THE JAMAICA STOCK EXCHANGE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

THE JAMAICA STOCK EXCHANGE LIMITED
AND ITS SUBSIDIARIES

YEAR ENDED DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

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Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of The Jamaica Stock Exchange Limited

Report on the Financial Statements

We have audited the accompanying financial statements of The Jamaica Stock Exchange Limited and its Subsidiaries (the Group) and the Jamaica Stock Exchange Limited (the Company), which comprise the Group and the Company statements of financial position as at December 31, 2014, the Group and the Company statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 auditors' 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 of financial statements that give a true and fair view 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To The Members of The Jamaica Stock Exchange Limited (Continued)

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Other Matter

The financial statements of the Group and the Company for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 28, 2014.

As part of our audit of the 2014 financial statements, we also audited the adjustments described in Note 33 that were applied to amend the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2013 financial statements of the company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements taken as a whole.

Report on additional requirements of 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 maintained and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act in the manner so required.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

February 23, 2015

THE JAMAICA STOCK EXCHANGE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

	Notes	2014 $'000	Restated 2013 $'000
Non-current assets			
Property, plant and equipment	4	82,428	89,800
Intangible assets	5	24,691	31,933
Employee benefits	7	66,957	66,193
Investment in securities	8(a)	277,342	254,765
Long-term receivables	9	10,787	9,376
Total non-current assets		462,205	452,067
Current assets			
Income tax recoverable	33	19,390	13,397
Trade and other receivables	10,33	62,974	80,978
Due from related party	29(b)	2,376	-
Investment in securities	8(b)	-	28,150
Government securities purchased under resale agreements	11	68,920	68,277
Cash and cash equivalents	12	14,330	17,125
Total current assets		167,990	207,927
Total assets		630,195	659,994
Equity			
Share capital	13	238,146	238,146
Fair value reserve	14	10,961	2,293
Revenue reserve	15,33	311,916	312,318
Total equity		561,023	552,757
Non-current liabilities			
Deferred tax liabilities	17	2,613	15,129
Total non-current liabilities		2,613	15,129
Current liabilities			
Payables and accruals	18,33	66,559	78,602
Due to related parties	29(b)	-	13,119
Current portion of long-term liabilities	16	-	387
Total current liabilities		66,559	92,108
Total equity and liabilities		630,195	659,994

The accompanying notes form an integral part of these financial statements.
The financial statements were approved for issue by the Board of Directors on February 23, 2015 and signed on its behalf by:

____________________ Director
Allan Lewis

____________________ Director
Jane George

THE JAMAICA STOCK EXCHANGE LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

	Notes	2014 $'000	Restated 2013 $'000
Revenue			
Cess		68,632	70,373
Fee income		198,638	160,969
E-campus		10,952	6,465
Other operating income	19,33	59,027	53,513
		337,249	291,320
Expenses			
Staff costs	20	171,697	151,238
Property expenses		83,419	62,918
Depreciation and amortization	4,5	24,522	21,564
Advertising and promotion		27,750	34,158
Professional fees		35,595	24,845
Securities commission fees		12,889	15,664
Bad debts, less recoveries		(3,095)	10,231
E-campus		12,654	9,660
Other operating expenses		18,349	13,229
		383,780	343,507
Investment income	21(a)	42,362	56,455
Other gains	22	147	27
Finance costs	23	(8)	(6,107)
Loss before taxation	24	(4,030)	(1,812)
Taxation	25,33	7,158	7,486
Profit for the year	26	3,128	5,674
OTHER COMPREHENSIVE INCOME			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	7(c)	(5,295)	(11,669)
Deferred income tax on item that will never be reclassified to profit or loss	17	1,765	3,889
Items that may be reclassified to profit or loss:			
Realised (loss)/gain on available-for-sale investments	14	(11)	498
Unrealised gains on available-for-sale investments	14	13,016	2,273
Deferred income tax on items that may be reclassified to profit or loss	17	(4,337)	(924)
Other comprehensive income/(loss) for the year, net of taxes		5,138	(5,933)
TOTAL COMPREHENSIVE INCOME/LOSS FOR THE YEAR		8,266	(259)
Earnings per stock unit	27	0.02	0.05

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

THE JAMAICA STOCK EXCHANGE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

	Share Capital $'000 (Note 13)	Fair Value Reserve $'000 (Note 14)	Revenue Reserve $'000 (Note 15)	Total $'000
Balances at January 1, 2013	168,590	446	402,424	571,460
Profit for the year, as restated (Note 33)	-	-	5,674	5,674
Other comprehensive income:				
Appreciation in fair value of investments, net of taxes	-	1,847	-	1,847
Remeasurement of employees benefit assets, net of taxes	-	-	(7,780)	(7,780)
Total comprehensive income for the year, as restated (Note 33)	-	1,847	(2,106)	(259)
Issue of ordinary shares (Note 13)	69,556	-	-	69,556
Dividends (Note 32)	-	-	(88,000)	(88,000)
Balance at December 31, 2013, as restated (Note 33)	238,146	2,293	312,318	552,757
Profit for the year	-	-	3,128	3,128
Other comprehensive income:				
Appreciation in fair value of investments, net of taxes	-	8,668	-	8,668
Remeasurement of employees benefit assets, net of taxes	-	-	(3,530)	(3,530)
Total comprehensive income for the year	-	8,668	(402)	8,266
Balance at December 31, 2014	238,146	10,961	311,916	561,023

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

THE JAMAICA STOCK EXCHANGE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

	Notes	2014 $'000	Restated 2013 $'000
Cash flows from operating activities			
Profit for the year		3,128	5,674
Adjustments for:			
Depreciation of property, plant and equipment	4	13,788	11,073
Amortisation of intangible assets	5	10,734	10,491
(Gain)/Loss on sale of available-for-sale investments	21(a)	(11)	531
Gain on disposal of property, plant and equipment		(147)	(27)
Unrealised foreign exchange gain on investments		(18,809)	(28,255)
Employee benefits expense	7(c)	673	(1,401)
Bad debts, less recoveries	10	(5,548)	10,231
Income tax credit	25	(7,158)	(7,486)
Interest income	21(a)	(23,542)	(29,295)
Interest expense	23	8	6,107
Operating cash flows before movements in working capital		(26,884)	(22,357)
Decrease/(Increase) in trade and other receivables		23,552	(17,750)
Decrease /(Increase) in payables and accruals		(12,043)	4,996
Post employment benefit contributions	7(d)	(6,732)	(6,308)
Cash utilised in operations		(22,107)	(41,419)
Income tax paid		(13,923)	(7,965)
Interest paid		(8)	(6,107)
Cash used in operating activities		(36,038)	(55,491)
Cash flows from investing activities			
Investment securities, net		(10,000)	(142,573)
Proceeds from disposal of property, plant and equipment		147	27
Government securities purchased under resale agreements		3,348	120,967
Payments made by related parties		(15,495)	5,474
Proceeds from sale of available-for-sale investments		39,105	185,593
Acquisition of property, plant and equipment	4	(5,883)	(23,932)
Acquisition of intangible assets	5	(4,023)	(11,007)
Long-term receivables		(1,411)	(599)
Interest received		26,805	31,349
Cash provided by investing activities		32,593	165,299
Cash flows from financing activities			
Dividends paid		-	(88,000)
Net proceeds from issue of shares		-	69,556
Loan repaid		(387)	(87,076)
Cash used in financing activities		(387)	(105,520)
Net (decrease)/increase in cash and cash equivalents		(3,832)	4,288
Cash and cash equivalents at the beginning of the year		17,125	12,271
Effect of foreign exchange rate changes		1,037	566
Cash and cash equivalents at the end of the year	12	14,330	17,125

The accompanying notes form an integral part of these financial statements

THE JAMAICA STOCK EXCHANGE LIMITED

THE COMPANY STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

	Notes	2014 $'000	2013 $'000
Non-current assets			
Property, plant and equipment	4	74,307	79,608
Intangible assets	5	15,533	20,161
Investment in subsidiary	6	61,000	61,000
Employee benefits	7	46,510	45,636
Investment in securities	8(a)	202,999	195,830
Long-term receivable	9	9,066	8,793
Total non-current assets		409,415	411,028
Current assets			
Income tax recoverable		15,441	15,742
Trade and other receivables	10	29,757	53,425
Investment in securities	8(b)	-	11,806
Due from related party	29(b)	2,937	30,558
Government securities purchased under resale agreements	11	62,181	60,378
Cash and cash equivalents	12	2,802	1,014
Total current assets		113,118	172,923
Total assets		522,533	583,951
Equity			
Share capital	13	238,146	238,146
Fair value reserve	14	9,376	2,266
Revenue reserve	15	219,830	240,903
Total equity		467,352	481,315
Non-current liabilities			
Deferred tax liabilities	17	-	9,721
Total non-current liabilities		-	9,721
Current liabilities			
Due to related party	29(b)	11,132	34,099
Payables and accruals	18	44,049	58,429
Current portion of long-term liabilities	16	-	387
Total current liabilities		55,181	92,915
Total equity and liabilities		522,533	583,951

The accompanying notes form an integral part of these financial statements.
The financial statements were approved for issue by the Board of Directors on February 23, 2015 and signed on its behalf by:

______________________ Director ______________________ Director
Ian McNaughton Jane George

THE JAMAICA STOCK EXCHANGE LIMITED

THE COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

	Notes	2014 $'000	2013 $'000
Revenue			
Cess		60,120	61,576
Fee income		54,730	44,970
E-campus		10,952	6,465
Other operating income	19	59,515	55,451
		185,317	168,462
Expenses			
Staff costs	20	107,061	93,855
Property expenses		48,425	34,789
Depreciation and amortization	4,5	17,635	15,248
Advertising and promotion		27,241	33,400
Professional fees		18,663	14,712
Securities commission fees		12,234	14,228
Bad debts less recoveries		312	4,641
E-campus		12,654	9,660
Other operating expenses		5,724	5,664
		249,949	226,197
Investment income	21(a)	33,248	43,537
Other gains	22	147	27
Finance costs	23	(8)	(6,107)
Loss before taxation	24	(31,245)	(20,278)
Taxation	25	12,201	11,269
Loss for the year		(19,044)	(9,009)
OTHER COMPREHENSIVE INCOME			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	7(c)	(3,043)	(8,456)
Deferred income tax on item that will never be reclassified to profit or loss	17	1,014	2,819
Items that may be reclassified to profit or loss:			
Realised (losses)/gains on available-for-sale financial assets	14	(9)	498
Unrealised gains on available-for-sale financial assets	14	10,676	2,493
Deferred income tax on items that may be reclassified to profit or loss	17	(3,557)	(997)
Other comprehensive income/(loss) for the year, net of taxes		5,081	(3,643)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(13,963)	(12,652)

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

THE JAMAICA STOCK EXCHANGE LIMITED

THE COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

	Share Capital $'000 (Note 13)	Fair Value Reserve $'000 (Note 14)	Revenue Reserve $'000 (Note 15)	Total $'000
Balances at January 1, 2013	168,590	272	343,549	512,411
Loss for the year	-	-	(9,009)	(9,009)
Other comprehensive income:				
Appreciation in fair value of investments	-	1,994	-	1,994
Remeasurement of employee benefits assets, net of taxes	-	-	(5,637)	(5,637)
Total comprehensive income for the year	-	1,994	(14,646)	(12,652)
Issue of ordinary shares	69,556	-	-	69,556
Dividends (Note 32)	-	-	(88,000)	(88,000)
Balance at December 31, 2013	238,146	2,266	240,903	481,315
Loss for the year	-	-	(19,044)	(19,044)
Other comprehensive income:				
Appreciation in fair value of investments	-	7,110	-	7,110
Remeasurement of employee benefits assets, net of taxes	-	-	(2,029)	(2,029)
Total comprehensive income for the year	-	7,110	(21,073)	(13,963)
Balance at December 31, 2014	238,146	9,376	219,830	467,352

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

THE JAMAICA STOCK EXCHANGE LIMITED

THE COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(Expressed in Jamaican Dollars)

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Loss for the year		(19,044)	(9,009)
Adjustments for:			
Depreciation of property, plant and equipment	4	10,013	7,955
Amortisation of intangible assets	5	7,622	7,293
Gain on disposal of property, plant and equipment		(147)	(27)
Foreign exchange gain on investments		(14,963)	(20,302)
Post employment benefit expense	7(c)	455	(925)
Bad debts, less recoveries	10	(2,177)	4,641
Gain on sale of investments in available-for-sale financial assets	21(a)	(9)	498
Income tax credit	25	(12,201)	(11,269)
Interest income	21(a)	(18,276)	(24,161)
Interest expense	23	8	6,107
Operating cash flows before movements in working capital		(48,719)	(39,199)
Decrease/(Increase) in trade and other receivables		25,845	(18,129)
(Decrease)/Increase in trade and other payables		(14,380)	76
Post employment benefit contributions	7(d)	(4,372)	(4,237)
Cash used in operations		(41,626)	(61,489)
Income tax paid		238	(5,502)
Interest paid		(8)	(6,107)
Cash used in operating activities		(41,396)	(73,098)
Cash flows from investing activities			
Net acquisition of investments in securities		-	(115,451)
Proceeds from sale of investments in available-for-sale financial assets		22,146	162,359
Government securities purchased under resale agreements		2,600	102,333
Advances from related parties		4,654	25,072
Acquisition of property, plant and equipment	4	(4,712)	(20,088)
Net proceeds on disposal of property, plant and equipment		147	27
Acquisition of intangible assets	5	(2,994)	(7,219)
Long-term receivable		(273)	(573)
Interest received		21,270	26,622
Cash provided by investing activities		42,838	173,082
Cash flows from financing activities			
Dividend paid		-	(88,000)
Share issue net of expenses		-	69,556
Loan repaid		(387)	(87,076)
Cash used in financing activities		(387)	(105,520)
Net increase/(decrease) in cash and cash equivalents		1,055	(5,536)
Cash and cash equivalents at the beginning of the year		1,014	6,120
Effect of foreign exchange rate changes		733	430
Cash and cash equivalents at the end of the year	12	2,802	1,014

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

(Expressed in Jamaican Dollars)

1. **Identification and principal activities**

The Jamaica Stock Exchange Limited (the Company) is incorporated in Jamaica as a public limited liability company. The main activities of the Company are the regulation and operation of a stock exchange and the development of the stock market in Jamaica. The Company performs the twin role of regulating participants in the stock market, and operating an efficient platform on which that market trades. The Company is domiciled in Jamaica with registered office at 40 Harbour Street, Kingston, Jamaica and is listed on the Main Market of the Jamaica Stock Exchange.

During 2013, a resolution was passed at an Extra Ordinary General Meeting that the ordinary shares of the Company be traded on the Main Market of the Jamaica Stock Exchange.

The Group comprises the Company and its wholly-owned subsidiary as detailed below:

Subsidiary	Principal Activity
Jamaica Central Securities Depository Limited (JCSD) and its wholly-owned subsidiary, JCSD Trustee Services Limited (Incorporated July 21, 2008)	To establish and maintain a Central Securities Depository (CSD) in Jamaica to facilitate the transfer of ownership of securities by book entry, including shares, stocks, bonds or debentures of companies and other eligible securities. Its subsidiary JCSD Trustee Services Limited provides trustee custodianship and related services.

Both the JCSD and its subsidiary are incorporated and domiciled in Jamaica. The Company and its subsidiaries are herein referred to as the Group.

2. **Basis of preparation**

(a) Statement of compliance:

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

(b) Adoption of new and revised International Financial Reporting Standards

New and revised standards and interpretations that became effective during the year

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments are effective for annual periods beginning on or after January 1, 2014 and have no impact on the Group's financial position or performance.

2. **Statement of compliance and basis of preparation (Continued)**

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

New and revised standards and interpretations that became effective during the year (Continued)

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non- simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group's financial position or performance.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

IFRIC 21 *Levies*
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements *2010-2012 Cycle*
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus is effective for periods beginning at January 1, 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The adoption of this amendment to IFRS 13 has no impact on the Group.

Annual Improvements *2011-2013 Cycle*
In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus is effective for periods beginning at January 1, 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The adoption of this amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

2. **Statement of compliance and basis of preparation (Continued)**

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

New revised and amended standards and interpretations that are not yet effective

At the date of approval of the financial statements, certain new and revised standards and interpretations were in issue but are not yet effective and have not been early-adopted.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

IFRS 14 *Regulatory Deferral Accounts*
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014. Management is currently assessing the impact of the amendments on the Group's financial reporting.

2. **Statement of compliance and basis of preparation (Continued)**

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

New revised and amended standards and interpretations that are not yet effective (Continued)

Annual improvements *2010-2012 Cycle*
These improvements are effective from July 1, 2014 and are not expected to have a material impact on the Group. They include:

IFRS 2 *Share-based Payment*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
- ► A performance condition must contain a service condition
- ► A performance target must be met while the counterparty is rendering service
- ► A performance target may relate to the operations or activities of an entity, or to those of another entity in the same Group
- ► A performance condition may be a market or non-market condition
- ► If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

IFRS 3 *Business Combinations*
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 *Operating Segments*
The amendments are applied retrospectively and clarify that:
- ► An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’
- ► The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 *Related Party Disclosures*
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

2. **Statement of compliance and basis of preparation (Continued)**

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

New revised and amended standards and interpretations that are not yet effective (Continued)

Annual improvements *2011-2013 Cycle*
These improvements are effective from July 1, 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 *Business Combinations*
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- ► Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- ► This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IAS 40 *Investment Property*
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact in the Group.

IFRS 13 *Fair Value Measurement*
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

2. **Statement of compliance and basis of preparation (Continued)**

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

New revised and amended standards and interpretations that are not yet effective (Continued)

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

2. **Statement of compliance and basis of preparation (Continued)**

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

New revised and amended standards and interpretations that are not yet effective (Continued)

Amendments to IAS 27: *Equity Method in Separate Financial Statements*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

(c) Basis of measurement and functional currency

The Group's financial statements have been prepared on the historical cost basis, except for financial assets classified as available-for-sale that are measured at revalued amounts or fair values as set out in the accounting policies at Note 3(f). Historical cost is generally based on the fair value of the consideration given in exchange for assets. Unless otherwise stated, the financial statements are presented in thousands of Jamaica dollars ($'000), which is the functional currency of the Group and Company.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2. **Basis of preparation (Continued)**

(e) Accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by Management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

- Allowance for credit losses

  In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows of accounts receivable, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows of impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

  At year end the impairment provision recognised in respect of trade receivables of the Group amounted to $6.74 million (2013: $21.67 million) and the Company $2.22 million (2013: $11.08 million).

- Fair value of financial instruments:

  As described in Note 31, management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Group. The financial assets of the Group at the end of the reporting period stated at fair value determined in this manner amounted to $277.34 million (2013: $282.92 million) and the Company $203 million (2013: $207.64 million). (Note 8)

  Had the fair value of these securities been 2% higher or lower the fair value reserve for the Group would increase/decrease by $5.55 million (2013: $5.66 million), Company $4.06 million (2013: $4.15 million).

2. **Basis of preparation (Continued)**

(e) Accounting estimates and judgements (Continued)

- Employee benefits

  As disclosed in Note 7, the Group operates a defined benefit pension plan. The retirement benefit asset disclosed in the statement of financial position for the Group is $66.96 million (2013: $66.19 million) and Company $46.51 million (2013: $45.64 million), in respect of the defined benefits plan is subject to estimates in respect of periodic costs which costs are dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan.

  The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group estimates the appropriate discount rate annually which rate is used to determine the present value of estimated cash outflows expected to be required to settle the pension and post-retirement benefit obligations. Actuaries are contracted in this regard.

  To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rate on government bonds that have that have maturities approximating the related pension liabilities was considered.

- Taxes

  Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates taking cognizance of possible differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group.

  Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (Note 17 and Note 25).

3. **Significant accounting policies**

(a) Property, plant and equipment

Property, plant and equipment held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at cost, less accumulated depreciation and impairment losses.

Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and work-in-progress are not depreciated:

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than freehold land, land improvements and work-in-progress) less residual values, over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(b) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

3. **Significant accounting policies (Continued)**

(c) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit and loss.

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

(d) Investment in subsidiary

Investment in subsidiary is stated at cost in the financial statements of the Company.

(e) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase the asset at a fixed price on a future date (repurchase agreements) and securities purchased under agreements to resell the asset at a fixed price on a future date (reverse repurchase agreements) are treated as collateralised financing transactions. In the case of reverse repurchase agreements, the underlying asset is not recognized in the Group's financial statements; in the case of repurchase agreements the underlying collateral is not derecognized from the Group's financial statements but is segregated as pledged assets. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective interest method.

3. **Significant accounting policies (Continued)**

(f) Financial assets and liabilities

Financial assets comprise cash and cash equivalents, government securities purchased under resale agreements, investment securities, due from related parties and receivables. Financial liabilities comprise payable, due to related parties and loans.

(i) Recognition

The Group initially recognises loans and receivables on the date at which the Group becomes a party to the contractual provisions of the instrument, i.e., the date that they are originated.

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

The Group enters into transactions whereby it transfers assets but retains either all or a portion of the risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, repurchase transactions.

(iii) Measurement

On initial recognition, financial assets and liabilities are measured at fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The measurement of financial assets subsequent to initial recognition depends upon their classification as set out in Note 3(g) below, namely: loans and receivables are measured at amortised cost using the effective interest method; held-to-maturity investments are measured at amortised cost using the effective interest method; investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably determined are measured at amortised cost.

Other financial assets are measured at their fair values without any deduction for transaction costs that may be incurred on sale or other disposal.

Financial liabilities are measured at amortised cost after initial recognition.

3. **Significant accounting policies (Continued)**

(g) Financial assets

(i) Classification

The Group classifies its financial assets into the following categories: loans and receivables; held-to-maturity; and available-for-sale. Management determines the classification of its investments at initial recognition.

(1) Loans and receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash and cash equivalents and long-term receivable) are measured at amortised cost using the effective interest method less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(2) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity and which are not designated as at fair value through profit or loss or as available-for-sale. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale and the Group would be prohibited from classifying investment securities as held-to-maturity for two financial years. Held-to-maturity investments are measured at amortised cost.

(3) Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified in any of the other three categories of financial assets. They are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or market prices. Available-for-sale investments are measured at fair value, except for any unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Interest income is recognised in profit or loss using the effective interest method. Other unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognized in other comprehensive income. On disposal or impairment of these investments, the realized gains or losses included in fair value reserve are transferred to profit or loss.

3. **Statement of compliance and basis of preparation (Continued)**

(g) Financial assets (Continued)

(ii) Identification and measurement of impairment

At each financial year end, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset level and collectively. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, management makes judgements as to current economic and credit conditions and their effect on default rates, loss rates and the expected timing of future recoveries, ensuring that assumptions remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale securities are recognised by transferring the cumulative loss that has been recognised directly in other comprehensive income in equity to profit or loss. The cumulative loss that is removed from equity and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

3. **Statement of compliance and basis of preparation (Continued)**

(g) Financial assets (Continued)

(ii) Identification and measurement of impairment (Continued)

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(h) Employee benefit costs

Pension obligations

The Group operates a defined benefit pension plan. The cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at the end of each reporting period.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the statement of profit or loss and other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under expenses in consolidated statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(i) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated statement of comprehensive income because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. **Significant accounting policies (Continued)**

(i) Taxation (Continued)

(ii) Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deducitble temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. **Significant accounting policies (Continued)**

(j) Related party transactions and balances

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

(a) A person or a close member of that person's family is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan established for the benefit of employees of either the company or an entity related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(k) Revenue recognition

(i) Cess income:

Cess income which is based on a percentage of the volume of business done through brokers on the Stock Exchange and derived from levies on investors, is accounted for on the accruals basis.

(ii) Fee income:

Fee income derived from annual listing fees charged to listed companies is accounted for on the accruals basis. Fee income also includes initial listing fees paid by entities wishing to be listed on the Stock Exchange. These are accounted for when they become due.

3. **Significant accounting policies (Continued)**

(k) Revenue recognition (Continued)

(ii) Fee income: (Continued)

Fee income of the subsidiaries include:

Membership fees

These are annual fees charged to the brokers and institutional investors who participate in the CSD, and are accounted for on the accrual basis.

Account maintenance fees

These are monthly fees charged to the brokers and institutional investors who participate in the CSD, and are accounted for on the accrual basis.

User fees

These include charges per transaction for deposits, withdrawals and delivery orders (trades), and are accounted for on the accrual basis.

Trustee service fee

These include service fees charged for the provision of trustee services, company management, custodianship and related services and are accounted for on the accrual basis.

(iii) E-campus income

This represents revenue generated from JSE offering of post graduate certificate and diploma courses to professionals and is accounted for on the accrual basis.

(iv) Members/dealers license fee

These are fees levied on members/dealers annually. Additionally, an initial fee determined on the basis of a bid is payable by new dealers subject to approval by the Board of Directors.

(v) Other operating income:

This includes income related to other services and events of the group such as website charges, conferences and seminars, and is accounted for on the accrual basis.

3. **Significant accounting policies (Continued)**

(k) Revenue recognition (Continued)

(vi) Investment income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably.

Interest income is accrued on a time basis and is recognised in the statement of comprehensive income, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(l) Current vs. non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(m) Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Group operates (its functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

4. **Property, plant and equipment**

The Group

	Freehold land $'000	Freehold buildings $'000	Furniture & fixtures $'000	Office equipment $'000	Computer hardware $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Cost								
January 1, 2013	4,997	63,770	11,664	23,662	81,766	670	193	186,722
Additions	-	1,670	73	5,963	3,437	3,678	9,111	23,932
Disposals	-	-	-	(1,590)	-	-	-	(1,590)
Transfers (Note 5)	-	193	-	321	-	-	(193)	321
December 31, 2013	4,997	65,633	11,737	28,356	85,203	4,348	9,111	209,385
Additions	-	639	89	2,686	2,442	-	27	5,883
Disposals	-	-	-	(1,393)	(6,403)	(670)	-	(8,466)
Transfers (Note 5)	-	1,149	-	8,493	-	-	(9,111)	531
December 31, 2014	4,997	67,421	11,826	38,142	81,242	3,678	27	207,333
Depreciation								
January 1, 2013	-	19,989	8,110	16,610	64,723	670	-	110,102
Charge for year	-	1,636	756	2,368	5,884	429	-	11,073
Eliminated on disposals	-	-	-	(1,590)	-	-	-	(1,590)
December 31, 2013	-	21,625	8,866	17,388	70,607	1,099	-	119,585
Charge for year	-	1,670	692	4,368	6,322	736	-	13,788
Eliminated on disposals	-	-	-	(1,393)	(6,403)	(672)	-	(8,468)
December 31, 2014	-	23,295	9,558	20,363	70,526	1,163	-	124,905
Carrying amounts								
December 31, 2014	4,997	44,126	2,268	17,779	10,716	2,515	27	82,428
December 31, 2013	4,997	44,008	2,871	10,968	14,596	3,249	9,111	89,800

4. **Property, plant and equipment (Continued)**

The Company

	Freehold land $'000	Freehold buildings $'000	Furniture & fixtures $'000	Office equipment $'000	Computer hardware $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Cost								
January 1, 2013	4,997	63,770	8,608	19,659	58,329	670	193	156,226
Transfers	-	193	-	321	-	-	(193)	321
Additions	-	1,670	53	3,592	1,984	3,678	9,111	20,088
Disposal	-	-	-	(1,590)	-	-	-	(1,590)
December 31, 2013	4,997	65,633	8,661	21,982	60,313	4,348	9,111	175,045
Transfers	-	1,149	-	7,962	-	-	(9,111)	-
Additions	-	639	81	2,513	1,452	-	27	4,712
Disposal	-	-	-	(1,393)	(6,066)	(670)	-	(8,129)
December 31, 2014	4,997	67,421	8,742	31,064	55,699	3,678	27	171,628
Depreciation								
January 1, 2013	-	19,989	6,390	14,270	47,753	670	-	89,072
Charge for year	-	1,636	460	1,745	3,685	429	-	7,955
Eliminated on disposals	-	-	-	(1,590)	-	-	-	(1,590)
December 31, 2013	-	21,625	6,850	14,425	51,438	1,099	-	95,437
Charge for year	-	1,670	399	3,371	3,838	735	-	10,013
Eliminated on disposals	-	-	-	(1,393)	(6,066)	(670)	-	(8,129)
December 31, 2014	-	23,295	7,249	16,403	49,210	1,164	-	97,321
Carrying amounts								
December 31, 2014	4,997	44,126	1,493	14,661	6,489	2,514	27	74,307
December 31, 2013	4,997	44,008	1,811	7,557	8,875	3,249	9,111	79,608

4. **Property, plant and equipment (Continued)**

The following useful lives are used in the calculation of depreciation of property, plant and equipment:

Buildings	-	40 years
Furniture and fixtures	-	10 years
Office equipment	-	5 years
Computer hardware	-	5 years
Motor vehicles	-	5 years

No depreciation is provided on freehold land, land improvements and work-in-progress.

5. **Intangible assets**

	The Group			**The Company**		
	Computer Software $'000	**Computer Software Development Project** $'000	**Total** $'000	**Computer Software $'000**	**Computer software Development Projects $'000**	**Total $'000**
Cost						
January 1, 2013	77,482	4,770	82,252	49,973	3,919	53,892
Transfers (Note 4)	-	(411)	(411)	-	(411)	(411)
Additions	2,088	8,919	11,007	1,367	5,852	7,219
December 31, 2013	79,570	13,278	92,848	51,340	9,360	60,700
Transfers (Note 4)	606	(1,137)	(531)	-	-	-
Additions	142	3,881	4,023	71	2,923	2,994
Disposal	(110)	-	(110)	(110)	-	(110)
December 31, 2014	80,208	16,022	96,230	51,301	12,283	63,584
Amortisation						
January 1, 2013	50,424	-	50,424	33,246	-	33,246
Charge for the year	10,491	-	10,491	7,293	-	7,293
December 31, 2013	60,915	-	60,915	40,539	-	40,539
Charge for the year	10,734	-	10,734	7,622	-	7,622
Disposal	(110)	-	(110)	(110)	-	(110)
December 31, 2014	71,539	-	71,539	48,051	-	48,051
Carrying amounts						
December 31, 2014	8,669	16,022	24,691	3,250	12,283	15,533
December 31, 2013	18,655	13,278	31,933	10,801	9,360	20,161

Amortisation of the computer software is calculated based on an estimated useful life of 3 - 5 years. Amortisation is not calculated on computer software in development.

6. **Investment in subsidiary**

	2014 $'000	**2013 $'000**
Shares at cost in Jamaica Central Securities Depository Limited	61,000	61,000

(Expressed in Jamaican Dollars)

7. Employee benefits

The Group operates a defined benefit pension plan for its employees. The plan is open to all permanent employees and is administered by Prime Asset Management Limited. The plan is funded by employee contributions of 5% of pensionable salary, with an option for additional voluntary contributions of up to 8.4% of pensionable salary. The companies in the Group contribute to the plan at rates determined periodically by external actuarial valuations (currently 6.6% of pensionable salary) to meet the obligations of the plan.

Pension benefits are determined on the basis of 2% of final pensionable salary times pensionable years of service.

The trustees administer an irrevocable trust for providing pensions and other benefits to employees of The Jamaica Stock Exchange Limited and Jamaica Central Securities Depository Limited (the employers). The benefits are provided in accordance with the provisions of the rules of The Jamaica Stock Exchange Superannuation Pension Plan (formerly Jamaica Stock Exchange Pension Scheme) and funding as recommended by the actuaries to meet past and future liabilities of the Plan.

Contributions are received from The Jamaica Stock Exchange Limited and Jamaica Central Securities Depository Limited on behalf of the employees who are eligible for membership. Management determines the level of contribution required to the Plan on the recommendation of the Trustees. The Trustees make and approve changes by the Investment Manager, Custodian/Trustee, Actuary, Plan Administrator and Investment Consultant; monitor and review performance of the Investment Manager at least quarterly; review the Plan's performance on a quarterly basis and approve deviation from investment policy; review the actuarial valuation, changes in methods and assumptions and its impact upon the Plan; and review investment policies and principles at least annually.

Performance targets are set to achieve appropriate investment asset mix and diversification, rate of return above inflation and rate of return above a benchmark portfolio constructed on specified market indices and Government instruments. The primary objective of the Plan is to maximize the benefit paid to members at retirement through optimisation of returns on investments within constraint of risk exposure in the asset mix strategy. The asset mix of the Plan consists of long-term asset mix strategy with average equity content providing that the equity component is well diversified. The Plan is exposed to interest rate risk, inflation and changes in life expectancy for pensioners. Note 7(g) details the plan's exposure in respect of various financial assets.

The most recent actuarial valuation was carried out at December 31, 2014, by Duggan Consulting Limited, a qualified actuary. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

(a) Principal assumptions used for the purpose of the actuarial valuations:

Financial Assumptions

	2014	**2013**
Discount rate	9.5%	9.5%
Expected rate of future salary increases	6.5%	6.0%
Future pension increases	0.0%	0.0%
Administrative expenses	1.0%	1.0%

Mortality
American 1994 Group Annuitant Mortality (GAM94) table with 5 year mortality improvement.

7. **Employee benefits (Continued)**

(b) Amount included in the statement of financial position in respect of the plan:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Fair value of plan assets	225,455	194,887	156,607	134,363
Present value of defined benefit obligations	(158,498)	(128,694)	(110,097)	(88,727)
	66,957	66,193	46,510	45,636
Net asset in the statement of financial position	66,957	66,193	46,510	45,636

(c) Amounts recognised in profit or loss and other comprehensive income in respect of the plan:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Current service costs	6,428	5,471	4,421	3,861
Interest costs	13,235	11,711	9,142	8,149
Return on plan assets	(18,990)	(18,583)	(13,108)	(12,935)
Net expense/(income) for year recognised in profit or loss	673	(1,401)	455	(925)
Items in Other Comprehensive Income (OCI):				
Remeasurements loss on obligation for OCI	6,847	5,472	4,947	3,088
Remeasurements loss on assets for OCI	(1,552)	6,197	(1,904)	5,367
Total remeasurements for OCI	5,295	11,669	3,043	8,455
	5,968	10,268	3,498	7,530

(d) Movement in the net asset recognised in the statement of financial position:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Net asset at start of year	66,193	70,153	45,636	48,929
Net expenses from profit or loss and OCI	(5,968)	(10,268)	(3,498)	(7,530)
Contributions by Company	6,732	6,308	4,372	4,237
Net asset at end of year	66,957	66,193	46,510	45,636

7. **Employee benefits (Continued)**

(e) Changes on the present value of the defined benefit obligations:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Opening defined benefit obligations	128,694	101,295	88,727	70,649
Service cost	11,527	10,251	7,732	7,072
Interest cost	13,235	11,711	9,142	8,149
Members' contributions	2,789	2,793	1,555	1,730
Benefits paid	(4,594)	(2,828)	(2,006)	(1,961)
Remeasurement gain	6,847	5,472	4,947	3,088
Closing defined benefit obligations	158,498	128,694	110,097	88,727

(f) Changes in fair value of plan assets:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Opening fair value of plan assets	194,887	171,448	134,363	119,578
Members' contributions	7,887	7,573	4,865	4,941
Employer's contributions	6,733	6,308	4,373	4,237
Interest income on plan assets	18,990	18,583	13,108	12,935
Benefits paid	(4,594)	(2,828)	(2,006)	(1,961)
Remeasurement loss on asset for OCI	1,552	(6,197)	1,904	(5,367)
Closing fair value of plan assets	225,455	194,887	156,607	134,363

7. **Employee benefits (Continued)**

(g) The fair value of plan assets is analysed as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Corporate bonds	3,010	5,567	2,091	3,838
Equity investments	54,162	49,075	37,622	33,834
Foreign currency bonds	78,351	65,768	54,424	45,343
Government of Jamaica securities	35,430	34,965	24,611	24,107
Real estate	26,000	25,000	18,060	17,236
Repurchase agreements	16,842	3,995	11,699	2,754
Unit trust	2,449	2,208	1,701	1,522
Others	9,211	8,309	6,399	5,729
Fair value of plan asset	225,455	194,887	156,607	134,363

(h) The history of experience adjustments is as follows:

	The Group Defined Benefit Pension Plan	
	2014	**2013**
	$'000	**$'000**
Present value of defined benefit obligation	(158,498)	(128,694)
Fair value of plan assets	225,445	194,887
Surplus in the plan	66,947	66,193
Experience adjustments on plan liabilities	6,847	5,472
Experience adjustments on plan assets	(1,552)	(6,197)

	The Company Defined Benefit Pension Plan	
	2014	**2013**
	$'000	**$'000**
Present value of defined benefit obligation	(110,097)	(88,727)
Fair value of plan assets	156,607	134,363
Surplus in the plan	46,510	45,636
Re-measurement gain/loss on obligation for OCI	4,947	3,088
Re-measurement gain/loss on obligation for OCI	1,904	(5,367)

7. **Employee benefits (Continued)**

(h) The history of experience adjustments is as follows (Continued):

The Group and the Company expect to make contributions of $8.10 million and $4.80 million, respectively (2013: $7.50 million and $4.40 million, respectively) to the defined benefit plan during the next financial year.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

(i) Sensitivity analyses

1. Discount rate

	2014			
	Group		Company	
	1% decrease in Discount rate Assumption $'000	1% increase in Discount rate Assumption $'000	1% decrease in Discount rate Assumption $'000	1% increase in Discount rate Assumption $'000
Increase/ (Decrease) in defined benefit obligation	183,808	(139,657)	128,130	(96,720)

	2013			
	Group		Company	
	1% decrease in Discount rate Assumption $'000	1% increase in Discount rate Assumption $'000	1% decrease in Discount rate Assumption $'000	1% increase in Discount rate Assumption $'000
Increase/ (Decrease) in defined benefit obligation	148,698	(113,612)	103,073	(77,942)

2. Salary Assumption

	2014			
	Group		Company	
	1% decrease in Salary Assumption $'000	1% increase in Salary Assumption $'000	1% decrease in Salary Assumption $'000	1% increase in Salary Assumption $'000
(Decrease)/ Increase in defined benefit obligation	(146,167)	172,659	(101,135)	120,379

7. **Employee benefits (Continued)**

(i) Sensitivity analyses (Continued)

2. Salary Assumption (Continued)

	2013			
	Group		**Company**	
	1% decrease in Salary Assumption $'000	**1% increase in Salary Assumption $'000**	**1% decrease in Discount rate Assumption $'000**	**1% increase in Discount rate Assumption $'000**
(Decrease) Increase in defined benefit obligation – pension	(118,574)	140,224	(81,275)	97,213

3. Actuarial gains/(losses) on defined benefit obligation arising from:

	Group		**Company**	
	2014 $'000	**2014 $'000**	**2014 $'000**	**2013 $'000**
Demographic assumptions	(3,397)	-	(2,364)	-
Financial assumptions	(6,340)	(5,725)	(4,607)	(3,894)
Experience adjustments	2,890	253	2,024	806
Total actuarial gains/(losses)	(6,847)	(5,472)	(4,947)	(3,088)

8. Investment in securities

(a) Non-current – classified as available for sale:

	The Group		The Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
NWC Variable Rate Note 10.78%; 2016 (2013: 9.59%)	824	1,224	824	1,224
Benchmark Investment Notes: Fixed rates notes – 2017- 2019 (7.5%-8.5%) (2013: 2017 to 2019, 7.5%-8.57%)	66,633	66,617	52,661	62,747
Variable Rates Notes – 2017-2023, 7.72 %-8.04% (2013: 2017 to 2023, 7.67% - 7.795%)	22,827	22,883	4,410	4,474
Foreign Currency Investments: GOJ 10.625 % US$ Global Bond, 2017 (nominal value US$410,000)	55,540	50,393	55,540	50,393
Government of Belize 5% guaranteed mortgage notes 2029 (nominal value US$49,201)	4,713	4,528	4,713	4,528
GOJ FR 5.25% and 7% US$ Benchmark investment notes 2014-2038 (2013 6.75% (nominal value US$518,000)	30,030	27,886	12,637	11,778
GOJ 8% Global Euro Bond 2019 (nominal value US$600,000)	72,214	60,686	72,214	60,686
GOJ US$ 8% Global Bond 2019 (nominal value US$200,000)	24,561	20,548	-	-
	277,342	254,765	202,999	195,830

Included in the investment balances above is interest receivable in the amount of $4.56 million for the Group and $3.78 million for the Company (2013: $6.88 million for the Group and $6.48 million for the Company).

(b) Current – classified as available for sale:

Available for sale:

	The Group		The Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
GOJ fixed rate US$ Benchmark investment notes, (2013 : 7% 2014)	-	28,150	-	11,806

Included in the investment balances above is interest receivable in the amount of $ nil million for the Group and Company (2013: $0.67 million for the Group and $0.28 million for the Company).

8. **Investment in securities (Continued)**

(c) Movement in investment in securities:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
The movement for the year in available-for-sale financial assets is as follows:				
Balance at January 1	282,915	308,204	207,642	239,191
Additions	10,105	129,842	-	107,945
Foreign exchange gain	13,043	27,691	9,826	19,874
Movement in fair value of available-for-sale financial assets	13,005	2,771	10,667	2,991
Disposal of investments	(41,726)	(185,593)	(25,136)	(162,359)
Balance at December 31	277,342	282,915	202,999	207,642

9. **Long-term receivables**

These represent loans granted to employees. The loans are repayable by monthly installments and are for a period of 5 years. These loans carry an interest rate of 10% per annum. The current portion of these loans, due within twelve months from the end of the reporting period, amounted to $6.18 million (2013: $4.80 million) for the Group and $4.72 million (2013: $4.76 million) for the Company and is included in other receivable.

10. **Trade and other receivables**

	The Group		The Company	
	2014 $'000	Restated 2013 $'000	2014 $'000	2013 $'000
Cess receivable	5,225	19,527	4,609	16,789
Fees receivable	14,100	21,494	-	-
E-campus	3,437	6,578	3,437	6,578
Other	40,334	50,595	20,517	39,007
	63,096	98,194	28,563	62,374
Less: Allowance for doubtful debts – other receivables	(6,737)	(21,688)	(2,216)	(11,078)
	56,359	76,506	26,347	51,296
Prepayments	6,615	4,472	3,410	2,129
	62,974	80,978	29,757	53,425

10. **Trade and other receivables (Continued)**

The average credit period on services is 30 days. No interest is charged on the trade and other receivables in accordance with the Group's policy. The Group has provided 100% for receivables over 180 days (except where these amounts are assessed as recoverable by management), because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable.

Included in other receivables however, are debtors with a carrying amount of approximately $5.01 million (2013: $4.69 million) for the Group and $ 2.93 million (2013: $2.86 million) for the Company which are past due at the reporting date for which the Group has not provided as there has not been a change in credit quality and the amounts are still considered recoverable.

Ageing of receivables that are past due but not impaired:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
180-365 days	2,482	1,827	2,170	928
Over 1 year	2,531	2,858	756	1,932
	5,013	4,685	2,926	2,860

Movement in allowance for doubtful debts on other receivables:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	21,688	11,457	11,078	6,437
Impairment losses recognised during year	-	10,231	-	4,641
Write-offs during the year	(9,367)	-	(6,685)	-
Recoveries during for the year	(5,584)	-	(2,177)	-
Balance at end of year	6,737	21,688	2,216	11,078

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. Concentration of credit risk is limited due to the nature of the customer base. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts and that non-past due unimpaired receivable are collectable in full.

Cess receivable at the end of the year included $2.2 million (2013: $7.83 million), $0.59 million (2013: $7.18 million) and 0.58 million (2013: $1.51 million) for the Group and $2.3 million (2013: $6.83 million), $0.53 million (2013: $6.29 million) and $0.5 million (2013: $1.32 million) for the Company due from three brokers which represent 41% (2013: 40%), 11% (2013: 37%) and 11% (2013: 8%) for the Group and 50% (2013: 41%), 12% (2013: 37%) and 11% (2013: 8%) for the Company respectively for three brokers.

10. **Trade and other receivables (Continued)**

Ageing of impaired other receivables:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
180+ days	6,737	21,688	2,216	11,078

11. **Government securities purchased under resale agreement**

The Group entered into reverse repurchase agreements collaterised by the Government of Jamaica securities. These agreements may result in credit exposure in the event that the counter parties of these transactions are unable to fulfill their contractual obligations. Included in this balance is foreign currency denominated amount of US$0.48 million and US$0.44 million for the Group and Company respectively (2013: US$0.50 million for the Group and US$0.46 million for the Company) and interest receivable of $0.24 million for the Group and $0.23 million for the Company (2013: $0.27 million for the Group and $0.25 million for the Company). The fair value of collateral held pursuant to reverse repurchase agreements is $68.49 million for the Group and $61.80 million for the Company (2013: $67.80 million for the Group and $59.98 million for the Company).

12. **Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of bank overdraft and investments in money market instruments with an original maturity of three months or less from the date of acquisition that are held to meet cash requirements rather than for investment purposes.

(a) Cash and cash equivalents at the reporting date as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash on hand and in banks	14,330	17,125	2,802	1,014

13. **Share capital**

	2014 $'000	2013 $'000
Authorised:		
600,000,000 ordinary shares of no par value (2013: 600,000,000)		
Issued capital:		
140,250,000 ordinary stocks of no par value (2013: 140,250,000)		
Nil preference shares of no par value (2013: 33,000,000)		
Issued capital:		
At January 1 - ordinary stocks	238,146	168,590
Stocks issued, net of transaction cost (see note (a) below)	-	69,556
	238,146	238,146

a. Increase in stated capital

During 2013, at an Extra Ordinary General Meeting, the following Resolutions were passed:

Resolution 1:

That each issued share in the Company be sub-divided into four ordinary shares. The passing of this resolution resulted in the number of issued ordinary shares in the Company increasing by 84,150,000.

Resolution 2:

That 28,050,000 ordinary shares of the Company be issued, on the terms and conditions set out in a prospectus of the Company, on such date to be determined by the Board, without regard to any pre-emption rights in favour of existing shareholders. The passing of the resolution brought the issued ordinary shares of the Company to increase to 140,250,000.

Resolution 3:

That all ordinary shares of the Company that are fully paid up at the time of the issue of the shares in the prospectus be converted to stocks.

b. Redeemable preference shares

Redeemable preference share capital is classified as a liability, as dividend payments are not discretionary. Dividends on preference shares are recognised as interest expense in profit or loss.

By resolution of the Board, the redeemable preference shares were redeemed on May 31, 2013, and subsequently de-listed from trading on the Jamaica Stock Exchange.

14. **Fair value reserve**

The reserve represents the fair value adjustment relating to available-for-sale investment in securities (Note 8).

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Balance at January 1	2,293	446	2,266	272
Net gain arising on revaluation of available-for-sale financial assets	13,016	2,273	10,676	2,493
Net loss/(gain) reclassified to surplus on sale of investment	(11)	498	(9)	498
Deferred tax adjustments on available-for-sale financial assets (Note 17)	(4,337)	(924)	(3,557)	(997)
	8,668	1,847	7,110	1,994
Balance at December 31	10,961	2,293	9,376	2,266

The fair value reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

15. **Revenue reserve**

Reflected in the financial statements of the:

	2014 $'000	Restated 2013 $'000
Parent company	219,830	240,903
Subsidiaries	92,086	71,415
	311,916	312,318

16. **Long-term liabilities**

This include loan from the National Commercial Bank Jamaica Limited (NCB):

	The Group and Company	
	2014 $'000	2013 $'000
Loan (see below)	-	387
Less: Current portion (included in current liabilities)	-	(387)
	-	-

16. **Long-term liabilities (Continued)**

Loan

The loan from NCB was repayable by April 2014 by 47 equal monthly installments of $129,167 plus one final payment of $129,151 and interest was charged at a fixed rate of 12% per annum on the reducing balance over the life of the loan. The loan was secured by unstamped Bill of Sale over Information Technology equipment valued at $6.20 million held unstamped and lien over credit balances held unstamped and hypothecation of $10 million held at NCB Capital Markets Limited. The loan was fully repaid during the year.

17. **Deferred tax**

	The Group		**The Company**	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Deferred tax assets	21,128	19,573	16,489	14,373
Deferred tax liabilities	(23,741)	(34,702)	(16,489)	(24,094)
Net position at the end of the year	(2,613)	(15,129)	-	(9,721)

The movement in the net deferred tax position was as follows:

	The Group		**The Company**	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
At January 1	(15,129)	(32,920)	(9,721)	(22,812)
Credited to income for the year (Note 25)	15,088	14,826	12,264	11,269
Credited to equity	1,765	3,889	1,014	2,819
Charged to fair value reserve for the year (Note 14)	(4,337)	(924)	(3,557)	(997)
At December 31	(2,613)	(15,129)	-	(9,721)

17. **Deferred tax (Continued)**

The following are the deferred tax assets and deferred tax liabilities recognised by the Group during the year:

Deferred tax assets

	The Group		
	Accrued Vacation $'000	Tax Loss $'000	Total $'000
At January 1, 2013	1,121	-	1,121
Credit to income for the year	135	18,317	18,452
At December 31, 2013	1,256	18,317	19,573
Credit to income for the year	69	1,486	1,555
At December 31, 2014	1,325	19,803	21,128

	The Company		
	Accrued Vacation $'000	Tax Loss $'000	Total $'000
At January 1, 2013	765	-	765
Credit to income for the year	155	13,453	13,608
At December 31, 2013	920	13,453	14,373
Credit to income for the year	162	1,954	2,116
At December 31, 2014	1,082	15,407	16,489

Deferred tax liabilities

	The Group				
	Capital Allowance in excess of Depreciation $'000	Interest receivable $'000	Unrealised gains in investment in securities $'000	Retirement Benefit Asset $'000	Total $'000
January 1, 2013	(6,847)	(3,520)	(289)	(23,385)	(34,041)
(Charged)/Credited to income for the year	(1,823)	767	-	(2,570)	(3,626)
Credited to equity for the year	-	-	-	3,889	3,889
Charged to fair value reserve (Note 14)	-	-	(924)	-	(924)
At December 31, 2013	(8,670)	(2,753)	(1,213)	(22,066)	(34,702)
Credited/(Charged) to income for the year	14,464	1,088	-	(2,019)	13,533
Credited to equity for the year	-	-	-	1,765	1,765
Charged to fair value reserve (Note 14)	-	-	(4,337)	-	(4,337)
December 31, 2014	5,794	(1,665)	(5,550)	(22,320)	(23,741)

17. **Deferred tax (Continued)**

Deferred tax liabilities (Continued)

	The Company				
	Capital Allowance in excess of Depreciation $'000	**Interest receivable $'000**	**Unrealised gains in investment in securities $'000**	**Retirement Benefit Asset $'000**	**Total $'000**
January 1, 2013	(3,856)	(3,207)	(203)	(16,310)	(23,576)
(Charged)/Credited to income for the year	(1,440)	821	-	(1,721)	(2,340)
Credited to equity for the year	-	-	-	2,819	2,819
Charged to fair value reserve (Note 14)	-	-	(997)	-	(997)
At December 31, 2013	(5,296)	(2,386)	(1,200)	(15,212)	(24,094)
(Charged)/Credited to income for the year	10,455	998	-	(1,305)	10,148
Credited to equity for the year	-	-	-	1,014	1,014
Charged to fair value reserve (Note 14)	-	-	(3,557)	-	(3,557)
December 31, 2014	5,159	(1,388)	(4,757)	(15,503)	(16,489)

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for indefinite carry forward and offset against future profits amount to approximately $86,955,000 (2013: $54,951,000) for the Group and: $73,767,000 (2013: $40,359,000) for the Company. A deferred tax asset has been recognized in respect of these losses only to the extent of available taxable temporary differences.

18. **Payables and accruals**

	The Group		The Company	
	2014 $'000	**Restated 2013 $'000**	**2014 $'000**	**2013 $'000**
Payables and accruals	66,559	78,602	44,049	58,429

No interest is charged on the payables balance. The Group has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

19. **Other operating income**

	The Group		The Company	
	2014 $'000	**Restated 2013 $'000**	**2014 $'000**	**2013 $'000**
Regional conference	13,800	14,497	13,800	14,497
Administrative fee	25,728	24,126	25,728	24,126
Other	19,499	14,890	19,987	16,828
	59,027	53,513	59,515	55,451

20. **Staff costs**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Salaries and other employee benefits	157,740	141,373	98,621	87,867
Statutory contributions	13,284	11,266	7,985	6,913
Charge/(Credit) on pension plan (Note 7(c))	673	(1,401)	455	(925)
	171,697	151,238	107,061	93,855

21. **Investment income**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(a) Investment income includes:				
Interest income	23,542	29,295	18,276	24,161
Foreign exchange gain	18,809	27,691	14,963	19,874
Gain/(Loss) on disposal of available-for-sale investments	11	(531)	9	(498)
	42,362	56,455	33,248	43,537
(b) Investment income earned, analysed by category of financial asset is as follows:				
Loans and receivables	8,589	3,075	7,698	2,610
Available-for-sale	33,773	53,380	25,550	40,927
	42,362	56,455	33,248	43,537

22. **Other gains**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Disposal of property, plant & equipment	147	27	147	27

23. **Finance costs**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Interest on preference shares	-	1,933	-	1,933
Interest on borrowing	8	4,174	8	4,174
	8	6,107	8	6,107

24. Loss before taxation

Loss before taxation is stated after taking account of the following:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Income:				
Interest	23,542	29,295	18,276	24,161
Expenses:				
Directors' fees	8,537	9,780	6,447	7,800
Audit fees	3,650	3,625	2,200	2,275
Depreciation of property, plant and equipment	13,788	11,073	10,013	7,955
Amortisation of intangible assets	10,734	10,491	7,622	7,293

25. Taxation

Recognised in profit or loss

(i) The charge for the year represents

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current tax	7,930	7,340	63	-
Deferred tax (Note 17)	(15,088)	(14,826)	(12,264)	(11,269)
	(7,158)	(7,486)	(12,201)	(11,269)

(ii) The charge for the year is reconciled to the profit as per the statement of comprehensive income as follows:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Loss before tax	(4,030)	(1,812)	(31,245)	(20,278)
Tax at the domestic income tax rate of 33⅓%	(1,343)	(604)	(10,415)	(6,759)
Tax effect of items that are not deductible in determining taxable Profits	4,906	476	2,047	466
Effect of income not taxable	(10,665)	(7,577)	(4,175)	(4,976)
Other	(56)	219	342	-
	(7,158)	(7,486)	(12,201)	(11,269)

26. **Profit of the Group for the year**

Reflected in the financial statements of the:

	The Group	
	2014 $'000	Restated 2013 $'000
Parent company	(19,044)	(9,009)
Subsidiary	22,172	14,683
	3,128	5,674

27. **Earnings per stock unit**

The basic earnings per stock units is calculated by dividing the profit by the weighted average number of ordinary stock unit.

	The Group	
	2014	Restated 2013
Profit ($'000)	3,128	5,674
Weighted average number of ordinary stock units	140,250,000	123,887,500
Basic earnings per stock unit	$0.02	$0.05

28. **Segment reporting**

The Group's operations are organized into four main business segments as follows:

(a) Exchange operations – The operation and regulation of the Stock Exchange.
(b) Depository – Services in connection with transferring and holding of securities, shares, stocks, bonds and debentures.
(c) Investments – Income derived from investing activities of the Group.
(d) Trustee, custodianship, company management and other activities.

The Group's operations are located solely in Jamaica.

	2014					
	Exchange operations $'000	Depository Services $'000	Investment other $'000	Trustees Services $'000	Interest Eliminations $'000	Group $'000
Revenue - external	185,317	86,875	42,362	67,850	(2,793)	379,611
Segment result	(64,485)	(4,217)	42,362	22,318	-	(4,022)
Finance cost	(8)	-	-	-	-	(8)
(Loss)/profit before taxation	(64,493)	(4,217)	42,362	22,318		(4,030)
Taxation						7,158
Profit for the year						3,128
Other information						
Depreciation and amortisation	17,635	6,799	-	88	-	24,522
Assets						
Segment assets	522,533	130,616	-	56,758	(79,712)	630,195
Liabilities						
Segment liabilities	55,181	21,086	-	9,987	(17,082)	69,172

28. **Segment reporting (Continued)**

Revenue from two brokers of the exchange operations represents $11.3 million and $12 million of the Group's total revenue.

	2013					
	Exchange operations	Depository Services	Investment other	Trustees Services	Interest Eliminations	Group
Revenue - external	168,462	71,010	56,455	53,809	(1,961)	347,775
Segment result	(57,708)	(15,620)	56,455	21,168	-	4,295
Finance cost	(6,107)	-	-	-	-	(6,107)
(Loss)/Profit before taxation	(63,815)	(15,620)	56,455	21,168	-	(1,812)
Taxation						7,486
Profit for the year						5,674
Other information						
Depreciation and amortisation	15,248	6,259	-	57	-	21,564
Assets						
Segment assets	583,951	148,213	-	48,482	(120,652)	659,994
Liabilities						
Segment liabilities	102,636	45,059	-	17,565	(58,023)	107,237

Revenue from two brokers of the exchange operations represents $10.5 million and $10.3 million of the Group's total revenues.

29. **Related party transactions/balances**

(a) During the year the Group and the Company had the following transactions with related party in the normal course of business.

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Subsidiary				
Jamaica Central Securities Depository Limited				
Rental income	-	-	1,837	1,225

29. **Related party transactions/balances (Continued)**

(b) Amount due(from)/to related parties:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Jamaica Stock Exchange Compensation Fund	2,376	-	2,376	-
Jamaica Central Securities Depository Limited	-	-	561	30,558
	2,376	-	2,937	30,558
Amount owed to related parties:				
JSE Compensation Fund	-	(13,119)	-	(13,119)
JSCD Trustee Services Limited	-	-	(11,132)	(20,980)
	-	(13,119)	(11,132)	(34,099)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Short-term benefits	37,469	38,149	23,102	23,923
Post employment benefits	2,276	2,210	1,381	1,341
	39,745	40,359	24,483	25,264

(d) Loans to related parties

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Loans to key management personnel	5,044	2,326	4,386	2,040

30. **Commitments**

Capital commitments:

Capital commitments which were authorized and contracted for as at December 31, 2014, amounted to $7.763 million in relation to computer software development projects (2013: $10.08 million – acquisition of solar system).

31. **Financial instruments**

(a) Capital risk management:

The capital structure of the Group consists of equity attributable to the shareholders of the parent company comprising issued capital, reserves, and retained earnings.

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

i) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
ii) To maintain a strong capital base to support the business development.

The Group's overall strategy remains unchanged from 2013.

Gearing ratio

The gearing ratio at end of the reporting period was as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Debt (i)	-	387	-	387
Equity (ii)	561,023	552,757	467,352	481,315
Debt to equity ratio	0%	0.07%	0%	0.08%

(i) Debt is defined as short and long-term borrowings as shown at Note 16.
(ii) Equity includes all capital and reserves of the Group that are managed as capital.

(b) Financial risk management objectives

The Group's Investment Committee is responsible for recommending to the Board of Directors, through the Audit and Finance Committee, uniform investment decisions, policies and procedures for the operations of the Group. The specific duties of the Investment Management Committee are to receive and review data on current market conditions and economic outlook; review various risk reports submitted including fair value, credit risk, liquidity risk, market risk, and review monthly report on portfolios and establish quarterly investment portfolio strategies. The Group does not enter into or trade financial investments, including derivative financial instruments for speculative purposes.

(c) Market risk

The Group's investment activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and price. The Group manages its risk through extensive research and monitors the risk exposures on the local and international markets.

There has been no change to the manner in which the Group manages and measures this risk.

31. **Financial instruments (Continued)**

(c) Market risk (Continued)

Foreign currency risk management

The Group undertakes certain investment transactions denominated in currencies other than the Jamaican dollar. Exchange rate exposures are managed within approved policy parameters and maintaining a manageable balance in the types of investments.

The following balances held in United States dollars are included in these financial statements:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Investment in securities	187,058	192,190	145,105	139,190
Government securities purchased under resale agreement	54,584	52,883	50,141	48,824
Cash and cash equivalents	1,488	1,181	409	239
	243,130	246,254	195,655	188,253

Sensitivity analysis

The Group's investment portfolio is exposed to the United States dollar. The Group's sensitivity to a 1% increase or 10% decrease in the Jamaican dollar against the United States dollar is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of the 1% (2013: 1%) increase or 10% (2013: 15%) decrease in the Jamaican dollar against the United States dollar exposure would be a decrease in profit of the Group by J$2.43 million (2013: 2.46 million) million or J$24.31 million (2013: J$36.94 million) increase; company J$1.96 million (2013: J$1.88 million) decrease or J$19.57 million (2013: J$28.24 million) increase.

The analysis is done on the same basis as 2013 and assumes that all other variables, in particular interest rate, remain constant.

Interest rate risk management

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. Interest rate sensitivity analysis has been determined based on the exposure to interest rates for the Group's investment in securities at the end of reporting period as these are substantially the interest sensitive instrument impacting financial results. For floating rate financial assets and financial liabilities, the analysis assumes the amount outstanding at year end was outstanding for the whole year. A 250 (2013: 250) basis points increase/100 (2013: 100) basis points decrease for local currency and 200 (2013: 200) basis points increase 50 (2013: 50) basis points decrease for United States currency represents management's assessment of the reasonable possible change in interest rates.

31. **Financial instruments (Continued)**

(c) Market risk (Continued)

Interest rate risk management (Continued)

Net effect on profit if market interest rates had been 250 or 100 basis points higher or lower for investment denominated in local currency and 250 or 50 basis points higher or lower for investments denominated in United States currency and all other variables were held constant is as follows:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Effect on profit increase 250 (2013: 250) basis points (J$)	582	592	130	140
Effect on profit decrease 100 (2013: 100) basis points (J$)	(233)	(237)	(52)	(56)
Effect on profit increase 200 (2013: 200) basis points (US$)	-	-	-	-
Effect on profit decrease 50 (2013: 50) basis points (US$)	-	-	-	-

The Group's and the Company's sensitivity to interest rates has increased during the current year as the Group had an increase in the number of variable rate financial instruments.

(d) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is guided by the investment policies and procedures of the Stock Exchange. In relation to bank accounts and investment securities, the Group, as a policy, deals only with credit worthy counterparties, to minimise credit risk exposures. In addition, limits are assigned to various counterparties by the Group.

Trade receivables consist of broker members of the Group and accordingly mitigates against credit risk in relation to such receivables. In the case of other receivables, ongoing credit evaluation is performed on the financial conditions of those receivables.

31. **Financial instruments (Continued)**

(d) Credit risk management (Continued)

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk. There was no significant concentration of credit risk.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash resources, banking facilities, and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's and the Company's contractual maturity for its non-derivative financial assets and financial liabilities. The tables below have been drawn up based on undiscounted contractual maturities of financial assets including interest that will be earned on those except where the Group and the Company anticipates that the cash flows will occur in a different period, and in the case of financial liabilities, based on the earliest date on which the Group and the Company can be required to pay.

	The Group						
	Weighted Average effective Interest rate %	**Less than 1 month $'000**	**1 to 3 Months $'000**	**3 months to 1 year $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
2014							
Financial assets							
Non-interest bearing		12,842	53,837	-	-	-	66,679
Interest bearing	5.10	1,564	717	3,760	12,432	918	19,391
Variable interest rate Instruments	8.72	512	463	1,283	11,957	19,887	34,102
Fixed interest rate Instruments	4.80	17,345	59,918	8,804	231,372	39,938	357,377
		32,263	114,935	13,847	255,761	60,743	477,549
Financial liabilities							
Non-interest bearing		31,786	-	-	-	-	31,786

31. **Financial instruments (Continued)**

(e) Liquidity risk management (Continued)

	The Group						
	Weighted Average effective Interest rate %	**Less than 1 month $'000**	**1 to 3 Months $'000**	**3 months to 1 year $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
2013							
Financial assets							
Non-interest bearing		-	92,985	-	-	-	92,985
Variable interest rate instruments	6.9	11,423	48,973	1,495	12,010	21,257	95,158
Fixed interest rate instruments	7.35	1,649	34,645	17,001	215,542	66,936	335,773
		13,072	176,603	18,496	227,552	88,193	523,916
Financial liabilities							
Non-interest bearing		53,119	13,119	-	-	-	66,238
Interest bearing loan	12	133	132	130	-	-	395
		53,252	13,251	130	-	-	66,633

	The Company						
	Weighted Average effective Interest rate %	**Less than 1 month $'000**	**1 to 3 Months $'000**	**3 months to 1 year $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
2014							
Financial assets							
Non-interest bearing		2,393	17,048	-	-	-	19,441
Interest bearing	5.10	430	498	2,744	10,331	918	14,921
Variable interest rate instruments	9.25	68	116	321	2,488	4,612	7,605
Fixed interest rate instruments	5.59	16,668	52,722	6,796	190,179	22,705	289,070
		19,559	70,384	9,861	202,998	28,235	331,037
Financial liabilities							
Non-interest bearing		21,890	11,132	-	-	-	33,022

31. **Financial instruments (Continued)**

(e) Liquidity risk management (Continued)

	The Company						
	Weighted Average effective Interest rate	**Less than 1 month**	**1 to 3 Months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
	%	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2013							
Financial assets							
Non-interest bearing		-	80,239	-	-	-	80,239
Variable interest rate instruments	6.9	11,425	48,732	446	2,762	4,993	68,358
Fixed interest rate instruments	7.35	26	11,799	14,812	200,951	29,865	257,453
		11,451	140,770	15,258	203,713	34,858	406,050
Financial liabilities							
Non-interest bearing		45,923	34,099	-	-	-	80,022
Interest bearing loan	12	133	132	130	-	-	395
		46,056	34,231	130	-	-	80,417

(f) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions have been used to measure the Group's financial instruments that are carried at fair value:

(i) Financial assets classified as available-for-sale are measured at fair value using interpolated yields derived from quoted prices of similar instruments or broker quotes from market makers.

(ii) The fair value of fixed rate financial instruments is estimated using present value or other estimation techniques based on market conditions on similar instruments at the reporting date.

(iii) The carrying amount of liquid assets and other assets maturing within one year is assumed to approximate their fair value. This assumption is applied to liquid assets and the other short-term elements of all other financial assets and financial liabilities.

No significant unobservable inputs were applied in the valuation of the Group's financial instruments classified as available-for-sale.

31. **Financial instruments (Continued)**

(g) Fair value measurement recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). There were no Level 3 fair value investments.

	The Group			
	2014			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale financial instruments				
Debt securities	-	272,784	-	272,784

	The Group			
	2013			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale financial instruments				
Debt securities	-	275,111	-	275,111

	The Company			
	2014			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale financial instruments				
Debt securities	-	199,218	-	199,218

	The Company			
	2013			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale financial instruments				
Debt securities	-	200,869	-	200,869

32. **Dividends**

A dividend declared by the Directors on January 17, 2013 of 3.14 cents per share was paid to shareholders on February 6, 2013. The total dividend paid was $88 million. The payment of this dividend did not have any tax consequence on the Group.

33. **Prior period adjustment**

During the 2014 examination of the trade receivables and trade payables accounts of JCSD Trustee Services Limited, certain balances were identified as being misstated in the prior year. These amounts have been adjusted retrospectively in the current year in accordance with the requirements of IAS 8 and the impact of this prior year adjustment is detailed below:

(i) Impact on Consolidated Statement of Financial Position :

	As previously reported 2013 $'000	Adjustments 2013 $'000	Restated 2013 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	89,800	-	89,800
Intangible assets	31,933	-	31,933
Post employment benefits	66,193	-	66,193
Investment in securities	254,765	-	254,765
Long-term receivables	9,376	-	9,376
Total non-current assets	452,067	-	452,067
Current assets			
Income tax recoverable	12,639	758	13,397
Trade and other receivables	81,999	(1,021)	80,978
Government securities purchased under resale agreement	28,150	-	28,150
Investment in securities	68,277	-	68,277
Cash and cash equivalents	17,125	-	17,125
Total current assets	208,190	(263)	207,927
TOTAL ASSETS	660,257	(263)	659,994
EQUITY AND LIABILITIES			
Share capital	238,146	-	238,146
Fair value reserve	2,293	-	2,293
Revenue reserve	313,834	(1,516)	312,318
Total equity	554,273	(1,516)	552,757

33. **Prior period adjustment (Continued)**

(i) Impact on Consolidated Statement of Financial Position (Continued):

	As previously reported 2013	**Adjustments 2013**	**Restated 2013**
LIABILITIES	**$'000**	**$'000**	**$'000**
Non-current liability			
Long-term liabilities	-	-	-
Deferred tax liability	15,129	-	15,129
Total non-current liabilities	15,129	-	15,129
Current liabilities			
Due to related parties	13,119	-	13,119
Payables and accruals	77,349	1,253	78,602
Current portion of long-term liabilities	387	-	387
Total current liabilities	90,855	1,253	92,108
TOTAL EQUITY AND LIABILITIES	660,257	(263)	659,994

33. **Prior period adjustment (Continued)**

(ii) Impact on Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	As previously reported 2013 $'000	Adjustments 2013 $'000	Restated 2013 $'000
Income:			
Cess fee	70,373	-	70,373
Fee income	160,969	-	160,969
E-campus	6,465	-	6,465
Other operating income	55,787	(2,274)	53,513
	293,594	(2,274)	291,320
Expenses:			
Staff costs	151,238	-	151,238
Property expenses	62,918	-	62,918
Depreciation and amortization	21,564	-	21,564
Advertising and promotion	34,158	-	34,158
Professional fees	24,845	-	24,845
Securities commission fees	15,664	-	15,664
Allowance for doubtful debts	10,231	-	10,231
E-campus	9,660	-	9,660
Other operating expenses	13,229	-	13,229
	343,507	-	343,507
Investment income	56,455	-	56,455
Other gains	27	-	27
Finance costs	(6,107)	-	(6,107)
Profit before taxation	462	(2,274)	(1,812)
Taxation	6,728	758	7,486
Profit for the year	7,190	(1,516)	5,674
Other comprehensive income:			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefit asset	(11,669)	-	(11,669)
Deferred income tax on item that will never be reclassified to profit or loss	3,889	-	3,889
Items that may be reclassified to profit or loss:			
Realised gain/(loss) on available-for-sale financial assets	498	-	498
Unrealised fair value gain/(loss) on available-for-sale financial assets during the year	2,273	-	2,273
Deferred income tax on items that may be reclassified to profit or loss	(924)	-	(924)
Other comprehensive loss for the year, net of taxes	(5,933)	-	(5,933)
Total comprehensive income for the year	1,257	(1,516)	(259)

33. **Prior period adjustment (Continued)**

(ii) Impact on Consolidated Statement of Cash Flows:

As a result of the prior period adjustments, certain line items in cash flows from operating activities have been restated with no resultant impact on overall operating cash flows.

34. **Compensation fund**

The Jamaica Stock Exchange Limited Compensation Fund ("the Fund") was created by contributions of the Exchange's member-dealers for the purpose of compensating investors who may have suffered pecuniary loss as a result of a defalcation or fraudulent misuse of securities or document of title to securities. The Exchange fulfils its obligations under Sections 27 through 35 of the Securities Act by its administration of the Fund.

Section 27(2) of the Securities Act stipulates that "The assets of the Compensation Fund are the property of the recognised stock exchange but shall be –

(a) Kept separate from all other property; and
(b) Held in trust for the purposes specified in this part."

Accordingly, the assets and liabilities of the Fund are segregated from those of the Exchange and separate audited financial statements are produced for the Fund.

(a) Compensation fund financial position

(i) Compensation fund receipts
These are contributions by member dealers of the Stock Exchange, based on a percentage of the volume of business done by them through the Exchange, for maintaining the Contingency Reserve Fund. However, during the year there were no contributions by the member dealers as the Board was of the view that the reserve was adequate for the specific purpose.

34. **Compensation fund (Continued)**

(a) Compensation fund financial position (Continued)

(ii) Contingency reserve

This fund is created out of surpluses for the purpose of providing some protection to the investing public should they suffer pecuniary loss as a result of defalcation or fraudulent misuse of securities or documents of titles to securities. Provisions in respect of the fund are in accordance with Sections 27 to 35 of The Securities Act.

	2014 $'000	2013 $'000
Assets		
Non-current asset		
Investment in securities	526,592	525,972
Current assets		
Income tax recoverable	18,408	6,523
Accounts receivable	783	16,651
Investment in securities	16,949	23,597
Government securities purchased under resale agreements	122,850	82,456
Cash and cash equivalents	3,164	3,899
	162,154	133,126
Total assets	688,746	659,098
Equity and liabilities		
Contingency reserve	676,522	647,928
Non-current liability		
Deferred tax liability	4,446	4,784
Current liability		
Payable and accruals	7,778	6,386
	12,224	11,170
Total equity and liabilities	688,746	659,098

34. **Compensation fund (Continued)**

(b) Compensation fund – comprehensive income

	2014 $'000	2013 $'000
Investment income	62,889	77,404
Administrative expenses	(28,165)	(26,856)
Net income	34,724	50,548
Taxation	(6,911)	(7,069)
Profit for the year	27,813	43,479
Other comprehensive income		
Fair value gain on revaluation of available-for-sale financial assets during the year, net of taxes	781	153
Total comprehensive income for the year	28,594	43,632

(c) Investments in securities

	2014 $'000	2013 $'000
Non-current		
Held-to-maturity – at amortised cost:		
Government of Jamaica Securities		
NWC Variable rate bond 10.78% (2013: 9.59%)	12,237	18,312
GOJ Benchmark Investment notes		
Fixed rate notes 8.03% 2017-2019 (2013: 7.85%)	236,428	236,486
Variable rate notes 7.84% 2025 (2012: 7.76%)	157,038	156,969
Foreign currency investments		
GOJ Fixed rate US$ Global Bonds; 10.625% 2017 (normal value US$350,000)	41,370	40,360
Government of Belize guaranteed mortgage notes, 2038 (nominal valueUS$55,200: 4.25%)	5,214	5,013
GOJ US$ 8% (2012: Global Bond 2019 (nominal value US$195,000)	17,247	15,977
GOJ Fixed Rate US$ Benchmark investment note 6.75% to 7%, 2017 (nominal value US144,000)	8,373	7,756
GOJ FR US$ BMI Note 7.25%, 2016 (nominal value US$442,283)	48,685	45,099
	526,592	525,972
Current:		
GOJ Fixed Rate Benchmark Investment Noted, nominal value US$72,200 6.75% 2014	-	7,820
Available-for-sale – at fair value		
Investment in unit trust (see below)	16,949	15,777
	16,949	23,597

34. **Compensation fund (Continued)**

(c) Investments in securities (Continued)

Included in the held-to-maturity investments is interest receivable of $9.64 million (2013: $11.90 million)

	2014 $'000	2013 $'000
Movement for the year in available-for-sale investments:		
Balance at January 1	15,777	15,548
Movement in fair value	1,172	229
Balance at December 31	16,949	15,777

(d) Cash and cash equivalents

	2014 $'000	2013 $'000
Cash on hand and in banks	3,164	3,899

(e) Contingency reserve

	2014 $'000	2013 $'000
Opening contingency reserve	647,928	604,296
Net profit	27,813	43,479
Fair value gain on available-for-sale	1,172	229
Deferred tax adjustment on fair value	(391)	(76)
Closing contingency reserve	676,522	647,928

(f) Deferred tax liability

The movement in the net deferred tax position was as follows:

	2014 $'000	2013 $'000
At January 1	(4,784)	(6,356)
Credited to income for the year	729	1,648
Charged to contingency reserve	(391)	(76)
At December 31	(4,446)	(4,784)

Deferred tax liability is attributable to the following

	Interest receivable	Fair value on available-for-sale instrument $'000	Total $'000
January 1, 2014	(4,092)	(692)	(4,784)
Credited to income for the year	729	-	729
Charged to contingency reserve	-	(391)	(391)
December 31, 2014	(3,363)	(1,083)	(4,446)

34. **Compensation fund (Continued)**

(f) Deferred tax liability (Continued)

	Interest receivable $'000	**Fair value on available-for-sale instrument $'000**	**Total $'000**
January 1, 2013	(5,740)	(616)	(6,356)
Credited to income for the year	1,648	-	1,648
Charged to contingency reserve	-	(76)	(76)
December 31, 2013	(4,092)	(692)	(4,784)

(g) Administrative expenses include management charges of $25.73 million (2013: $24.12 million) by The Jamaica Stock Exchange for administration of the Fund.

(h) Income tax

This comprises:

	2014 $'000	**2013 $'000**
Income tax	6,891	8,717
Prior year under provision	749	-
Deferred tax	(729)	(1,648)
	6,911	7,069

	2014 $'000	**2013 $'000**
The charge for the year reconciled to the net income as follows:		
Net profit before taxation	34,724	50,548
Tax at 33⅓%	11,575	16,850
Prior year under provision	749	-
Tax effect of items not chargeable in determining taxable profits	(5,413)	(9,781)
	6,911	7,069

34. **Compensation fund (Continued)**

(i) Government securities purchased under resale agreement

The Fund entered into reverse repurchase agreements collaterised by the Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparties of these transactions are unable to fulfill their contractual obligations. Included in this balance is foreign currency denominated amount of US$1.01 million (2013: US$0.69 million) and interest receivable of J$0.46 million (2013: J$0.34 million). The fair value of collateral held pursuant to reverse repurchase agreements $122.40 million (2013: $82.27 million).