	26,768	35,628
Auditors' remuneration -				
Current	7,201	6,492	5,801	5,150
Prior	-	532	-	432
Bank charges and interest	8,015	9,516	8,015	9,516
Depreciation and amortisation	11,795	7,939	10,815	6,960
Directors' fees	550	700	550	700
Impairment of available-for-sale investments	61,277	-	61,277	-
Insurance	7,955	7,418	7,555	7,418
Fund expenses	1,314	1,276	-	-
Office expenses	10,657	8,894	9,725	8,199
Professional fees	8,890	8,545	8,722	8,545
Registration and license fees	4,489	6,754	4,489	6,754
Rent	1,084	975	1,084	975
Repairs and maintenance	4,286	3,524	4,111	3,406
Security costs	5,686	4,873	5,686	4,873
Software maintenance	3,620	4,094	3,620	4,094
Staff costs (Note 7)	207,715	182,628	188,968	164,537
Utilities	18,556	17,726	16,357	16,106
Other expenses	29,416	29,046	27,028	23,871
	423,177	338,824	390,571	307,164

7. Staff Costs

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	150,512	131,546	134,154	115,573
Commissions	24,561	19,924	24,561	19,924
Statutory contributions	15,831	12,817	14,755	11,803
Pension costs	8,136	8,248	7,658	7,673
Other staff benefits	8,675	10,093	7,840	9,564
	207,715	182,628	188,968	164,537

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8. Taxation Expense

(a) Income tax is computed on the profit for the year, as adjusted for taxation purposes, and comprises income tax at 33 ⅓%:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current year tax charge	114,454	5,051	109,203	-
Deferred income tax (Note 20)	(8,757)	30,952	(12,083)	32,999
	105,697	36,003	97,120	32,999

(b) Reconciliation of applicable tax expense to effective tax charge.

The Group's taxation expense differs from the theoretical amount that would arise from the profit before tax using the applicable tax rate of the Group as follows:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Profit before taxation	324,776	133,089	308,277	118,781
Tax calculated at 33 ⅓%	108,259	44,363	102,759	39,594
Adjusted for the effects of:				
Income not subject to tax	(14,411)	(18,182)	(14,152)	(15,767)
Expenses not allowable for tax purposes	9,135	4,142	9,058	3,933
Other charges and allowances	2,714	5,680	(545)	5,239
Income tax expense	105,697	36,003	97,120	32,999

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8. Taxation Expense (Continued)

(c) The gains recorded in other comprehensive income and the related tax charges are as follows:

	The Group					
	2011 $'000			2010 $'000		
	Before tax	Taxation	After tax	Before tax	Taxation	After tax
Unrealised gains on available-for-sale investments	769,863	(262,057)	507,806	252,152	(83,068)	169,084
Net gains recycled to profit or loss on disposal, maturity and impairment of available-for-sale investments	(146,575)	48,858	(97,717)	(139,896)	46,632	(93,264)
Surplus on revaluation of property, plant and equipment	38,877	(11,474)	27,403	-	-	-
	662,166	(224,673)	437,492	112,256	(36,436)	75,820

	The Company					
	2011 $'000			2010 $'000		
	Before tax	Taxation	After tax	Before tax	Taxation	After tax
Unrealised gains on available-for-sale investments	758,863	(261,596)	497,267	254,908	(84,045)	170,863
Net gains recycled to profit or loss on disposal, maturity and impairment of available-for-sale investments	(140,319)	46,773	(93,546)	(139,896)	46,632	(93,264)
Surplus on revaluation of property, plant and equipment	38,877	(11,474)	27,403	-	-	-
	657,421	(226,297)	431,124	115,012	(37,413)	77,599

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9. Net Profit/Retained Earnings

The net profit and retained earnings of the Group are reflected in the accounts of the company and its subsidiary as follows:

	2011 $'000	2010 $'000
Net Profit		
Holding company	211,157	85,782
Subsidiary	7,922	11,304
	219,079	97,086
Retained Earnings		
Holding company	449,086	253,534
Subsidiary	90,093	82,171
	539,179	335,705

10. Cash and Cash Equivalents

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash in hand	114	114	114	114
Cash at bank	111,536	263,195	107,229	245,191
	111,650	263,309	107,343	245,305
Bank overdrafts	(4,288)	(4,042)	(4,288)	(4,042)
	107,362	259,267	103,055	241,263

Cash at bank comprises mainly amounts held in current accounts, which attract interest at 0.05% – 3.5%.

The Group's overdraft facilities of $25,000,000 with FirstCaribbean International Bank Limited are secured by Government of Jamaica Investment Note with a face value of $35,000,000 (2010 - $35,000,000). The weighted average effective interest rate on the overdraft facilities is 17.85% (2010 – 22.25%).

11. Securities Purchased under Resale Agreements

The Group and company have entered into repurchase agreements collaterised by Government of Jamaica (GOJ) securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included in securities purchased under resale agreements is accrued interest for the Group and company of $4,648,000, respectively (2010 - $5,095,000 and $5,074,000).

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12. Marketable Securities

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Available-for-sale -				
Quoted equities	137,692	154,500	115,354	152,307
Government of Jamaica (GOJ) bonds	11,841,432	6,708,085	11,812,859	6,697,076
Corporate bonds	317,231	276,804	317,231	276,804
Unit Trust Funds	12,648	10,315	-	-
	12,309,003	7,149,704	12,245,444	7,126,187
Accrued interest	192,021	116,170	188,836	116,044
	12,501,024	7,265,874	12,434,280	7,242,231
Loans and receivables -				
GOJ Global Bonds	-	2,211,139	-	2,211,139
Accrued interest	-	58,506	-	58,506
	-	2,269,645	-	2,269,645
	12,501,024	9,535,519	12,434,280	9,511,876
Less Pledged assets (Note 13)	(4,029,643)	(4,551,973)	(4,029,643)	(4,551,973)
	8,471,381	4,983,546	8,404,637	4,959,903

In 2008, the Group and company reclassified certain financial assets out of the available-for-sale category into the loans and receivables category. The Group had the intent and ability to hold these reclassified loans and receivables for the foreseeable future or until maturity at the date of reclassification, which was 30 September 2008.

In 2011, the Jamaica Securities Dealers Association determined that the market for Global Bonds was active. As a result, these financial assets no longer met the definition of loans and receivable and as such were transferred to their original classification of available-for-sale.

At 30 September 2010, included in the fair value reserve in equity for the Group and company is a fair value loss in the amount of $58,563,628 on financial assets reclassified out of the available-for-sale category into loans and receivable category.

Jamaica Debt Exchange

In February 2010, the Group and the company participated in the Jamaica Debt Exchange (JDX) transaction. The JDX involved a par-for-par exchange of domestic debt instruments ("Old Notes") issued by the Government of Jamaica for new debt instruments ("New Notes") having lower interest rate and longer maturities. While the Old Notes were all callable by the Government of Jamaica, a majority of New Notes will be non-callable. Participation in the JDX was voluntary.

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13. Pledged Assets

Assets of the Group are pledged as collateral under repurchase agreements with customers and financial institutions. The Group also has investment securities that are pledged as security in relation to overdraft and other facilities with the Bank of Jamaica (BOJ) and other financial institutions.

	The Group and Company					
	Asset			Related Liability		
	2011 $'000	2010 $'000	2009 $'000	2011 $'000	2010 $'000	2009 $'000
Investment securities:						
Pledged with customers	3,991,236	4,520,550	3,764,393	3,645,224	4,381,625	3,761,211
Pledged with BOJ and other financial institutions	38,407	31,423	142,734	4,288	4,042	6,056
	4,029,643	4,551,973	3,907,127	3,649,512	4,385,667	3,767,267

14. Receivables

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Receivable from clients	21,145	61,751	21,127	61,751
Prepaid expenses	4,503	3,692	3,872	3,215
Withholding tax	397,295	352,830	397,295	352,830
Other	17,530	18,464	14,041	8,685
	440,473	436,737	436,335	426,481

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15. Earnings per Share

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 21).

	2011 $'000	2010 $'000
Net profit attributable to ordinary shareholders	219,079	97,086
Weighted average number of ordinary shares in issue	443,416	433,749
Basic earnings per share	$0.49	$0.22

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. At 30 September 2011 and 2010, the company's convertible preference shares were anti-dilutive.

16. Related Party Transactions and Balances

Related parties are identified below, as companies with which there are common directors and/or common shareholders, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers and close members of the families of these individuals.

(a) The following transactions were carried out with related parties during the year:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Barita Unit Trusts Management Company Limited -				
Interest paid on investments	-	-	(13,103)	(17,355)
Rental income received	-	-	573	-
Interest received on loans	-	-	12,891	16,820
Barita Unit Trust Funds-				
Management fees	41,718	33,533	-	-
Interest paid on investments	(9,913)	(13,550)	(9,913)	(13,550)
Gain on disposal of investments	6,255	6,336	-	-
Barita Leasing Limited -				
Interest paid on investments	(1,376)	(3,055)	(1,376)	(3,055)
Directors -				
Interest paid on investments	(443)	(565)	(443)	(565)
Interest received on investments	-	34	-	34

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16. Related Party Transactions and Balances (Continued)

(b) The balances at year end were as follows:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Receivables -				
Barita Unit Trusts Management Company Limited	-	-	388	129
Barita Unit Trust Money Market Fund	1,884	3,209	-	-
Barita Education Fund	7,438	7,330	7,438	7,330
Key management personnel	-	1,029	-	1,029
Other related parties	345	285	148	88
	9,667	11,853	7,974	8,576
Payables -				
Barita Leasing Limited	(1,472)	(576)	(1,472)	(576)
Barita Education Fund	(6)	-	(6)	-
Barita Unit Trust Capital Growth Fund	(98)	(191)	-	-
	(1,576)	(767)	(1,478)	(576)
Marketable securities -				
Barita Unit Trust Money Market Fund	6,000	-	-	-
Barita Unit Trust Capital Growth Fund	10,674	10,315	4,026	-
	10,674	10,315	4,026	-
Securities sold under repurchase agreement -				
Barita Leasing Limited	(20,825)	(19,793)	(20,825)	(19,793)
Barita Unit Trust Management Company Limited	-	-	(38,390)	(54,642)
Barita Unit Trust Money Market Fund	(200,588)	(52,662)	(200,588)	(52,662)
Barita Unit Trust Capital Growth Fund	(7,500)	(14,888)	(7,500)	(14,888)
Key management personnel	(4,701)	-	(4,701)	-
	(233,614)	(87,343)	(272,004)	(141,984)
Redeemable preference shares -				
Barita Unit Trusts Management Company Limited	-	-	(95,569)	(135,870)

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16. Related Party Transactions and Balances (Continued)

(c) Key management compensation

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Salaries	69,844	70,688	61,825	63,864
Statutory deductions	5,794	3,345	5,794	3,345
Pension	3,246	4,564	3,246	4,564
Commission	16,799	8,548	16,799	8,548
	95,683	87,145	87,664	80,321
Directors' emoluments –				
Management remuneration (included in staff costs)	16,553	14,916	8,534	8,092
Directors' fees	550	710	550	700
	17,103	15,626	9,084	8,792

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17. Property, Plant and Equipment

	The Group				
	Land & Buildings $'000	Office Furniture, Machines & Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Total $'000
			2011		
At Cost or Valuation -					
1 October 2010	114,818	26,963	23,371	14,551	179,703
Additions	526	1,046	4,728	-	6,300
Revaluation adjustment	31,760	-	-	-	31,760
Disposals	-	(11)	-	-	(11)
At 30 September 2011	147,104	27,998	28,099	14,551	217,752
Depreciation -					
1 October 2010	5,116	14,732	18,042	8,331	46,221
Charge for the year	3,249	1,587	3,165	2,711	10,712
Revaluation adjustment	(7,117)	-	-	-	(7,117)
Disposals	-	(8)	-	-	(8)
At 30 September 2011	1,248	16,311	21,207	11,042	49,808
Net Book Value -					
30 September 2011	145,856	11,687	6,892	3,509	167,944
			2010		
At Cost or Valuation -					
1 October 2009	111,078	25,148	19,605	18,837	174,668
Additions	3,740	1,815	3,806	-	9,361
Disposals	-	-	(40)	(4,286)	(4,326)
At 30 September 2010	114,818	26,963	23,371	14,551	179,703
Depreciation -					
1 October 2009	3,218	12,677	17,097	9,425	42,417
Charge for the year	1,898	2,055	985	2,511	7,449
Disposals	-	-	(40)	(3,605)	(3,645)
At 30 September 2010	5,116	14,732	18,042	8,331	46,221
Net Book Value -					
30 September 2010	109,702	12,231	5,329	6,220	133,482

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17. Property, Plant and Equipment (Continued)

	The Company				
	Land & Buildings $'000	Office Furniture, Machines and Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Total $'000
			2011		
At Cost or Valuation -					
At 1 October 2010	113,740	26,182	20,053	10,626	170,601
Additions	526	1,024	4,728	-	6,278
Revaluation adjustment	31,760	-	-	-	31,760
Disposals	-	(11)	-	-	(11)
At 30 September 2011	146,026	27,195	24,781	10,626	208,628
Depreciation -					
At 1 October 2010	4,166	14,270	15,164	6,434	40,034
Charge for the year	3,205	1,560	3,042	1,925	9,732
Revaluation adjustment	(7,117)	-	-	-	(7,117)
Relieved on disposals	-	(8)	-	-	(8)
At 30 September 2011	254	15,822	18,206	8,359	42,641
Net Book Value -					
At 30 September 2011	145,772	11,373	6,575	2,267	165,987
			2010		
At Cost or Valuation -					
At 1 October 2009	110,000	24,385	16,247	13,490	164,122
Additions	3,740	1,797	3,806	-	9,343
Disposals	-	-	-	(2,864)	(2,864)
At 30 September 2010	113,740	26,182	20,053	10,626	170,601
Depreciation -					
At 1 October 2009	2,312	12,243	14,301	6,891	35,747
Charge for the year	1,854	2,027	863	1,726	6,470
Relieved on disposals	-	-	-	(2,183)	(2,183)
At 30 September 2010	4,166	14,270	15,164	6,434	40,034
Net Book Value -					
At 30 September 2010	109,574	11,912	4,889	4,192	130,567

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17. Property, Plant and Equipment (Continued)

The Group's land and building was revalued as at September 2011 by D.C. Tavares & Finson Realty Limited, professionally qualified property appraisers.

18. Intangible Assets

	The Group and Company		
	Computer Software $'000	Software development work in progress $'000	Total $'000
	2011		
At Cost or Valuation -			
At 1 October 2010	9,070	14,823	23,893
Additions	4,243	16,171	20,414
At 30 September 2011	13,313	30,994	44,307
Amortisation -			
At 1 October 2010	7,721	-	7,721
Charge for the year	1,083	-	1,083
At 30 September 2011	8,804	-	8,804
Net Book Value -			
At 30 September 2011	4,509	30,994	35,503
	2010		
At Cost or Valuation -			
At 1 October 2009	8,841	-	8,841
Additions	229	14,823	15,052
At 30 September 2010	9,070	14,823	23,893
Amortisation -			
At 1 October 2009	7,231	-	7,231
Charge for the year	490	-	490
At 30 September 2010	7,721	-	7,721
Net Book Value -			
At 30 September 2010	1,349	14,823	16,172

19. Investment

	2011 $'000	2010 $'000
Seat on the Jamaica Stock Exchange	2	2

This investment is carried at cost as the fair value of the stock exchange seat cannot be reliably determined.

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20. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 33⅓%.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	The Group		The Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deferred tax assets	(1,763)	-	-	-
Deferred tax liabilities	330,368	112,689	330,368	116,154
	328,605	112,689	330,368	116,154

The movement in deferred tax assets and liabilities during the period is as follows:

	The Group		The Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Net liabilities at beginning of year	112,689	45,301	116,154	45,742
Credited/(charged) to profit or loss (Note 8)	(8,757)	30,952	(12,083)	32,999
Charged to other comprehensive income (Note 8)	224,673	36,436	226,297	37,413
Net liabilities at end of year	328,605	112,689	330,368	116,154

Deferred income tax liabilities have not been established for the withholding tax that would be payable on the unappropriated profits of subsidiaries as the amounts are not subject to tax. Such un-appropriated profits totaled $90,093,000 as at 30 September 2011 (2010 - $82,171,000).

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20. Deferred Taxation (Continued)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

	The Group				
Deferred tax liabilities	**Fair value gains**	**Accelerated depreciation**	**Interest receivable**	**Exchange gain**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 1 October 2009	247	22,180	171,471	43,041	236,939
Charged/(credited) to profit or loss	-	4,369	(114,260)	28,382	(81,509)
Charged to other comprehensive income	13,021	-	-	-	13,021
At 1 October 2010	13,268	26,549	57,211	71,423	168,451
(Credited)/charged to profit or loss	(29,446)	(9,065)	3,870	3,185	(31,456)
Charged to other comprehensive income	213,199	11,474	-	-	224,673
At 30 September 2011	197,021	28,958	61,081	74,608	361,668

Deferred tax assets	**Fair value losses**	**Taxes losses**	**Interest payable**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 1 October 2009	23,415	36,448	131,775	191,638
Charged to profit or loss	-	(32,942)	(79,519)	(112,461)
Charged to other comprehensive income	(23,415)	-	-	(23,415)
At 1 October 2010	-	3,506	52,256	55,762
Charged to profit or loss	-	(3,506)	(19,193)	(22,699)
At 30 September 2011	-	-	33,063	33,063

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20. Deferred Taxation (Continued)

	The Company				
Deferred tax liabilities	**Fair value gains**	**Accelerated depreciation**	**Interest receivable**	**Exchange gain**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 1 October 2009	-	23,128	171,211	43,041	237,380
Charged/(credited) to profit or loss	-	4,134	(114,260)	28,382	(81,744)
Charged to other comprehensive income	13,998	-	-	-	13,998
At 1 October 2010	13,998	27,262	56,951	71,423	169,634
(Credited)/ charged to profit or loss	(29,446)	(9,703)	3,066	3,185	(32,898)
Charged to other comprehensive income	214,823	11,474	-	-	226,297
At 30 September 2011	199,375	29,033	60,017	74,608	363,033

Deferred tax assets	**Fair value losses**	**Taxes losses**	**Interest payable**	**Total**
At 1 October 2009	23,415	36,448	131,775	191,638
Charged to profit or loss	-	(32,942)	(81,801)	(114,743)
Charged to other comprehensive income	(23,415)	-	-	(23,415)
At 1 October 2010	-	3,506	49,974	53,480
Charged to profit or loss	-	(3,506)	(17,309)	(20,815)
At 30 September 2011	-	-	32,665	32,665

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

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Deferred tax liabilities to be settled after more than 12 months	(225,979)	(51,978)	(228,408)	(41,260)
Deferred tax assets to be recovered after more than 12 months	-	3,506	-	3,506

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21. Payables

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Client funds	31,019	56,337	31,018	56,337
Statutory liabilities	7,488	3,374	5,603	3,374
Other	44,262	31,441	38,495	25,295
	82,769	91,152	75,116	85,006

22. Share Capital and Treasury Shares

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Authorised ordinary shares 600,000,000 (2010 – 600,000,000)				
Authorised redeemable preference shares 100,000,000 (2010 – 100,000,000)				
Authorised convertible preference shares 100,000,000 (2010 – 100,000,000)				
(a) Issued and fully paid ordinary shares of no par value				
445,001,824 (2010 – 445,001,824)	754,994	754,994	754,994	754,994
(b) Issued and fully paid preference shares:				
Series 'A' 2012 redeemable cumulative variable rate preference shares	299,970	299,970	299,970	299,970
Series 'B' 2012 convertible cumulative variable rate preference shares	13,620	13,620	13,620	13,620
	1,068,584	1,068,584	1,068,584	1,068,584
Less preference shares accounted for as liabilities under IFRS	(303,430)	(303,430)	(303,430)	(303,430)
	765,154	765,154	765,154	765,154
(c) Treasury shares	(10,145)	(10,145)	(9,500)	(9,500)

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22. Share Capital and Treasury Shares (Continued)

Through its initial public offering on 7 December 2009, the company issued the following shares:

(i) 200,000,000 ordinary shares;
(ii) 99,990,000 redeemable preference shares; and
(iii) 4,540,000 convertible preference shares

The shares were listed on the JSE on 15 January 2010.

BUTM participated in the Barita's initial public offering by acquiring 598,000 ordinary shares and 45,290,000 redeemable preference shares. The ordinary shares acquired by BUTM are treated as treasury shares in the consolidated financial statements while the redeemable preference shares have been eliminated, as discussed below.

Redeemable preference shares
The significant terms and conditions of the redeemable preferences shares are as follows:

(i) The right to cumulative dividends at a variable rate which was agreed at 16.5% in the first year.

(ii) In the event of winding up or other return of capital, the right to be paid in priority to any holder of ordinary shares.

(iii) No right to vote at any general meeting except in the event of a failure to pay two consecutive dividends payment period or on winding up of the company.

(iv) Mandatory redemption of the shares at $3 per share no later than three years after the date of issue.

In accordance with the provisions of IAS 32, these preference shares were classified as a liability as the terms of the preference shares resulted in the company incurring an unavoidable obligation of the company to pay cash. The dividends declared on the preference shares are dealt with in the profit and loss and are part of interest expense. The carrying value of the preference shares issued to BUTM of $95,569,000 (2010- $135,870,000) has been eliminated in the consolidated financial statements, resulting in the carrying value of the redeemable preference shares being $205,968,000 (2010 -$164,100,000) for the Group. The reduction in the carrying value of BUTM's holdings resulted from a sale to a third party.

Convertible preference shares
The significant terms and conditions of the convertible preference shares are similar to the redeemable preference shares with the exception of the following:

(i) The right to cumulative dividends at a variable rate which was agreed at 12% in the first year.

(ii) These shares are mandatorily converted into ordinary shares using a specified conversion formula, in November 2012.

(iii) Dividends paid do not attract income tax.

In accordance with IAS 32, the convertible preference shares were deemed to be a hybrid financial instrument with both a debt and an equity component. Consistent with the requirement of the standard, the instrument was separated into its component parts to facilitate separate recognition. The value of the liability component and the equity component were determined at the date the preference shares were issued. The liability component of $3,460,000 was determined by calculating the present value of the dividend payments using a market interest rate for a similar non-convertible bond as the discount factor. The residual amount of $10,160,000, representing the equity component, was included in share capital.

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23. Capital Reserve

This represents the unrealised surplus on revaluation of property, plant and equipment for the company, and unrealised surplus on revaluation of property, plant and equipment less consolidation adjustments to account for the acquisition of BUTM for the Group. The movement on the capital reserve is as follows:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At 1 October	1,103	1,103	62,958	62,958
Revaluation surplus, net of taxes	27,403	-	27,403	-
30 September	28,506	1,103	90,361	62,958

24. Fair Value Reserve

This represents the unrealised surplus or deficit on the revaluation of available-for-sale investment securities.

25. Reclassifications

(a) Marketable securities and pledged assets

In accordance with paragraph 15 of IFRS 7 and paragraph 37 A of IAS 39, the Group and company reclassified certain pledged assets with the right by contract to resell or re-pledge, from marketable securities to pledged assets on the statement of financial position. Pledged assets previously reported within marketable securities in the financial statements for the years ended 30 September 2010 and 2009 have also been reclassified. The reclassification of these balances has not impacted the Group's or the company's net profit, other comprehensive income or shareholders' equity reported in previous years.

(b) Other comprehensive income

Certain tax expenses associated with net gains recycled to profit or loss on the disposal and maturity of available-for-sale securities, have been reclassified from unrealised gains on available-for-sale investments, and have been netted against net gains recycled to profit or loss on the disposal and maturity of available-for-sale securities for the financial year ended 30 September 2010. The reclassification of these tax expenses did not impact other comprehensive (which is where these gains were recorded), nor did it impact shareholders' equity.