Pan-Jamaican Investment Trust Limited

Financial Statements
31 December 2014

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Independent Auditors' Report

To the Members of
Pan-Jamaican Investment Trust Limited

Report on the Consolidated and Company Stand Alone Financial Statements
We have audited the accompanying consolidated financial statements of Pan-Jamaican Investment Trust Limited and its subsidiaries, set out on pages 1 to 110, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accompanying financial statements of Pan-Jamaican Investment Trust Limited, standing alone, which comprise the statement of financial position as at 31 December 2014, and the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements
Management is responsible for the preparation of consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone 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 consolidated and company stand alone 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 consolidated and company stand alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand-alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand-alone 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 consolidated and company stand-alone 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 consolidated and company stand-alone financial statements.

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

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Opinion
In our opinion, the consolidated financial statements of Pan-Jamaican Investment Trust Limited and its subsidiaries, and the financial statements of Pan-Jamaican Investment Trust Limited standing alone, give a true and fair view of the financial position of Pan-Jamaican Investment Trust Limited and its subsidiaries and Pan-Jamaican Investment Trust Limited, standing alone as at 31 December 2014, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Pan-Jamaican Investment Trust Limited in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

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

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

PricewaterhouseCoopers

Chartered Accountants
4 March 2015
Kingston, Jamaica

Pan-Jamaican Investment Trust Limited
Consolidated Income Statement
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Income			
Investments	5	257,268	485,771
Property	6	1,551,144	1,471,780
Commissions		61,404	52,077
Other	7	69,408	96,643
		1,939,224	2,106,271
Operating expenses	8	(1,181,134)	(1,053,838)
Operating Profit		758,090	1,052,433
Finance costs	10	(506,646)	(609,144)
Share of results of joint venture		(39,606)	5,541
Share of results of associated companies		2,732,864	2,175,326
Profit before Taxation		2,944,702	2,624,156
Taxation	11	(90,723)	(100,131)
NET PROFIT		2,853,979	2,524,025
Attributable to:			
Owners of the parent		2,842,755	2,491,106
Non-controlling interests		11,224	32,919
		2,853,979	2,524,025
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	12	$13.55	$11.74

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Comprehensive Income
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	2014 $'000	2013 $'000
Net Profit for the year	2,853,979	2,524,025
Other Comprehensive Income, net of taxes		
Items that will not be reclassified to profit or loss		
Re-measurement of post-employment benefit obligations, net of taxation	138,254	(59,271)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	1,724	2,733
Unrealised gains on available-for-sale financial assets, net of taxation	76,465	137,472
Gains recycled to profit or loss on disposal and maturity of investment assets, net of taxation	(31,649)	(17,994)
Share of other comprehensive income of associated companies, net of taxation	665,633	(564,835)
	712,173	(442,624)
TOTAL COMPREHENSIVE INCOME	3,704,406	2,022,130
Attributable to:		
Owners of the parent	3,693,176	1,989,310
Non-controlling interests	11,230	32,820
	3,704,406	2,022,130

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Financial Position
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
ASSETS			
Cash and Bank Balances	13	44,305	30,865
Investments			
Deposits	13	204,684	139,885
Investment securities:			
Financial assets at fair value through profit and loss	14	451,812	609,282
Available-for-sale	14	1,422,868	1,685,215
Loans and receivables	14	253,223	237,451
		2,127,903	2,531,948
Securities purchased under agreements to resell	15	461,300	252,209
Investment properties	16	4,913,445	4,638,669
Investment in joint venture	17	36,875	76,481
Investment in associated companies	17	17,128,778	14,229,464
		24,872,985	21,868,656
Other assets			
Taxation recoverable		17,863	69,904
Deferred tax assets	18	23,296	17,497
Prepayment and miscellaneous assets	19	1,106,405	984,556
Property, plant and equipment	20	327,586	338,843
Retirement benefit assets	21	21,052	-
		1,496,202	1,410,800
		26,413,492	23,310,321

Pan-Jamaican Investment Trust Limited
Consolidated Statement of Financial Position (Continued)
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	26	2,141,985	2,141,985
Equity compensation reserve	27	23,052	11,359
Property revaluation reserve	28	3,118,605	2,922,892
Investment and other reserves	29	3,926,021	3,210,700
Retained earnings		12,106,496	9,717,955
Treasury stock		(181,666)	(164,325)
		21,134,493	17,840,566
Non-Controlling Interests		269,177	257,947
		21,403,670	18,098,513
Liabilities			
Bank overdrafts	13	6,031	4,606
Taxation payable		48,756	85,010
Loan liabilities	23	4,424,547	4,532,356
Finance lease liability	24	11,812	14,528
Deferred tax liabilities	18	81,022	31,547
Retirement benefit liabilities	21	133,858	259,187
Other liabilities	25	303,796	284,574
		5,009,822	5,211,808
		26,413,492	23,310,321

Approved for issue by the Board of Directors on 4 March 2015 and signed on its behalf by:

Stephen B. Facey	Chairman	Paul A.B. Facey	Director

Pan-Jamaican Investment Trust Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

		Attributable to Owners of the Parent							
		Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and Other Reserves	Retained Earnings	Treasury Stock	Non-controlling Interests	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2013		2,141,985	-	2,675,311	3,648,510	7,968,949	(9,899)	230,259	16,655,115
Comprehensive income									
Net profit		-	-	-	-	2,491,106	-	32,919	2,524,025
Other comprehensive income		-	-	-	(442,525)	(59,271)	-	(99)	(501,895)
Total comprehensive income for the year		-	-	-	(442,525)	2,431,835	-	32,820	2,022,130
Transactions with owners									
Employee share option scheme value of services provided	27	-	13,601	-		-	-	-	13,601
Employee share grants vested	27	-	(2,242)	-	(417)	-	2,659	-	-
Dividends paid to equity holders of the company	30	-	-	-		(435,248)	-	-	(435,248)
Liquidation of shareholding in subsidiary		-	-	-	5,132	-	-	(5,132)	-
Acquisition of treasury stock		-	-	-	-	-	(157,085)	-	(157,085)
Total transactions with owners		-	11,359	-	4,715	(435,248)	(154,426)	(5,132)	(578,732)
Transfer of unrealised property revaluation gains		-	-	247,581	-	(247,581)	-	-	-
Balance at 31 December 2013		2,141,985	11,359	2,922,892	3,210,700	9,717,955	(164,325)	257,947	18,098,513

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

		Attributable to Owners of the Parent							
	Note	Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and Other Reserves	Retained Earnings	Treasury Stock	Non-controlling Interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2014		2,141,985	11,359	2,922,892	3,210,700	9,717,955	(164,325)	257,947	18,098,513
Comprehensive income									
Net profit		-	-	-	-	2,842,755	-	11,224	2,853,979
Other comprehensive income		-	-	-	712,167	138,254	-	6	850,427
Total comprehensive income for the year		-	-	-	712,167	2,981,009	-	11,230	3,704,406
Transactions with owners									
Employee share option scheme value of services provided	27	-	16,698	-	-	-	-	-	16,698
Employee share grants vested	27	-	(5,005)	-	(2,207)	-	7,212	-	-
Dividends paid to equity holders of the company	30	-	-	-	-	(556,002)	-	-	(556,002)
Acquisition of treasury stock		-	-	-	-	-	(24,553)	-	(24,553)
Change in reserves of associated company		-	-	-	5,361	-	-	-	5,361
Gain on purchase of minority interest by associated company		-	-	-	-	159,247	-	-	159,247
Total transactions with owners		-	11,693	-	3,154	(396,755)	(17,341)	-	(399,249)
Transfer of unrealised property revaluation gains		-	-	195,713	-	(195,713)	-	-	-
Balance at 31 December 2014		2,141,985	23,052	3,118,605	3,926,021	12,106,496	(181,666)	269,177	21,403,670

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Cash Flows
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Cash Flows from Operating Activities	31	453,839	466,084
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	20	(64,551)	(30,098)
Acquisition/improvements to investment properties	16	(27,009)	(13,068)
Proceeds from disposal of property, plant and equipment		4,748	6,438
Additional investment in associated company	17	(143,763)	(135,028)
Dividends from associated companies		807,694	515,014
Disposal/(acquisition) of investment securities, net		446,873	(987,148)
Advances on future developments		(9,922)	(179,621)
Net cash provided by/(used in) investing activities		1,014,070	(823,511)
Cash Flows from Financing Activities			
Loans received		835,661	70,893
Loans repaid		(1,085,067)	(181,772)
Interest paid		(362,244)	(320,569)
Finance lease, net		(2,716)	728
Acquisition of treasury stock		(24,553)	(157,085)
Dividends paid to equity holders	30	(556,002)	(435,248)
Net cash used in financing activities		(1,194,921)	(1,023,053)
Net increase/(decrease) in cash and cash equivalents		272,988	(1,380,480)
Effect of exchange rate changes on cash and cash equivalents		13,243	95,170
Cash and cash equivalents at beginning of year		416,598	1,701,908
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	702,829	416,598

Pan-Jamaican Investment Trust Limited
Company Income Statement
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Income			
Investments	5	1,122,721	1,052,558
Management fees	7	33,075	32,822
Miscellaneous	7	-	1,630
		1,155,796	1,087,010
Expenses			
Operating expenses	8	213,098	190,564
Finance costs	10	422,808	486,836
		635,906	677,400
Profit before Taxation		519,890	409,610
Taxation	11	11,311	5,774
NET PROFIT		531,201	415,384

Pan-Jamaican Investment Trust Limited
Company Statement of Comprehensive Income
Year ended 31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

	2014 $'000	2013 $'000
Net Profit for the year	531,201	415,384
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Re-measurement of post-employment benefit obligations, net of taxation	16,904	26,258
Items that may be subsequently reclassified to profit or loss		
Unrealised gain on available-for-sale financial assets, net of taxation	41,334	117,713
Gains recycled to profit or loss on disposal and maturity of investment assets, net of taxation	(35,998)	(17,994)
	5,336	99,719
TOTAL COMPREHENSIVE INCOME	553,441	541,361

Pan-Jamaican Investment Trust Limited

Company Statement of Financial Position

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
ASSETS			
Cash and Bank Balances	13	1,516	733
Investments			
Deposits	13	62,703	15,139
Investment securities			
Available-for-sale	14	913,826	1,132,413
Loans and receivables	14	441,649	437,915
		1,355,475	1,570,328
Securities purchased under agreements to resell	15	65,329	12,650
Investment in subsidiaries	17	301,510	301,510
Investment in associated companies	17	7,582,392	7,438,629
		9,367,409	9,338,256
Other Assets			
Due from related parties	22	551,593	673,139
Taxation recoverable		-	60,703
Deferred tax asset	18	23,190	17,391
Prepayment and miscellaneous assets	19	54,254	48,375
Property, plant and equipment	20	13,977	16,759
Retirement benefit assets	21	95,644	70,657
		738,658	887,024
		10,107,583	10,226,013

Pan-Jamaican Investment Trust Limited

Company Statement of Financial Position (Continued)

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	26	2,141,985	2,141,985
Equity compensation reserve	27	11,325	5,543
Investment and other reserves	29	1,417,052	1,411,716
Retained earnings		2,619,592	2,636,552
		6,189,954	6,195,796
Liabilities			
Bank overdraft	13	6,031	2,535
Taxation payable		4,405	53,226
Due to related parties	22	73,518	33,693
Loan liabilities	23	3,705,955	3,829,406
Finance lease liability	24	2,805	3,583
Retirement benefit liabilities	21	36,782	35,597
Other liabilities	25	88,133	72,177
		3,917,629	4,030,217
		10,107,583	10,226,013

Approved for issue by the Board of Directors on 4 March 2015 signed on its behalf by:

Stephen B. Facey — Chairman

Paul A. B. Facey — Director

Pan-Jamaican Investment Trust Limited

Company Statement of Changes in Equity

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Equity Compensation Reserve $'000	Investment and Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2013		2,141,985	-	1,311,997	2,632,036	6,086,018
Comprehensive income						
Net profit		-	-	-	415,384	415,384
Other comprehensive income:		-	-	99,719	26,258	125,977
Total comprehensive income		-	-	99,719	441,642	541,361
Transactions with owners						
Employee share option scheme value of services provided	27	-	6,620	-	-	6,620
Employee share grants vested	27	-	(1,077)	-	-	(1,077)
Dividends paid	30	-	-	-	(437,126)	(437,126)
Total transactions with owners		-	5,543	-	(437,126)	(431,583)
Balance at 31 December 2013		2,141,985	5,543	1,411,716	2,636,552	6,195,796
Comprehensive income						
Net profit		-	-	-	531,201	531,201
Other comprehensive income:		-	-	5,336	16,904	22,240
Total comprehensive income		-	-	5,336	548,105	553,441
Transactions with owners						
Employee share option scheme value of services provided	27	-	8,241	-	-	8,241
Employee share grants vested	27	-	(2,459)	-	-	(2,459)
Dividends paid	30	-	-	-	(565,065)	(565,065)
Total transactions with owners		-	5,782	-	(565,065)	(559,283)
Balance at 31 December 2014		2,141,985	11,325	1,417,052	2,619,592	6,189,954

Pan-Jamaican Investment Trust Limited

Company Statement of Cash Flows

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Cash Flows from Operating Activities	31	923,352	686,446
Cash Flows from Investing Activities			
Subscription for additional shares in subsidiary		-	(303)
Additional investment in associated company	17	(143,763)	(135,028)
Acquisition of property, plant and equipment	20	(1,762)	(3,244)
Proceeds from disposal of property, plant, and equipment		-	6,438
Disposal/(acquisition) of investment securities		220,188	(309,790)
Net cash provided by/(used in) investing activities		74,663	(441,927)
Cash Flows from Financing Activities			
Related parties		198,366	(741,780)
Loans received		648,635	-
Loans repaid		(873,998)	(100,526)
Interest paid		(314,341)	(273,964)
Finance lease repaid		(778)	(627)
Dividends paid to shareholders	30	(565,065)	(437,126)
Net cash used in financing activities		(907,181)	(1,554,023)
Net increase/(decrease) in cash and cash equivalents		90,834	(1,309,504)
Effect of exchange rate changes on cash and cash equivalents		6,674	56,779
Cash and cash equivalents at beginning of year		25,397	1,278,122
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	122,905	25,397

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Pan-Jamaican Investment Trust Limited, ("the company") is incorporated and domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange (JSE).

(b) The main activities of the company are holding investments and controlling the operations of its subsidiaries. The company's income consists mainly of dividends, interest income and management fees earned from its subsidiaries. The registered office of the company is located at 60 Knutsford Boulevard, Kingston 5.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(c) The company's subsidiaries, associated companies, and other consolidated entities, which together with the company are referred to as "the group" are as follows:

	Principal Activities	Proportion of Issued Equity Capital Held by	
Subsidiaries		**Company**	**Subsidiaries**
Jamaica Property Company Limited	Property Management and Development	100%	-
Jamaica Property Development Limited	Property Development	-	100%
Jamaica Property Management Limited	Property Management	-	100%
Imbrook Properties Limited	Property Development	-	100%
Portfolio Partners Limited	Investment Management	100%	-
Jamaican Floral Exports Limited	Horticulture	80%	-
Jamaican Heart Limited	Horticulture	-	100%
Scotts Preserves Limited	Food and Beverage	62.5%	-
Busha Browne's Company Limited	Distribution	100%	-
Knutsford Holdings Limited	Office Rental	32%	28%
Panacea Holdings Limited (Incorporated in St. Lucia)	Captive Insurance Holding	100%	-
Panacea Insurance Limited (Incorporated in St. Lucia)	Captive Insurance	-	100%
Castleton Investments Limited (Incorporated in St Lucia)	Investment Management	100%	-
Norbury Investments Limited (Incorporated in Canada)	Investment Management	-	100%
Associated Companies			
Hardware & Lumber Limited	Retail and Trading	20.83%	-
Sagicor Group Jamaica Limited	Insurance and Pension Management	31.56%	-
Impan Properties Limited	Office Rental	-	20%
New Castle Company Limited (Incorporated in St. Lucia)	Consumer Products	25%	-
Chukka Caribbean Adventures Limited (Incorporated in St. Lucia)	Tourism	20%	-
Caribe Hospitality Jamaica Limited	Hotel Property Developers	32.15%	-
Other Consolidated Entity			
First Jamaica Employees Share Purchase Plan	Employees share ownership plan	100%	-
Joint Venture Company			
Mavis Bank Coffee Factory Limited	Food and Beverage	-	50%

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2014
(expressed in Jamaican dollars unless otherwise indicated)

1. **Identification and Principal Activities (Continued)**

   (d) All of the company's subsidiaries, associated companies and joint venture entity are incorporated and domiciled in Jamaica, except as otherwise indicated.

2. **Summary of Significant Accounting Policies**

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

(a) **Basis of preparation**

The consolidated financial statements of the group and the financial statements of the company standing alone (together referred to as 1he financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Standards, interpretations and amendments to published accounting standards effective in the current financial year

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

- **IAS 32 (Amendment), 'Financial Instruments: Presentation'**, (effective for annual periods beginning on or after 1 January 2014). This amendment clarifies the requirements for offsetting financial instruments and address inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments: Presentation'. There is no impact from adoption of this standard.

- **IAS 36 (Amendment), 'Recoverable Amount Disclosures for Non-Financial Assets', (effective for annual periods beginning on or after 1 January 2014).** The amendments to IAS 36 require disclosure of the recoverable amount of an individual asset (including goodwill) or a cash-generating unit and additional information about the fair value less costs of disposal for which an impairment loss has been recognised or reversed during the reporting period. The requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite life intangible assets allocated to that unit is significant when compared to the total carrying amount of goodwill or indefinite life intangible assets has been removed. There is no impact from adoption of this standard.

2. **Summary of Significant Accounting Policies (Continued)**

(a) **Basis of preparation (continued)**

Standards, interpretations and amendments to published accounting standards effective in the current financial year (continued)

- **Amendment to IFRS 10, 12 and IAS 27 on consolidation for investment entities.** These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made to IFRS 12 to introduce disclosures that an investment entity needs to make. There is no impact from adoption of this standard.

- **IFRIC 21, 'Levies',** (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 addresses the accounting for a liability to pay a levy recognised in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The adoption of this interpretation did not have a significant impact on the financial statements.

Standards, interpretations and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the group's accounting periods beginning on or after 1 January 2015 or later periods, but were not effective at the statement of financial position date. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **IFRS 9, 'Financial Instruments'**, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted for financial assets without adopting the requirements for financial liabilities. The group is yet to assess IFRS 9's full impact and the timing of its adoption by the group.

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

- **IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017),** deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. The Group is assessing the impact of IFRS 15.

(b) Basis of consolidation

(i) Subsidiaries
Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iii) Associates
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. In the company's statement of financial position, investments in associates are shown at cost.

The results of associates with financial reporting year-ends that are different from the group are determined by prorating the results for the audited period as well as the period covered by management accounts (in the event that their accounting year ends more than three months prior to 31 December) to ensure that a full year of operations is accounted for, where applicable.

(iv) Joint ventures
Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of each investor. The group has assessed the nature of its joint arrangement and has determined it to be a joint venture. The group's interest in the joint venture is accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the group's share of the net assets of the joint venture, less any impairment.

The group's share of its joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Losses of the joint venture in excess of the group's interest are not recognised unless the group has incurred legal or constructive obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Summary of Significant Accounting Policies (Continued)

(c) Income recognition

(i) Interest income and expenses

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments. When amounts receivable in connection with investments become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Property income

Revenue comprises the invoiced value of rental and maintenance charges, net of General Consumption Tax, and changes in fair values of investment properties. Rental income and maintenance charges are recognised on an accrual basis over the life of the building occupancy by tenants. Investment properties are valued on an annual basis by external professional valuators and the change in the fair value is recognised in the income statement.

(iv) Commission income

Commissions are recognised as revenue on an accrual basis.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes. Translation differences resulting from the changes in amortised cost are recognised in the income statement, and other changes are recognised in other comprehensive income.

Except as discussed in Note 2(f) under hedging activities, translation differences on non-monetary items such as equities classified as available-for-sale are recognised in other comprehensive income.

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2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (continued)

(iii) Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive income.

(e) Taxation

Taxation expense in the income statement comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the income statement except where they relate to items recorded in other comprehensive income or equity, in which case they are also charged or credited to other comprehensive income or equity. Taxation is based on profit for the year adjusted for taxation purposes at rates applicable to the year.

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

(ii) Deferred income taxes
Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on rates enacted at the year-end date.

Deferred tax is not recognised on changes in the fair values of investment properties in excess of cost, as it is management's intention to recover such surplus through sale, which would not attract any taxes.

Deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial instruments

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

Financial assets

The group's financial assets comprise cash and bank balances, deposits, investment securities, and accounts receivable including balances due from related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial liabilities

The group's financial liabilities comprise bank overdraft, trade payables, loans, finance lease liabilities and other liabilities. They are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

The fair values of the group's and the company's financial instruments are discussed in Note 34.

Hedging activities

The group uses hedge accounting to hedge the foreign exchange risk arising from certain foreign currency denominated equities, which it classifies as available-for-sale. It has designated as the hedging instrument certain foreign currency denominated debt.

The group documents, at the inception of the hedge, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, whether the foreign currency denominated loan that is used in the hedging relationship is highly effective in offsetting changes in the fair values of the available-for-sale equities which are attributed to a movement in the foreign exchange rate.

Once the hedging relationship remains effective, the foreign exchange gains or losses attributed to the available-for-sale equities are recorded in the income statement. If the loan is repaid, or if the hedging relationship becomes ineffective, hedge accounting will cease and the foreign currency translations gains on the available-for-sale equities will revert to being recorded in other comprehensive income.

The group uses debt which is owed by the parent company to hedge the foreign exchange risk on available-for-sale equities owned by its subsidiaries, even in subsidiaries where no foreign currency denominated debt exists. On consolidation, the foreign exchange movements on those equities are recorded in the income statement. In the financial statements of those subsidiaries standing alone those foreign currency movements are recorded as part of the fair value movement in other comprehensive income.

(g) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short term deposits, securities purchased under agreements to resell and bank overdrafts.

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2. Summary of Significant Accounting Policies (Continued)

(h) Investments

(i) Investment securities

The group classifies its investment securities as available-for-sale, fair value through profit and loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Purchases and sales of investments are recognised on settlement date – the date on which an asset is delivered to or by the group. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Investments are initially recognised at fair value, which is the cash consideration including any transaction costs, for all financial assets not carried at fair value through profit and loss. Financial assets at fair value through profit or loss are recorded at fair value excluding transaction costs, as transaction costs are taken directly to the income statement.

(a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale financial assets denominated in the functional currency of the reporting entity are recorded in other comprehensive income, and under investment and other reserves in equity. Changes in the fair value of foreign currency denominated available-for-sale financial assets are discussed in Note 2(d) (ii) & 2(f).

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously recognised in other comprehensive income are included in the income statement as investment income.

The group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, objective evidence of impairment includes significant difficulties on the part of the borrower and attempts to restructure the contractual cash flows associated with the debt. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The determination of the fair values of financial assets is discussed in Note 34.

(b) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. These assets are subsequently measured at fair value, with the fair value gains or losses being recognised in the income statement.

2. **Summary of Significant Accounting Policies (Continued)**

(h) **Investments (continued)**

(i) Investment securities (continued)

(c) Loans and receivables

Loans are recognised when cash is advanced to borrowers. They are carried at amortised cost using the effective interest rate method.

A provision for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when using the criteria for debt securities discussed under available-for-sale securities, management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

For impaired loans and receivables, the accrual of interest income based on the original terms of the loan is discontinued. IFRS require the increase in the present value of impaired loans due to the passage of time to be reported as interest income.

Write-offs are made when all or part of a loan is deemed uncollectible or in the case of debt forgiveness. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan. Recoveries in part or in full of amounts previously written-off are credited to the income statement.

(ii) Securities purchased under agreements to resell

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

(iii) Investment property

Investment property is held for long-term rental yields and is not occupied by the group. Investment property is treated as a long-term investment and is carried at fair value, based on fair market valuation exercises conducted annually by independent qualified valuers. Changes in fair values are recorded in the income statement.

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2. **Summary of Significant Accounting Policies (Continued)**

(i) **Leases**

As lessee

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to the income statement over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(j) **Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. If such subsequent cost relates to a replaced part, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at annual rates, as follows:

Freehold premises	2½%
Leasehold Improvements	over the period of the lease
Furniture, fixtures & equipment	5% - 12½%
Assets capitalised under finance leases	Life of lease
Motor vehicles	15% - 20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(k) Inventories

Inventories are valued on the first-in, first-out basis at the lower of cost and net realisable value.

(l) Employee benefits

(i) Pension obligations

The company and its subsidiaries operate a number of defined benefit pension plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in expenses.

(ii) Other post-employment benefits

Some group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Pan-Jamaican Investment Trust Limited

2. Summary of Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

(iv) Equity compensation benefits

The group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense in the company which is the primary recipient of the employee's services. The total amount expensed over the vesting period is determined by reference to the fair value of the options or shares granted, excluding the impact of any non-market vesting conditions (for example, net profit growth target). Non-market vesting conditions are included in assumptions about the number of options or shares that are expected to become exercisable. At each statement of financial position date, the group reviews its estimates of the number of options or shares that are expected to become exercisable or share grants which will be vested. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised or share grants are vested.

The cost of equity transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

(v) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

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2. Summary of Significant Accounting Policies (Continued)

(m) Impairment of non-financial assets
Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Intangible assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

At each statement of financial position date an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(o) Provisions
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Dividends
Dividends are recorded as a deduction from stockholders' equity in the period in which they are approved.

(q) Share capital
Ordinary shares are classified as equity.

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

(r) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee that makes strategic decisions is deemed to be the chief operating decision-maker.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

(i) Income taxes
The group is subject to income taxes mainly in Jamaica. Significant judgement is required in determining the provision for income taxes. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods and valuation inputs and make assumptions that are mainly based on market conditions existing at each statement of financial position date. The group uses discounted cash flow analyses and references to prices for other instruments that are substantially the same for various available-for-sale financial assets that were not traded in active markets. Details of investment securities valued using other than quoted prices in an active market are provided in Note 34 of the financial statements.

(iii) Impairment of investment securities and investment in associated and joint venture companies
The group follows the guidance of IAS 39, IAS 28 and IAS 36 to determine when an investment security or an investment in an associated or joint venture company is impaired. In making this determination for investment securities, the group evaluates, among other factors, financial difficulties on the part of the borrowers and variations to the contractual cash flows associated with the investment for debt instruments, and the duration for and extent to which the fair value of an available-for-sale equity investment is lower than its cost. For investments in associated and joint venture companies, management determines the investment's recoverable amount, and compares this to the investment's carrying amount. Management's evaluation of the aforementioned factors for debt and equity securities, as well as the determination of the recoverable amount for its investment in associated and joint venture companies requires the use of significant judgement. Except as otherwise disclosed in the notes to the financial statements, management is of the view that there is no impairment to investment securities or investment in associated and joint venture companies.

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3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(iv) Pension plan assets and post employment obligations

The cost of pension and other post-retirement benefits and the present value of these liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost or income for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost or income recorded for pension and post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-employment benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation in the local economy. Other key assumptions for the pension and post-retirement benefits cost and credits are based in part on current market conditions. A change in any of the assumptions used could have a significant impact on the value of the related retirement benefit asset or liability.

(v) Investment properties

Investment properties are carried in the statement of financial position at market value. The group uses independent qualified property appraisers to value its investment properties annually, generally using the direct capitalisation approach. This approach takes into consideration various assumptions and factors including; the level of current and future occupancy, rent rates, a discount rate, and the current condition of the properties. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

(vi) Value for intangible assets ascribed to investment in associated companies

As required by IFRS, acquisitions of shareholdings in associated companies require the allocation of the purchase price to determine the fair value of the group's share of the net identifiable assets acquired. The determination of these fair values requires the use of various estimates, inclusive of earnings multiples, growth rates and discount factors. It also requires the use of judgement in determining the valuation technique which best suits the particular asset being valued. Should these estimates or valuation methods change, there could be a material change to the carrying value for investment in associated companies.

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4. Segmental Financial Information

The group is organised into two main business segments:

(a) Investments – This incorporates investment management and securities trading;

(b) Property management and rental – This incorporates the rental and management of commercial real estate.

The operating segments have been determined by management based on the reports reviewed by the executive committee and which are used to make strategic and operational decisions. The property management and investments segments derive their income from rental and property management fees, and interest and dividend income respectively. The group's customers are mainly resident in Jamaica.

	2014				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External operating revenue	1,678,128	173,839	87,257	-	1,939,224
Inter-group revenue	3,309	110,766	1,813	(115,888)	-
Total revenue	1,681,437	284,605	89,070	(115,888)	1,939,224
Operating profit/(loss)	697,428	(8,833)	69,495	-	758,090
Finance costs	(163,395)	(427,500)	-	84,249	(506,646)
	534,033	(436,333)	69,495	84,249	251,444
Share of results of associated companies and joint venture	-	2,693,258	-	-	2,693,258
Profit before taxation	534,033	2,256,925	69,495	84,249	2,944,702
Taxation	(91,328)	6,875	(6,270)	-	(90,723)
Net profit	442,705	2,263,800	63,225	84,249	2,853,979
Segment assets	6,773,532	2,467,239	383,973	(376,905)	9,247,839
Investment in associated companies and joint venture	-	17,128,778	36,875	-	17,165,653
Total assets	6,773,532	19,596,017	420,848	(376,905)	26,413,492
Segment liabilities	1,333,464	3,915,869	137,394	(376,905)	5,009,822
Other segment items:					
Capital expenditure	62,789	1,762	-	-	64,551
Depreciation	21,937	4,544	-	-	26,481

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4. Segmental Financial Information (Continued)

	2013				
	Property Management & Rental	**Investments**	**Other Services**	**Eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	1,601,728	411,107	93,436	-	2,106,271
Inter-group revenue	1,108	199,387	243	(200,738)	-
Total revenue	1,602,836	610,494	93,679	(200,738)	2,106,271
Operating profit	722,075	255,520	74,838	-	1,052,433
Finance costs	(201,240)	(486,836)	(200)	79,132	(609,144)
	520,835	(231,316)	74,638	79,132	443,289
Share of results of associated companies and joint venture	-	2,180,867	-		2,180,867
Profit before taxation	520,835	1,949,551	74,638	79,132	2,624,156
Taxation	(92,613)	2,013	(9,531)	-	(100,131)
Net profit	428,222	1,951,564	65,107	79,132	2,524,025
Segment assets	6,267,043	2,752,652	303,484	(318,803)	9,004,376
Investment in associated companies and joint venture	-	14,229,464	76,481	-	14,305,945
Total assets	6,267,043	16,982,116	379,965	(318,803)	23,310,321
Segment liabilities	1,351,955	4,051,845	126,811	(318,803)	5,211,808
Other segment items:					
Capital expenditure	26,854	3,244	-	-	30,098
Depreciation	22,116	6,280	-	-	28,396

Revenue is recognised by each segment on the accrual basis.

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5. Investment Income

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Income				
Interest income -				
Available-for-sale investments	46,915	41,101	18,343	15,842
Loans and receivables	39,145	32,865	122,205	108,549
Securities purchased under agreement to resell and deposits	28,831	23,435	4,376	2,990
Realised gains on disposal of investments, net	82,921	94,093	63,893	83,327
Fair value (losses)/gains on financial assets at fair value through profit and loss	(54,677)	42,527	-	-
Impairment charge on available-for-sale	(68,937)	(34,033)	(68,937)	(14,687)
Foreign exchange gains	116,935	219,236	120,003	197,276
Dividends	67,068	66,835	863,183	659,415
Other	3,577	541	12	76
	261,778	486,600	1,123,078	1,052,788
Direct expenses				
Investment expense	(4,510)	(829)	(357)	(230)
	257,268	485,771	1,122,721	1,052,558

6. Property Income

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Rental income (Note 16)	1,349,031	1,218,369	-	-
Fair value gains on property valuation (Note16)	202,113	253,411	-	-
	1,551,144	1,471,780	-	-

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7. Other Income

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Management fees	63,015	75,746	33,075	32,822
Miscellaneous income	6,393	20,897	-	1,630
	69,408	96,643	33,075	34,452

8. Operating Expenses by Nature

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Direct cost of property management (Note 16)	650,812	599,672	-	-
Staff costs (Note 9)	302,779	227,825	104,477	64,086
Directors fees	13,289	13,410	12,955	13,410
Professional fees	60,965	71,005	31,055	41,274
Auditor's remuneration	19,429	15,235	8,287	6,181
Information technology services	16,455	16,564	1,316	1,642
Office expense	9,105	7,218	1,841	1,368
Public relations, advertising and promotion	3,162	1,287	2,302	1,287
Donations	23,770	22,852	17,370	17,952
Bad debts	10,612	376	-	-
Depreciation	26,481	28,396	4,544	6,280
Other	44,275	49,998	28,951	37,084
	1,181,134	1,053,838	213,098	190,564

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9. Staff Costs

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Wages and salaries	186,586	138,007	75,860	38,185
Statutory contributions	15,068	12,229	5,975	3,817
Pension – funded (Note 21(a))	41,835	31,033	358	7,248
Pension – unfunded (Note 21(b))	31	1,068	31	1,068
Other post-employment benefits (Note 21(c))	17,776	13,916	3,996	3,063
Stock compensation expense (Note 27)	16,698	13,601	8,241	6,620
Other	24,785	17,971	10,016	4,085
	302,779	227,825	104,477	64,086

10. Finance Costs

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Interest expense	372,524	363,717	326,715	317,713
Foreign exchange losses	131,688	242,818	94,161	167,016
Commitment fee	2,434	2,609	1,932	2,107
	506,646	609,144	422,808	486,836

11. Taxation

(a) Composition of tax charge

The taxation charge/(credit) for the year is comprised of:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current income tax	93,241	133,187	123	23,620
Deferred income taxes (Note 18)	(2,518)	(33,056)	(11,434)	(29,394)
	90,723	100,131	(11,311)	(5,774)

Subject to agreement with the Taxpayer Audit and Assessment Department, one of the group's subsidiaries has losses available for offset against future taxable profits amounting to approximately $46,579,000 (2013 - $46,579,000).

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11. Taxation (Continued)

(b) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current income tax				
Profit before tax	2,944,702	2,624,156	519,890	409,610
Tax at 25% (2013 – 28.75%)	736,176	754,445	129,973	117,763
Adjusted for the effects of:				
Income not subject to tax	(83,955)	(140,797)	(35,604)	(80,880)
Adjustment for different tax rate	(888)	(462)	(194,703)	(141,110)
Share of associates' and joint venture profit included net of tax	(673,315)	(626,999)	-	-
Expenses not deductible for tax purposes	92,579	83,589	90,023	81,007
Other charges and credits	20,126	30,355	(1,000))	17,446
Income tax expense/(credit)	90,723	100,131	(11,311)	(5,774)

Income not subject to tax consists principally of property revaluation gains (for the group) and dividend income (for the group and company). Expenses not deductible for tax consist principally of certain interest expense.

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11. Taxation (Continued)

(c) Tax charge/(credit) relating to components of other comprehensive income is as follows:

	The Group			The Company		
At 31 December 2014	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	1,724	-	1,724	-	-	-
Fair value gains on available-for-sale financial asset, net of gains recycled to profit or loss	44,925	(109)	44,816	5,336	-	5,336
Re-measurement of post-employment benefit obligation	184,339	(46,085)	138,254	22,539	(5,635)	16,904
Share of other comprehensive income of associated companies	665,633	-	665,633	-	-	-
Other comprehensive income	896,621	(46,194)	850,427	27,875	(5,635)	22,240
Deferred income tax (Note 18)		(46,194)			(5,635)	
		(46,194)			(5,635)	

	The Group			The Company		
At 31 December 2013	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	2,733	-	2,733	-	-	-
Fair value gains on available-for-sale financial asset, net of gains recycled to profit or loss	119,542	(64)	119,478	99,719	-	99,719
Re-measurement of post-employment benefit obligation	(79,027)	19,756	(59,271)	35,011	(8,753)	26,258
Share of other comprehensive income of associated companies	(564,835)	-	(564,835)	-	-	-
Other comprehensive income	(521,587)	19,692	(501,895)	134,730	(8,753)	125,977
Deferred income tax (Note 18)		19,692			(8,753)	
		19,692			(8,753)	

12. Earnings Per Stock Unit/Net Profit Attributable to Owners of the Parent

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to owners of the parent and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the group and held as treasury stock. For the financial year the group had a weighted average of 3,411,000 (2013 – 1,019,000) treasury stock units.

For fully diluted EPS, the weighted average number of stock units in issue is adjusted to assume conversion of all potentially dilutive ordinary stock units. The net profit is also adjusted to reflect the after tax effect of income arising from the conversion of such potential ordinary stock units. At the end of the 2014 and 2013 financial years, there were no potentially dilutive ordinary shares.

	2014	2013
Net profit attributable to stockholders ($'000)	2,842,755	2,491,106
Weighted average number of stock units in issue (thousands)	209,821	212,213
Basic and fully diluted earnings per stock unit ($)	$13.55	$11.74

The net profit of the group is reflected in the records of the company, its subsidiaries, associated companies and joint venture as follows:

	2014 $'000	2013 $'000
Net Profit		
The company	531,201	415,384
Associated companies and joint venture	1,885,563	1,665,853
Subsidiaries	437,215	442,788
	2,853,979	2,524,025

Net profit attributable to associated companies, subsidiaries and joint venture is shown net of dividends.

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13. Cash and Cash Equivalents

For the purposes of the consolidated and company statement of cash flows, cash and cash equivalents comprise the following balances with original maturity dates not exceeding 90 days.

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	44,305	30,865	1,516	733
Deposits	204,684	139,885	62,703	15,139
Securities purchased under agreements to resell (Note 15)	461,300	252,209	65,329	12,650
Bank overdraft	(6,031)	(4,606)	(6,031)	(2,535)
	704,258	418,353	123,517	25,987
Less amounts with original terms to maturity over 90 day and hypothecated balances				
Securities purchased under agreements to resell	(1,429)	(1,755)	(612)	(590)
Cash and cash equivalents	702,829	416,598	122,905	25,397

Security for the bank overdrafts includes certain specific investments. The effective interest rate on the overdraft facility was 14.65% (2013 – 14.65%).

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14. Investment Securities

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Financial assets at fair value through profit and loss:				
Debt securities	123,851	106,947	-	-
Equity securities-quoted	327,961	502,335	-	-
	451,812	609,282	-	-
Available-for-sale at fair value:				
Debt securities -				
Government of Jamaica	85,666	79,899	5,896	5,117
Other Government	55,722	92,304	-	-
Corporate	307,664	363,073	185,749	198,858
Equity securities	973,816	1,149,939	722,181	928,438
	1,422,868	1,685,215	913,826	1,132,413
Loans and receivables	253,223	237,451	441,649	437,915

All of the group's financial assets at fair value through profit and loss are held for trading. Included in the available-for-sale securities above is interest receivable amounting to $14,679,000 and $7,324,000 (2013 - $15,141,000 and $7,153,000) for the group and the company respectively.

Certain of the group's and company investment securities were impaired as at 31 December, for which impairment charges totaling $68,937,000 (2013 - $34,033,000) for the group and $68,937,000 (2013 - $14,687,000) for the company were recorded.

Loans and receivables for the group and the company were all with related parties and include interest receivable of $26,390,000 (2013 - $10,618,000) and $16,243,000 (2013 - $13,914,000) for the group and company respectively.

Equity investments held by the group with a value of US$584,000 have been pledged as security for a margin loan (Note 23) at 31 December 2014.

The current portion of investment securities was $41,069,000 (2013 - $27,005,000) for the group and $23,567,000 (2013 - $21,084,000) for the company.

15. Securities Purchased under Agreements to Resell

The group has entered into collateralised reverse repurchase agreements (securities purchased under agreements to resell), which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations (Note 13). All amounts were due within 12 months.

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16. Investment Properties

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At 1 January	4,638,669	4,366,940	-	-
Additions	27,009	-		
Improvements, net	-	13,068	-	-
Transferred from capital work-in-progress (Note 20)	45,654	5,250	-	-
Fair value gains (Note 6)	202,113	253,411	-	-
At 31 December	4,913,445	4,638,669	-	-

Property income and direct expenses including repairs and maintenance in relation to investment properties are as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Rental income (Note 6)	1,349,031	1,218,369		-
Direct costs (Note 8)	(650,812)	(599,672)		-

The properties were valued at current market value as at 31 December by D.C. Tavares & Finson Realty Limited, independent qualified property appraisers and valuators. The values for the properties have been established using the direct capitalization approach, which uses as key inputs rental income from existing contracts, a vacancy factor which contemplates decrements in rental cash flows consequent on vacancies, and a capitalization rate, reflective a rate of return.

The fair values of the investment property are at level 3 in the fair value hierarchy, as, consistent with the requirements of IFRS 13, certain of the inputs into the valuation process are deemed to be unobservable; those being the vacancy factor and the discount rate. Management considers the rental rates used in the calculation to be observable as they represent actual rentals which are unadjusted.

The assumptions to which the values are most sensitive are the occupancy levels, as reflected in the vacancy factor and the capitalisation factors. Vacancy factors and capitalization rates used, range from 3.5% to 14.0% (2013 – 1.0% to 13%) and 9.75% to 12.75% (2013 – 10.15% to 12.9%) respectively. Should the vacancy factor used increase/decrease by 0.25% the value of investment properties would decrease/increase by $21,000,000/$8,000,000 (2013 - $15,000,000/$6,000,000). Should the capitalization factor increase/decrease by 1.0% the value of investment properties would decrease/increase by $456,000,000/$395,000,000 (2013 - $338,000,000/$268,000,000).

Certain of the group's investment property has been pledged as collateral for some of the group's loan facilities, as discussed in Note 23.

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17. Investment in Subsidiaries, Associated Companies and Joint Venture

Investment in subsidiaries

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Subsidiary companies -				
Balance at 1 January	-	-	301,510	301,207
Liquidation	-	-	-	(580)
Equity injection in a subsidiary during the year.	-	-	-	883
Balance at 31 December	-	-	301,510	301,510

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held. The parent company also owns 100% of the preference shares of the subsidiaries included in the consolidation.

The total non-controlling interest for the year was $11,224,000 (2013 - $ $32,919,000), of which ($8,113,000), (2013 - $16,847,000) was attributable to Scotts Preserves Limited and $19,337,000 (2013 - $16,072,000) to Knutsford Holdings Limited.

Summarised financial information for each material subsidiary that has a non-controlling interest.

Summarised statement of financial position

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Assets	14,837	15,674	34,116	30,289
Liabilities	(19,813)	(18,717)	(1,238)	(3,925)
Total current net assets	(4,976)	(3,043)	32,878	26,364
Non-current				
Assets	644,224	547,156	150,508	135,218
Liabilities	(91,098)	(44,404)	(5,871)	(2,033)
Total non-current liabilities	553,126	502,752	144,637	133,185
Net assets	548,150	499,709	177,515	159,549

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in subsidiaries (continued)

Summarised statement of comprehensive income

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Revenue	150,000	126,796	-	15,000
Interest income	6,291	3,837	24,748	24,748
Profit from continuing operations	60,093	44,582	24,062	35,577
Taxation expense	(11,752)	(4,383)	(6,091)	(9,417)
Post tax profit/(loss) from continuing operations	48,341	40,179	(21,635)	35,079
Other comprehensive income	17	(250)	-	-
Total comprehensive income allocated to non-controlling interest	19,343	15,972	(8,113)	16,847

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in subsidiaries (continued)

Summarised cash flows

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Cash generated from operations	54,468	45,447	(680)	12,566
Interest paid	(15,195)	(11,888)	-	(200)
Income tax paid	(11,824)	(2,629)	(7,761)	(17,775)
Net cash generated from/(used in) operating activities	27,449	30,930	(8,441)	(5,409)
Net cash (used in)/provided by investing activities	(24,059)	(12,042)	8,129	33,111
Net cash provided by/(used in) financing activities	45,370	-	252	(16,072)
Net increase/(decrease) in cash and cash equivalents	48,760	18,888	(60)	11,630
Effect of exchange rate on cash and cash equivalent	3,581	436	941	967
Cash and cash equivalents at beginning of year	40,653	21,329	12,597	-
Cash and cash equivalents at end of year	92,994	40,653	13,478	12,597

The information above is the amount before inter-company eliminations.

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in associated companies

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Associated companies -				
Sagicor Group Jamaica Limited				
Shareholding at cost	6,661,717	6,661,717	6,661,717	6,661,717
Share of profit	12,926,018	10,263,342	-	-
Dividends received	(4,450,920)	(3,674,288)	-	-
Share of reserves	789,076	(41,165)	-	-
Gain on dilution of holding	38,936	38,936	-	-
	15,964,827	13,248,542	6,661,717	6,661,717
Hardware and Lumber Limited				
Shareholding at cost	22,296	22,296	22,296	22,296
Share of profit	151,513	106,246	-	-
Dividends received	(17,935)	(12,546)	-	-
Impairment loss	(85,071)	(85,071)	-	-
Share of capital reserves	155,684	155,684	-	-
	226,487	186,609	22,296	22,296
New Castle Company Limited				
Shareholding at cost	177,523	177,523	177,523	177,523
Share of profit	77,159	64,583	-	-
Dividends received	(16,172)	(4,853)	-	-
	238,510	237,253	177,523	177,523
Impan Properties Limited				
Shareholding at cost	20	20	-	-
Share of profit	58	58	-	-
Share of capital reserve	7,945	7,945	-	-
Current account	(8,653)	(8,793)	-	-
	(630)	(770)	-	-
Caribe Hospitality Jamaica Limited				
Shareholding at cost	375,001	231,238	375,001	231,238
Share of loss	(30,575)	(17,532)	-	-
	344,426	213,706	375,001	231,238

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in associated companies (continued)

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Chukka Caribbean Adventures Limited				
Shareholding at cost	345,855	345,855	345,855	345,855
Share of profit	41,984	16,596	-	-
Dividends received	(32,681)	(18,327)	-	-
	355,158	344,124	345,855	345,855
	17,128,778	14,229,464	7,582,392	7,438,629
Comprising:				
Share of net assets	15,224,258	12,288,644	-	-
Intangibles assets (including goodwill)	1,904,520	1,940,820	-	-
	17,128,778	14,229,464	-	-

A portion of the group's shareholding in Sagicor Group Jamaica Limited has been pledged as collateral for loan liabilities, as discussed in Note 23 of the financial statements.

Pan-Jamaican Investment Trust Limited

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in associated companies (continued)

The group's associated companies, Sagicor Group Jamaica Limited and Hardware and Lumber Limited are listed on the JSE. The JSE indicative values for these companies are listed in the tables below.

	The Group			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2014	2014	2013	2013
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	15,964,827	12,950,167	13,248,542	13,073,502
Hardware and Lumber Limited	226,487	126,469	186,609	101,209

	The Company			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2014	2014	2013	2013
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	6,661,717	12,950,167	6,661,717	13,073,502
Hardware and Lumber Limited	22,296	126,469	22,296	101,209

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in associated companies (continued)

The summarised information for associates that were accounted for using the equity method for the years ended 31 December 2014 and 2013 is as presented in the tables below. The summarized financial information reflects balances which are due to the equity holders of the companies.

Summarised statement of financial position

	Sagicor Group Jamaica Limited	Hardware & Lumber Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited
	$'000	$'000	$'000	$'000	$'000
2014					
Current					
Cash and cash equivalents	21,073,597	152,015	83,978	96,109	268,186
Other current assets	21,632,948	2,422,326	454,155	437,445	91,815
Total current assets	42,706,545	2,574,341	538,133	533,554	360,001
Financial liabilities (excluding trade payables)	(156,428,585)	(120,089)	(8,421)	(378,372)	(166,042)
Other current liabilities (including trade payables)	(10,420,099)	(1,348,340)	(177,786)	(238,347)	(170,437)
Total current liabilities	(166,848,684)	(1,468,429)	(186,207)	(616,719)	(336,479)
Non-current					
Assets	241,250,213	790,467	787,750	1,800,612	1,930,426
Financial liabilities	(71,142,860)	(125,000)	(145,605)	(975,077)	(726,489)
Other liabilities	-	(346,802)	(40,033)	(5,279)	-
Total non-current liabilities	(71,142,860)	(471,802)	(185,638)	(980,356)	(726,489)
Net assets	45,965,214	1,424,577	954,038	737,091	1,227,459

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in associated companies (continued)

Summarised statement of financial position (continued)

	Sagicor Group Jamaica Limited	Hardware & Lumber Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited
	$'000	$'000	$'000	$'000	$'000
2013					
Current					
Cash and cash equivalents	4,082,363	417,891	46,475	103,724	21,380
Other current assets	6,889,598	1,751,617	436,332	423,170	111,858
Total current assets	10,971,961	2,169,508	482,807	526,894	133,238
Financial liabilities (excluding trade payables)	(89,041,679)	(155,101)	(7,043)	(392,652)	-
Other current liabilities (including trade payables)	(7,109,330)	(959,032)	(118,558)	(215,940)	(69,063)
Total current liabilities	(96,151,009)	(1,114,133)	(125,601)	(608,592)	(69,063)
Non-current					
Assets	187,338,336	675,339	784,795	1,525,677	601,826
Financial liabilities	(64,538,448)	(228,430)	(173,615)	(822,869)	-
Other liabilities	(1,695,004)	(325,562)	(19,376)	-	-
Total non-current liabilities	(66,233,452)	(553,992)	(192,991)	(822,869)	-
Net assets	35,925,836	1,176,722	949,010	621,110	666,001

Pan-Jamaican Investment Trust Limited

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in associated companies (continued)

Summarised statement of comprehensive income (continued)

	Sagicor Group Jamaica Limited	Hardware & Lumber Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited
	$'000	$'000	$'000	$'000	$'000
2014					
Revenue	45,630,223	7,137,578	543,167	2,993,338	-
Depreciation and amortisation	1,014,488	(51,975)	19,002	167,392	-
Net investment/interest income	12,552,316	35,262	5,401	-	-
Profit/(loss) from continuing operations	8,861,626	254,728	50,304	126,941	(36,845)
Taxation expense	(298,508)	(37,412)	-	-	-
Non-controlling interest	(50,339)	-	-	-	-
Post tax profit/(loss) from continuing operations	8,512,779	217,316	50,304	126,941	(36,845)
Other comprehensive income	2,108,876	56,408	-	-	-
Total comprehensive income	10,621,655	273,724	50,304	126,941	(36,845)
Total comprehensive income allocated to non-controlling interest	115,656	-	-		-
Dividend paid to non-controlling interest	-	-	-		-
Dividends received from associate	776,632	5,389	11,319	14,354	-
2013					
Revenue	42,296,097	6,810,599	450,049	2,367,045	-
Depreciation and amortisation	254,220	(47,755)	(25,613)	139,558	-
Net investment/interest income	8,784,969	22,448	6,466	-	-
Profit/(loss) from continuing operations	7,014,463	817,717	81,527	90,970	(22,842)
Taxation expense	(561,773)	(207,754)	-	-	-
Non-controlling interest	(154,755)	-	-	-	-
Post tax profit/(loss) from continuing operations	6,297,935	609,963	81,527	90,970	(22,842)
Other comprehensive income	(1,751,586)	(93,774)	-	-	-
Total comprehensive income	4,546,349	516,189	81,527	90,970	(22,842)
Total comprehensive income allocated to non-controlling interest	(89,268)	-	-	-	-
Dividend paid to non-controlling interest	(121,311)	-	-	-	-
Dividends received from associate	493,100	5,052	4,853	12,009	-

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in associated companies (continued)

Reconciliation of summarised financial information
A reconciliation of summarised financial information presented to the carrying amount of its interest in associates is shown in the table below. The amounts shown in 1he table are the amounts attributable to the equity holders of the associated companies.

	Sagicor Group Jamaica Limited	Hardware & Lumber Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited
	$'000	$'000	$'000	$'000	
2014					
Opening net assets at 1 January	35,925,841	1,176,722	949,010	621,110	666,001
Capital contributions	1,306,127	-	-	-	549,233
Profit or loss for the period	8,563,118	217,316	50,304	126,941	(36,845)
Other comprehensive income	2,058,537	56,408	-	-	-
Change in reserves	521,516	-	-	-	49,070
Dividends paid	(2,409,925)	(25,869)	(45,276)	(72,294)	-
Translation gains	-	-	-	61,334	-
Closing net assets at 31 December	45,965,214	1,424,577	954,038	737,091	1,227,459
Interest in associate (%)	31.56%	20.83%	25.00%	20.00.%	32.15%
Interest in associate (J$)	14,506,621	296,740	238,510	147,418	394,628
Adjustment for pre-acquisition goodwill	(200,041)	-	-	(53,538)	-
Impairment	-	(85,071)	-	-	-
Other adjustments	22,366	14,818	-	(7,361)	(50,202)
Goodwill	1,635,881	-	-	268,639	-
Carrying value	15,964,827	226,487	238,510	355,158	344,426

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17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in associated companies (continued)

	Sagicor Group Jamaica Limited	Hardware & Lumber Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited
	$'000	$'000	$'000	$'000	$'000
2013					
Opening net assets at 1 January	32,855,553	684,488	892,096	501,293	252,189
Capital contributions	-	-	-	-	400,589
Profit or loss for the period	6,297,935	609,963	81,527	90,970	(22,842)
Other comprehensive income	(1,279,623)	(93,774)	-	-	-
Change in reserves	(443,628)	298	-	-	36,065
Dividends paid	(1,504,396)	(24,253)	(24,613)	(65,502)	-
Translation gains	-	-	-	94,350	-
Closing net assets at 31 December	35,925,841	1,176,722	949,010	621,110	666,001
Interest in associate (%)	32.78%	20.8%	25.00%	20.00%	36.00%
Interest in associate (J$)	11,776,402	244,758	237,253	124,222	239,760
Adjustment for pre-acquisition goodwill	(200,041)	-	-	(53,538)	-
Impairment	-	(85,071)	-	-	-
Other adjustments	-	26,922	-	4,801	(26,054)
Goodwill	1,672,181	-	-	268,639	-
Carrying value	13,248,542	186,609	237,253	344,124	213,706

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17. Investment In Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in Joint Venture

Through its subsidiary Scotts Preserves Limited, the group owns 50% of Mavis Bank Coffee Factory Limited, a company that processes and sells Jamaican Blue Mountain coffee.

There are no contingent liabilities relating to the group's interest in joint venture.

The company's investment in joint venture is as follows:

	2014 $'000	2013 $'000
Shareholding at cost	15,568	15,568
Share of profit	21,307	60,913
	36,875	76,481

The summarised information for associates that were accounted for using the equity method for the years ended 31 December 2014 and 2013 is as follows:

Summarised statement of financial position

	2014 $'000	2013 $'000
Current		
Cash and cash equivalents	50,768	3,884
Other current assets	358,263	432,507
Total current assets	409,031	436,391
Financial liabilities (excluding trade payables)	247,208	230,257
Other current liabilities (including trade payables)	137,100	85,538
Total current liabilities	384,308	315,795
Non-current		
Assets	312,109	329,505
Financial liabilities	5,000	4,269
Other liabilities	258,082	292,870
Total non-current liabilities	263,082	297,139
Net assets	73,750	152,962

17. Investment in Subsidiaries, Associated Companies and Joint Venture (Continued)

Investment in Joint Venture (continued)

Summarised statement of comprehensive income

	2014 $'000	2013 $'000
Revenue	816,539	803,110
Depreciation and amortisation	27,425	17,594
Interest income	532	229
Post tax (loss)/profit from continuing operations	(79,212)	11,081

Reconciliation of summarised financial information

A reconciliation of summarised financial information presented to the carrying amount of its interest in joint venture is shown in the table below

	2014 $'000	2013 $'000
Opening net assets at 1 January	152,962	141,881
(Loss)/profit for the year	(79,212)	11,081
Closing net assets at 31 December	73,750	152,962
Interest in joint venture (%)	50%	50%
Carrying value	36,875	76,481

Pan-Jamaican Investment Trust Limited

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18. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25%.

Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	23,296	17,497	70,440	55,554
Deferred tax liabilities	(81,022)	(31,547)	(47,250)	(38,163)
Net (liability)/asset	(57,726)	(14,050)	23,190	17,391

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

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January	(14,050)	(66,798)	17,391	(3,250)
Tax credited to income statement (Note 11)	2,518	33,056	11,434	29,394
Tax (charged)/credited to components of other comprehensive income (Note 11)	(46,194)	19,692	(5,635)	(8,753)
Balance at 31 December	(57,726)	(14,050)	23,190	17,391

Pan-Jamaican Investment Trust Limited

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18. Deferred Income Taxes (Continued)

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

	The Group						
	Pension and other post employment benefits $'000	Interest payable $'000	Stock compensation provision $'000	Unutilised tax losses $'000	Unrealised Foreign Exchange Loss $'000	Other $'000	Total $'000
Deferred income tax assets							
At 1 January 2013	50,532	6,176	14,018	1,473	-	7,729	79,928
Credited to the income statement	20,938	4,933	2,993	797	31,115	550	61,326
Credited to other comprehensive income	19,756	-	-	-	-	-	19,756
At 31 December 2013	91,226	11,109	17,011	2,270	31,115	8,279	161,010
Credited /(charged) to the income statement	21,687	(3,118)	1,905	(585)	4,828	836	25,553
At 31 December 2014	112,913	7,991	18,916	1,685	35,943	9,115	186,563

	The Group						
	Property, plant and equipment $'000	Pension benefits $'000	Investment property $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Investment securities $'000	Total $'000
Deferred income tax liabilities							
At 1 January 2013	275	9,057	117,164	11,556	4,202	4,472	146,726
Charged/(credited) to the income statement	235	(158)	1,540	132	26,226	295	28,270
Charged to other comprehensive income	-	-	-	-	-	64	64
At 31 December 2013	510	8,899	118,704	11,688	30,428	4,831	175,060
Charged/(credited) to the income statement	54	4,146	11,444	(853)	4,378	3,866	23,035
Charged to other comprehensive income	-	46,085	-	-	-	109	46,194
At 31 December 2014	564	59,130	130,148	10,835	34,806	8,806	244,289

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18. Deferred Income Taxes (Continued)

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

	The Company					
	Pension and other post retirement benefits $'000	Interest Payable $'000	Other $'000	Unrealised foreign exchange losses $'000	Stock compensation provision $'000	Total $'000
Deferred income tax assets						
At 1 January 2013	10,398	488	20	-	2,802	13,708
Credited to income statement	16,019	5,791	30	27,512	1,247	50,599
Charged to statement of comprehensive income	(8,753)	-	-	-	-	(8,753)
At 31 December 2013	17,664	6,279	50	27,512	4,049	55,554
Credited/(charged) to income statement	11,882	(2,325)	268	10,905	(209)	20,521
Charged to statement of comprehensive income	(5,635)	-	-	-	-	(5,635)
At 31 December 2014	23,911	3,954	318	38,417	3,840	70,440

	The Company				
	Property, plant and equipment $'000	Pension benefits $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Total $'000
Deferred income tax liabilities					
At 1 January 2013	274	9,057	5,304	2,323	16,958
Charged/(credited) to income statement	237	(158)	1,624	19,502	21,205
At 31 December 2013	511	8,899	6,928	21,825	38,163
Charged/(credited) to income statement	54	296	(1,003)	9,740	9,087
At 31 December 2014	565	9,195	5,925	31,565	47,250

Deferred income tax liabilities have not been established for the potential distribution of the unappropriated profits of subsidiaries as such distributions are not subject to tax.

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18. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax assets to be recovered after more than 12 months	131,729	108,237	27,750	21,713
Deferred tax assets to be recovered within 12 months	54,834	52,773	42,690	33,841
	186,563	161,010	70,440	55,554
Deferred tax liabilities to be settled after more than 12 months	189,278	127,603	9,196	8,899
Deferred tax liabilities to be settled within 12 months	55,011	47,457	38,054	29,264
	(244,289)	(175,060)	(47,250)	(38,163)
Net (liability)/assets	(57,726)	(14,050)	23,190	17,391

19. Prepayment and Miscellaneous Assets

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade receivables	33,955	32,462	-	-
Inventories	2,436	2,246	-	-
Managed properties fees receivable	42,504	33,402	-	-
Prepaid expenses	42,292	45,802	10,440	11,858
Other receivables	207,033	140,780	15,670	8,441
Deposits	66,475	28,076	28,144	28,076
Land awaiting development	711,710	701,788	-	-
	1,106,405	984,556	54,254	48,375

The current portion of miscellaneous assets amounted to $385,233,000 (2013 - $271,857,000) for the Group and $47,493,000 (2013 - $39,682,000) for the company.

Included in other receivables are amounts due from related parties totaling $24,975,000 (2013 - $18,708,000) for the group and $7,500,000 (2013 - $1,233,000) for the company.

Land awaiting development comprises properties owned by the group which the group intends to develop.

Pan-Jamaican Investment Trust Limited

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20. Property, Plant and Equipment

		The Group						
	Note	Freehold Premises $'000	Leasehold Improvements $'000	Furniture, Fixtures & Equipment $'000	Assets Capitalised under Finance Leases $'000	Motor Vehicles $'000	Capital Work in Progress $'000	Total $'000
At Cost -								
1 January 2013		65,964	14,325	269,381	22,280	53,840	15,415	441,205
Additions		-	-	5,161	-	11,613	13,324	30,098
Disposals		-	-	-	-	(22,568)	-	(22,568)
Transfers	16	-	-	-	-	-	(5,250)	(5,250)
31 December 2013		65,964	14,325	274,542	22,280	42,885	23,489	443,485
Additions		-	-	11,426	3,924	5,389	43,812	64,551
Disposals					(8,373)	(1,850)		(10,223)
Transfers	16						(45,653)	(45,653)
31 December 2014		65,964	14,325	285,968	17,831	46,424	21,648	452,160
Accumulated Depreciation -								
1 January 2013		9,368	9,711	32,505	5,611	29,315	-	86,510
Charged for year		723	-	14,516	874	12,283	-	28,396
Relieved on disposal		-	-	-	-	(10,264)	-	(10,264)
31 December 2013		10,091	9,711	47,021	6,485	31,334	-	104,642
Charged for year		1,269	-	14,800	874	9,538	-	26,481
Relieved on disposal		-	-	-	(4,699)	(1,850)	-	(6,549)
31 December 2014		11,360	9,711	61,821	2,660	39,022	-	124,574
Net Book Value -								
31 December 2014		54,604	4,614	224,147	15,171	7,402	21,648	327,586
31 December 2013		55,873	4,614	227,521	15,795	11,551	23,489	338,843

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20. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Improvements $'000	Furniture & Fixtures $'000	Assets Capitalised under Finance Leases $'000	Motor Vehicles $'000	Total $'000
At Cost -					
1 January 2013	199	6,308	12,194	28,459	47,160
Additions	-	3,244	-	-	3,244
Disposal	-	-	-	(12,360)	(12,360)
31 December 2013	199	9,552	12,194	16,099	38,044
Additions	-	1,762	-	-	1,762
31 December 2014	199	11,314	12,194	16,099	39,806
Accumulated Depreciation -					
1 January 2013	199	3,938	8,044	9,829	22,010
Charged for the year	-	318	874	5,088	6,280
Relieved on disposal	-	-	-	(7,005)	(7,005)
31 December 2013	199	4,256	8,918	7,912	21,285
Charged for the year	-	642	874	3,028	4,544
31 December 2014	199	4,898	9,792	10,940	25,829
Net Book Value -					
31 December 2014	-	6,416	2,402	5,159	13,977
31 December 2013	-	5,296	3,276	8,187	16,759

21. Retirement Benefits

The company and its subsidiaries have established a number of pension schemes covering all permanent employees. The assets of funded plans are held independently of the group's assets in separate funds administered by the company. Defined benefit plans are valued by independent actuaries annually, using the projected unit credit method.

The latest actuarial valuations were carried out as at 31 December 2014.

The Trustees are responsible for reviewing the investment portfolio mix of the plans to ensure that the assets are invested efficiently whilst maintaining the prescribed limits as set by the Regulator, within each portfolio class. The Trustees also ensures that the funding contributions are within acceptable levels.

The amounts recognised in the statement of financial position comprise:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Assets				
	21,052	-	95,644	70,657
Liabilities				
Funded pension obligations (Note 21(a))	-	135,915	-	-
Unfunded pension obligations (Note 21(b))	528	391	528	391
Other (Note 21(c))	133,330	122,881	36,254	35,206
	133,858	259,187	36,782	35,597

The expense recognised in the income statement comprises:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Pension obligations - funded (Note 21(a))	41,835	31,033	358	7,248
Pension obligations – unfunded (Note 21(b))	31	1,068	31	1,068
Other post-employment obligations:				
Medical and life insurance (Note 21(c))	17,776	13,916	3,996	3,063
	59,642	46,017	4,385	11,379

Pan-Jamaican Investment Trust Limited

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21. Retirement Benefits (Continued)

(a) Funded pension obligations

The amounts recognised in the statement of financial position are determined as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligations	628,185	697,312	194,767	189,005
Fair value of plan assets	(867,048)	(755,691)	(508,222)	(453,956)
	(238,863)	(58,379)	(313,455)	(264,951)
Unrecognised asset due to asset ceiling	217,811	194,294	217,811	194,294
(Asset)/liability in the statement of financial position	(21,052)	135,915	(95,644)	(70,657)

Sagicor Group Jamaica Limited, an associated company which manages the group's pension fund assets, has invested through its pooled investment funds in ordinary stock units of the company with a fair value of $1,405,345,000 (2013 – $1,304,997,000).

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	697,312	484,449	189,005	138,529
Current service cost	31,543	19,610	6,495	3,724
Interest cost	57,938	44,550	15,141	12,234
	786,793	548,609	210,641	154,487
Re-measurements -				
Loss from change in demographic assumptions	-	65,562	-	22,177
Loss from change in financial assumptions	-	109,114	-	21,003
Experience (gains)/losses	(156,786)	(18,522)	(11,096)	(698)
	(156,786)	156,154	(11,096)	42,482
Members' contributions	16,387	15,057	3,612	2,776
Benefits paid	(26,155)	(22,508)	(8,390)	(10,740)
Purchased annuities	7,946	-	-	-
Balance at end of year	628,185	697,312	194,767	189,005

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21. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The movement in the fair value of plan assets over the year is as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	755,691	644,913	453,956	394,748
Interest income	23,106	18,365	23,106	18,365
Re-measurements -				
Return on plan assets, excluding amounts included in interest income	40,891	35,980	14,523	11,563
Gain from change in demographic assumption	-	16,199	-	13,983
Gain from change in financial assumptions	-	7,099	-	5,261
Experience gains/(losses)	31,343	24,390	17,923	15,324
Members' contributions	16,387	15,057	3,612	2,776
Employer's contributions	17,839	16,196	3,492	2,676
Benefits paid	(26,155)	(22,508)	(8,390)	(10,740)
Purchased annuities	7,946	-	-	-
Balance at end of year	867,048	755,691	508,222	453,956

The actual return on plan assets for 2014 was $106,451,000 and $61,379,000 (2013 – $110,566,000 and $69,028,000) for the group and the company, respectively.

The expected employer and members contributions for the year 2015 are $40,549,000 for the group and $9,950,000 for the company.

The movement on the asset ceiling during the year is as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	194,294	214,626	194,294	214,626
Change in asset ceiling, excluding amounts included in interest expense	16,350	20,153	16,350	20,153
Re-measurement	7,167	(40,485)	7,167	(40,485)
	217,811	194,294	217,811	194,294

Pan-Jamaican Investment Trust Limited

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21. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The amounts recognised in the income statement are as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current service cost	31,543	19,610	6,495	3,724
Interest cost/(credit)	10,292	11,423	(6,137)	3,524
Total	41,835	31,033	358	7,248

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2014	2013	2014	2013
	%	%	%	%
Discount rate	9.5	9.5	9.5	9.5
Expected return on plan assets	8.0	8.3	8.0	8.3
Future salary increases	8.0	7.5	8.0	7.3
Future pension increases	2.0	3.5	2.0	3.5

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21. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Increase/(decrease) in post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(73,762)	93,417
Future salary increases	1%	35,557	(30,692)
Future pension increases	1%	49,477	(43,392)

	Increase Assumption by One Year	Decrease Assumption by One Year
Life expectancy	9,708	(9,958)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Pan-Jamaican Investment Trust Limited

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21. Retirement Benefits (Continued)

(b) Unfunded pension obligations

The amounts recognised in the statement of financial position are determined as follows:

	The Group and Company	
	2014 **$'000**	**2013** **$'000**
Present value of unfunded obligations	528	391

The movement in the liability recognised in the statement of financial position is as follows:

	The Group and Company	
	2014 **$'000**	**2013** **$'000**
Balance at beginning of year	391	11,240
Current service cost	31	1,068
	422	12,308
Re-measurements -		
Loss from change in demographic assumptions	-	61
Loss from change in financial assumptions	-	19
Experience losses/(gains)	106	(11,997)
	106	(11,917)
Benefits paid	-	-
Balance at end of year	528	391

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21. Retirement Benefits (Continued)

(c) Other post-employment obligations

In addition to pension benefits, the company and certain subsidiaries offer retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The main actuarial assumption is a long-term increase in health costs of 8% per year (2013 – 9%).

Other assumptions were as for the pension plans set out above.

The amounts recognised in the statement of financial position are determined as follows:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Present value of unfunded obligations	133,330	122,881	36,254	35,206

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Balance at beginning of year	122,881	89,772	35,206	24,987
Benefit expense	8,112	6,096	2,583	1,971
Re-measurement recognised in OCI	11,314	13,645	3,063	6,917
Employers contribution	(1,709)	(1,620)	(1,709)	(1,620)
Re-measurements -				
Loss from change in demographic assumptions	-	15,899	-	2,270
Loss from change in financial assumptions	-	22,388	-	1,967
Experience gains	(5,074)	(21,211)	(2,383)	(646)
Benefits paid	(2,194)	(2,088)	(506)	(640)
Balance at end of year	133,330	122,881	36,254	35,206

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
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21. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current service cost	6,284	4,680	755	555
Interest cost	11,492	9,236	3,241	2,508
Total, included in staff costs (Note 9)	17,776	13,916	3,996	3,063

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	Change in Assumption	
	Increase	Decrease
	$'000	$'000
Increase/(decrease) in the defined benefit obligation	27,309	(21,114)

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21. Retirement Benefit (Continued)

Plan assets for the post-employment benefits are comprised as follows:

	The Group			
	2014		2013	
	$'000	%	$'000	%
Equity	85,397	10	44,410	6
Debt	78,563	9	189,141	25
Other	703,088	81	522,140	69
	867,048	100	755,691	100

	The Company			
	2014		2013	
	$'000	%	$'000	%
Equity	75,654	15%	26,708	6
Debt	78,563	15%	125,830	28
Other	354,005	70%	301,418	66
	508,222	100%	453,956	100

21. Retirement Benefits (Continued)

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will reduce the surplus or create a deficit with respect to the net assets available for benefits.

As the plan matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds largely represent investments in Government of Jamaica securities.

However, the Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the group's long term strategy to manage the plans efficiently. See below for more details on the Group's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). A high percentage of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The group has not changed the processes used to manage its risks from previous periods. The group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2014 consists of bonds and equities.

Funding levels are monitored on an annual basis and the current contribution rates are between 2% and 10% of pensionable salaries. The next triennial valuations are due to be completed with respect to the periods ended and ending 31 December 2014 and 31 December 2014 respectively. The group considers the contribution rates to be sufficient to prevent a deficit and that the plans are adequately funded.

Pan-Jamaican Investment Trust Limited

22. Related Party Balances and Transactions

(a) The statements of financial position include the following balances with related parties and companies:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Amounts due from related parties:				
First Jamaica Employees Share Purchase Plan	-	-	10,691	-
Subsidiaries:				
Busha Browne's Company Limited	-	-	11,706	11,326
Portfolio Partners Limited	-	-	-	97,740
Castleton Investments Limited	-	-	528,939	564,068
Jamaica Property Company Limited	-	-	-	-
Jamaica Property Development Limited	-	-	5	5
Scott's Preserves Limited	-	-	252	-
	-	-	551,593	673,139
Amounts due to related parties:				
First Jamaica Employees Share Purchase Plan	-	-	-	1,779
Subsidiaries:				
Jamaica Property Company Limited	-	-	31,667	22,399
Portfolio Partners Limited	-	-	264	-
Panacea Holdings Limited	-	-	41,587	9,515
	-	-	73,518	33,693
Net asset	-	-	478,075	639,446

The current portion of amounts due from related parties was $161,165,000 (2013 - $16,956,000) and to related parties was $39,483,000 (2013 - $60,192,000) for the company.

Other balances with related parties are discussed in Notes 14, 17 and 19, which deal with "investment securities", "investments in subsidiaries, associated companies and joint ventures" and "prepayments and miscellaneous assets" respectively.

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22. Related Party Transactions and Balances (Continued)

(b) The consolidated and company income statements include the following transactions with related parties:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Subsidiaries -				
Management fees	-	-	33,075	32,822
Interest income	-	-	106,684	95,297
Interest expense	-	-	(3,747)	(1,355)
Bad debt written off	-	-	-	-
Dividends received	-	-	-	88,801
Associated companies -				
Dividend income	-	-	807,694	515,014
Other related parties -				
Rental Income	130,314	104,499	-	-
Interest and other income earned	10,078	5,735	3,791	2,990
Interest and other expenses incurred	(4,685)	(2,186)	(3,162)	(1,266)
Other expenses	(14,546)	(15,306)	(12,150)	(11,108)

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22. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	116,090	97,299	57,335	37,651
Statutory contributions	10,998	9,107	5,499	3,542
Post-employment benefits	18,221	14,848	745	2,607
Share-based compensation	16,698	13,601	8,241	6,620
	162,007	134,855	71,820	50,420
Directors Fees	13,289	13,410	12,955	13,410
	13,289	13,410	12,955	13,410

(d) Loans from related parties

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	7,244	22,065	1,907	5,329
New loans	140,580	-	110,000	-
Repayments	(115,441)	(14,821)	(111,907)	(3,422)
Interest charged	4,685	1,266	3,162	1,266
Interest paid	(4,685)	(1,266)	(3,162)	(1,266)
	32,383	7,244	-	1,907

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23. Loan Liabilities

	Currency	Rate %	Repayable	The Group 2014 $'000	The Group 2013 $'000
Secured -					
(i) CIBC First Caribbean International Bank Limited	J$	10.50	2017	31,077	41,055
(ii) CIBC First Caribbean International Bank Limited	J$	10.50	2020	22,179	26,036
(iii) Sagicor Bank Jamaica Ltd	J$	13.25	2014	-	1,907
(iv) Sagicor Bank Jamaica Ltd	J$	13.25	2016	1,951	5,337
(v) Sagicor Bank Jamaica Ltd	J$	10.50	2018	2,752	-
(vi) Sagicor Bank Jamaica Ltd/DBJ	J$	8.00	2021	27,680	-
(vii) Jamaica National Building Society.	J$	10.50	2024	20,369	-
(viii) Jamaica National Building Society.	J$	10.50	2024	25,000	-
(ix) Commercial Notes	J$	9.25	2014	-	596,472
(x) Commercial Notes	J$	10.85	2016	591,699	-
(xi) Commercial Notes	J$	9.75	2015	747,060	742,021
(xii) Commercial Notes	J$	9.39/10.50	2017	1,138,023	1,133,387
(xiii) International Finance Corporation	US$	6.59	2019	358,315	398,916
(xiv) International Finance Corporation	US$	4.36	2019	1,097,301	1,219,806
(xv) Commercial Note	US$	6.25	2015	114,661	159,567
(xvi) Merrill Lynch International Bank Ltd	US$	2.00	2015	49,756	44,401
Unsecured -					
(xvii) JN Properties Limited	J$	Variable	No fixed date	13,586	13,586
(xviii) Bank of Nova Scotia Jamaica Ltd	J$	9.50	2015	38,241	-
				4,279,650	4,382,491
Interest payable				144,897	149,865
				4,424,547	4,532,356

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23. Loan Liabilities (Continued)

		Currency	Rate	Repayable	The Company 2014	The Company 2013
			%		$'000	$'000
Secured -						
(iii)	Sagicor Bank Jamaica Ltd	J$	13.25	2014	-	1,907
(ix)	Commercial Notes	J$	9.25	2014	-	596,472
(x)	Commercial Notes	J$	10.85	2016	591,699	-
(xi)	Commercial Notes	J$	9.75	2015	747,060	742,021
(xii)	Commercial Notes	J$	9.39/10.50	2017	1,138,023	1,133,387
(xiv)	International Finance Corporation	US$	4.36	2019	1,097,301	1,219,806
					3,574,083	3,693,593
	Interest payable				131,872	135,813
					3,705,955	3,829,406

The current portion of loan liabilities amounted to $1,336,377,000 (2013 - $1,121,992,000) for the group and $1,088,514,000 (2013 - $927,808,000) for the company.

Commercial Notes are shown net of transaction costs, which are amortised over the life of the notes. Total transaction costs amounted to $48,784,000, (2013 - $50,394,000) and the unamortised portion at 31 December 2014 was $23,218,000 (2013 - $28,120,000).

(i) This loan was issued by CIBC FirstCaribbean International Bank Limited (FCIB) to assist with the extension of the multi-storey parking garage, construction of a well and other building upgrades. Interest on this loan is charged at FCIB's base rate less 6.35%. The loan is secured by a first mortgage over commercial lots 195 – 198 (inclusive) located at Grenada Crescent, New Kingston. The loan is scheduled to be repaid by 2017, but is repayable on demand, should such a request be made by the bank.

(ii) This loan was issued by CIBC FirstCaribbean International Bank Limited (FCIB) to assist with elevator equipment upgrade. Interest on this loan is charged at FCIB's base rate less 6.35%. The loan is secured by a first mortgage over commercial lots 187 – 194 (inclusive) located at Grenada Crescent, New Kingston and lots 238 – 245 (inclusive) located at 31 – 37 Barbados Avenue, New Kingston. The loan is scheduled to be repaid by 2020, but is repayable on demand, should such a request be made by the bank.

(iii) This represented the outstanding balance on a J$9,577,500 loan issued by Sagicor Bank Jamaica Limited. The loan balance was repaid in 2014.

(iv) This represents the outstanding balance on a J$9,700,000 loan issued by Sagicor Bank Jamaica Limited. Interest is charged at a rate of 13.25% per annum. The loan is secured by motor vehicles and is scheduled to be repaid by 2016.

23. Loan Liabilities (Continued)

(v) This represents the outstanding balance on a J$2,900,000 loan issued by Sagicor Bank Jamaica Limited. Interest is charged at a rate of 10.50% per annum. The loan is secured by a motor vehicle and is scheduled to be repaid by 2018.

(vi) This represents a loan from Development Bank of Jamaica through Sagicor Bank Jamaica Limited, for the purchase and installation of solar panels. Interest is charged a rate of 8% per annum. Principal will be repaid in 72 monthly instalments, commencing August 2015.

(vii) This represents the first drawdown on a J$67,000,000 mortgage loan facility from Jamaica National Building Society, to assist with renovations to the building located at 23 – 27 Knutsford Boulevard. Interest is charged at a rate of 10.50% per annum. The loan is secured by a first mortgage over lot # 44 located at St Lucia Way, 23 – 27 Knutsford Boulevard and is scheduled to be repaid by 2024.

(viii) This represents the second drawdown on a J$67,000,000 mortgage loan facility from Jamaica National Building Society, to assist with the purchase of lots # 42 and 43 New Kingston. The loan is secured by a first mortgage over lot # 44 located at St Lucia Way, 23 – 27 Knutsford Boulevard and is scheduled to be repaid by 2024.

(ix) This represented the carrying value of certain secured notes issued by the group and company in 2012 with a face value of $600,000,000, net of issue costs. The notes matured and were retired on July 23, 2014.

(x) This represents the carrying value of certain secured notes issued by the group and company in 2014 with a face value of $600,000,000, net of issue costs. The notes mature on July 23, 2016, bear interest at a fixed rate of 10.85% per annum, and are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(xi) This represents the carrying value of certain secured notes issued by the company in 2012 with a face value of $750,000,000, net of issue costs. The notes mature on July 23, 2015, bear interest at a fixed rate of 9.75% per annum, and are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(xii) This represents the carrying value of certain secured notes issued by the company in 2012 with a face value of $1,150,000,000, net of issue costs. The notes mature on July 23, 2017, with an option to the issuer for early redemption on or after July 25, 2016. Interest was fixed for the first six months at 8.75% per annum, following which the rate is 2.25% above the weighted average yield of the six month Government of Jamaica Treasury Bill issued in the month prior to interest payment. At December 31, 2014 the interest rate was 9.39%. The notes are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(xiii) This balance represents the first drawdown on a US$17,500,000 loan facility from the International Finance Corporation (IFC), in the amount of US$5,000,000. Interest is fixed at 6.59% per annum. The loan is secured by a first mortgage over the Jamaica Tourism Centre, Manor Park Plaza Phase 1, and the Scotia Centre properties. Repayment of this loan began January 2013 with the first of sixteen semi-annual instalments.

23. Loan Liabilities (Continued)

(xiv) This balance represents the second and final drawdown on a US$17,500,000 loan facility from the International Finance Corporation (IFC), in the amount of US$12,500,000. Interest is fixed at 4.36% per annum. The loan is secured by a first mortgage over the Sagicor Bank building, IBM and 3M buildings and Manor Park Plaza Phase 2 properties. Repayment of this loan began July 2014 with the first of thirteen semi-annual instalments.

(xv) This represents the balance on a US$1,500,000 commercial note issued by a subsidiary to assist with the purchase of real estate, bearing interest at a rate of 6.25% per annum. Repayment of this note began February 2014 with the first of three annual instalments.

(xvi) This represents a US$436,000 margin loan from Merrill Lynch International Bank Limited. Interest is charged at a rate of 2% per annum. The loan is secured by equities valued at US$584,000 at December 31, 2014, and is repayable on demand.

(xvii) This represents a loan advanced by J.N. Properties Limited. The debt is unsecured, attracts interest at a variable rate and has no fixed repayment terms.

(xviii) This represents the balance on a J$100,000,000 unsecured loan from Bank of Nova Scotia Jamaica Limited to finance insurance premiums. Interest is charged at an effective rate of 9.50% per annum. The balance is payable in 2015.

24. Finance Lease Liabilities

The finance lease obligations are as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Minimum lease payments under finance leases:				
Not later than 1 year	7,663	7,439	1,200	1,200
Later than 1 year and not later than 5 years	5,573	9,687	2,100	3,300
	13,236	17,126	3,300	4,500
Future finance charges	(1,424)	(2,598)	(495)	(917)
Present value of finance lease obligations	11,812	14,528	2,805	3,583

The present value of the lease obligations is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Not later than 1 year	6,346	5,881	887	778
Later than 1 year and not later than 5 years	5,466	8,647	1918	2,805
	11,812	14,528	2,805	3,583

The leases are secured by certain motor vehicles owned by the group.

25. Other Liabilities

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Promissory note – managed funds	28,144	27,458	28,144	27,458
Other liabilities and accrued expenses	222,854	207,585	33,403	21,022
Trade payables	26,212	25,834	-	-
Accounts payable	26,586	23,697	26,586	23,697
	303,796	284,574	88,133	72,177

The current portion of other liabilities amounted to $290,098,000 (2013 - $240,083,000) for the group and $88,133,000 (2013 - $72,177,000) for the company.

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26. Share Capital

	2014	2013
	No.	No.
	'000	'000
Authorised share capital of no par value -		
Ordinary shares	250,000	250,000
	$'000	$'000
Issued and fully paid -		
213,231,978 stock units	2,141,985	2,141,985

27. Stock Grants and Options/Equity Compensation Reserve

In 2013, the company established the Long Term Incentive Plan ("LTIP") to replace the previous 2006 Executive Share Option Scheme. The company has reserved 7.5% of its authorised share capital for issue under the plan. The plan is administered by a committee of the company's Board of Directors.

Under the LTIP, certain executive officers of the group are eligible to receive awards of a combination of company stock grants and stock options, once a predetermined company performance objective is met. The awards are made annually in May, and vest in four equal annual instalments beginning with the first December 31 (for options) and April 30 (for grants) following the date of award. Vesting in both stock grants and stock options awarded under the plan is dependent on time-based, company and individual performance criteria. Vested options are exercisable for 7 years from the date of award. Awards of grants and options are formula-based dependent on the percentage of each awardee's base compensation at the date of award subject to the LTIP, and the fair value of stock options and stock grants awarded. The fair value of stock grants, and the exercise price and fair value of stock options, is set based on the closing bid price of the company's stock on the last trading day in March of the year in which the award is made.

Shares issued when stock grants are vested and when stock options are exercised have the same rights as other issued common shares.

During the year, grants of 267,584 (2013 - 406,292) shares of company stock were awarded under the plan to three executive directors, and 101,574 (2013 - 45,740) shares became fully vested and were issued.

At December 31, 2014, options over 2,087,021 (2013 - 1,329,253) shares were outstanding, 978,326 (2013 - 456,570) of which were vested and exercisable, at the prices per share as follows:

Expiring December 31	Outstanding	Vested	Exercise Price
2019	497,029	372,772	$58.00
2020	832,224	416,112	$55.97
2021	757,768	189,442	$49.05
	2,087,021	978,326	

No options expired or were exercised or forfeited during the year.

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27. Stock Grants and Options/Equity Compensation Reserve (Continued)

The company uses the Black-Scholes option pricing model for determining the fair value of stock options awarded, which is expensed over the vesting period. The range of values of stock options awarded as at December 31, 2014, as determined using this model, was $15.02 to $21.35. The significant inputs into the model were as follows:

Exercise price (range in $ per share)	$49.05 - $58.00
Annual risk free rate	7.8% - 8.9%
Volatility factor	27.9% - 37.5%
Expected dividend yield	2.3% - 5.3%
Expected life (in years)	7

Share-based compensation expense is recognised over the vesting period of each award, and is based on the total fair value of all awards expected to vest. The group and the company recognised share-based compensation in 2014 of $16,698,000 and $8,241,000 (2013 - $13,601,000 and $6,620,000), respectively. To satisfy its obligations in relation to the stock grants of $5,005,000 ($2,242,000) for the group and $2,459,000 ($1,107,000) for the company, the group issued shares from its holdings of treasury shares, with a cost of $7,212,000 (2013 - $2,659,000)

28. Property Revaluation Reserve

The balance represents the accumulated revaluation gains on investment properties attributable to owners of the parent, transferred from retained earnings.

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29. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fair value gains on investments	174,735	129,925	76,869	71,533
Capital reserves	2,605,147	2,605,630	1,337,983	1,337,983
Capital redemption reserves	2,176	2,176	2,200	2,200
Share of other comprehensive income of associated companies	858,566	472,969	-	-
	3,640,624	3,210,700	1,417,052	1,411,716
Capital reserves				
Realised gain on sale of ESPP shares	97,466	99,673		-
Realised gain on sale of insurance operations	1,161,344	1,161,344	2,688,484	2,688,484
Realised gain on dilution of holding in subsidiaries and associates	433,516	433,516	-	-
Reserve arising on acquisition of non -controlling interest	623,267	623,267	(1,493,255)	(1,493,255)
Other	289,554	287,830	142,754	142,754
	2,605,147	2,605,630	1,337,983	1,337,983

Fair value gains on investments for the group are shown net of deferred taxes of $64,000 (2013 – deferred tax $3,896,000) with respect to revaluation adjustments to investments.

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30. Dividends

	2014	2013
	$'000	$'000
First interim dividend for 2014 at $0.60 (2013 - $1.10) per stock unit - gross	127,939	234,555
Second interim dividend for 2014 at $0.60 per stock unit – gross	127,939	-
Third interim dividend for 2014 at $0.70 (2013 - $0.45) per stock unit – gross	149,263	95,955
Fourth interim dividend for 2014 at $0.75 (2013 - $0.50) per stock unit - gross	159,924	106,616
	565,065	437,126
Less: Dividends on treasury stock	(9,063)	(1,878)
	556,002	435,248

On 26 February 2015, the company declared a dividend of $0.70 per stock unit, amounting to $151,394,000 for which there is no accrual in the 2014 financial statements. On 27 February 2014, the company declared a dividend of $0.60 per share, amounting to $127,939,000 for which there was no accrual in the 2013 financial statements.

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31. Cash Flows from Operating Activities

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Net profit	2,853,979	2,524,025	531,201	415,384
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	26,481	28,396	4,544	6,280
(Gain)/loss on sale of property, plant and equipment	(1,075)	5,862	-	(1,082)
Stock compensation expense	16,698	13,601	8,241	6,620
Interest income	(118,468)	(97,942)	(144,578)	(127,457)
Finance costs	506,646	609,144	422,808	486,836
Share of results of associated companies	(2,732,864)	(2,175,326)	-	-
Share of results of joint venture	39,606	(5,541)	-	-
Income tax expense	90,723	100,131	(11,311)	(5,774)
Bad debts	10,612	376	-	-
Change in retirement benefit asset/obligation	37,958	24,986	(1,263)	5,316
Fair value gains on investment properties	(202,113)	(253,411)	-	-
Gains on foreign currency denominated investments	(116,935)	(219,236)	(120,003)	(197,276)
Impairment of investment assets	68,937	34,033	68,937	14,687
Unrealised loss/(gains) on financial assets at fair value through profit and loss	54,677	(42,527)	-	-
	534,862	546,571	758,576	603,534
Changes in operating assets and liabilities:				
Taxation recoverable	6,937	(1,223)	15,689	(1,157)
Other assets, net	(122,541)	(49,729)	(5,879)	14,760
Other liabilities, net	19,767	40,009	15,955	(24,743)
	439,025	535,628	784,341	592,394
Interest received	98,987	98,168	142,941	121,044
Income tax paid	(84,173)	(167,712)	(3,930)	(26,992)
Net cash provided by operating activities	453,839	466,084	923,352	686,446

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32. Commitments

Operating lease commitments – where the group/company is the lessor:

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Not later than 1 year	551,293	435,845	-	-
Later than 1 year and not later than 5 years	1,362,170	1,411,358	-	-
Later than 5 years	556,776	524,423	-	-
	2,470,239	2,371,626	-	-

33. Financial Risk Management

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

Risk management is carried out by the Investment Committee, which identifies, evaluates and manages financial risks in close co-operation with the group's operating business units. The Board of Directors sets guidelines for overall risk management including specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

In February 2013, the group and company participated in the National Debt Exchange (NDX) transaction under which the group and company exchanged their holdings of domestic debt instruments issued by the Government of Jamaica for new, longer-dated debt instruments available under the election options contained in the agreement. The NDX transaction resulted in a reduction in yields and an increase in the tenor of locally issued Government of Jamaica securities. The NDX did not have a significant impact on financial risks of entities which hold such instruments.

(a) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, interest rates, political risk and economic risk. Market risk is monitored by the group treasury function which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States (US), Canadian (CAD) and Barbadian (BD) dollars. Foreign exchange risk arises from transactions for purchases and recognised assets and liabilities.

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding foreign currency balances. As described in the accounting policy notes, the group also uses hedge accounting to manage its foreign currency risk associated with certain of its foreign currency denominated AFS equity instruments.

Concentration of currency risk

The table below summarises the currencies in which the group's and company's financial assets and liabilities are denominated at 31 December:

	The Group				
	2014				
	Jamaican $	US$	CAD$	BD$	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
Financial assets					
Cash and bank balances	31,783	12,068	454	-	44,305
Deposits	2,447	83,013	119,224	-	204,684
Investment securities	358,564	1,383,069	261,521	124,749	2,127,903
Securities purchased under agreements to resell	47,780	413,520	-	-	461,300
Trade and other receivables	229,231	120,737	-	-	349,968
Total financial assets	669,805	2,012,407	381,199	124,749	3,188,160
Financial liabilities					
Bank overdraft	6,031	-	-	-	6,031
Loan liabilities	2,768,898	1,655,649	-	-	4,424,547
Finance lease liability	11,812	-	-	-	11,812
Other liabilities	185,843	117,955	-	-	303,798
Total financial liabilities	2,972,584	1,773,604	-	-	4,746,188
Net position	(2,302,779)	238,803	381,199	124,749	(1,558,028)

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group				
	2013				
	Jamaican $	US$	CAD$	BD$	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
Financial assets					
Cash and bank balances	17,968	12,240	657	-	30,865
Deposits	2,355	30,020	107,510	-	139,885
Investment securities	368,850	1,783,745	231,410	147,943	2,531,948
Securities purchased under agreements to resell	7,680	244,529	-	-	252,209
Trade and other receivables	142,426	92,294	-	-	234,720
Total financial assets	539,279	2,162,828	339,577	147,943	3,189,627
Financial liabilities					
Bank overdraft	4,606	-	-	-	4,606
Loan liabilities	2,670,548	1,861,808	-	-	4,532,356
Finance lease liability	14,528	-	-	-	14,528
Other liabilities	175,848	108,726	-	-	284,574
Total financial liabilities	2,865,530	1,970,534	-	-	4,836,064
Net position	(2,326,251)	192,294	339,577	147,943	(1,646,437)

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2014			
	Jamaican $	US$	BD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	130	1,386	-	1,516
Deposits	-	62,703	-	62,703
Investment securities	416,292	814,434	124,749	1,355,475
Securities purchased under agreements to resell	21,591	43,738	-	65,329
Due from related parties	22,654	528,939	-	551,593
Receivables	43,814	-	-	43,814
Total financial assets	504,481	1,451,200	124,749	2,080,430
Financial liabilities				
Bank overdraft	6,031	-	-	6,031
Due to related parties	31,931	41,587	-	73,518
Loan liabilities	2,586,062	1,119,893	-	3,705,955
Finance lease liability	2,805	-	-	2,805
Other liabilities	88,133	-	-	88,133
Total financial liabilities	2,714,962	1,161,480	-	3,876,442
Net position	(2,210,481)	289,720	124,749	(1,796,012)

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2013			
	Jamaican $	US$	BD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	119	614	-	733
Deposits	-	15,139	-	15,139
Investment securities	417,281	1,005,104	147,943	1,570,328
Securities purchased under agreements to resell	601	12,049	-	12,650
Due from related parties	31,736	641,403	-	673,139
Receivables	36,517	-	-	36,517
Total financial assets	486,254	1,674,309	147,943	2,308,506
Financial liabilities				
Bank overdraft	2,535	-	-	2,535
Due to related parties	24,178	9,515	-	33,693
Loan liabilities	2,584,486	1,244,920	-	3,829,406
Finance lease liability	3,583	-	-	3,583
Other liabilities	72,177	-	-	72,177
Total financial liabilities	2,686,959	1,254,435	-	3,941,394
Net position	(2,200,705)	419,874	147,943	(1,632,888)

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency-denominated financial instruments and adjusts their translation at the year-end for a 10% increase and 1% decrease (2013 - 15% increase and 1% decrease) in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange (gains)/losses on translation of US dollar-denominated monetary financial securities classified as available for sale and fair value through profit and loss and foreign exchange (losses)/gains on translation of US dollar-denominated borrowings. The sensitivity of the profit or loss also considered the foreign exchange gains/ (losses) on certain available-for-sale equity instruments which were part of the previously discussed hedging relationship. The sensitivity of other components of equity was as result of translation gains/ (losses) on the other foreign currency denominated equities classified as available-for-sale, which were not a part of the hedging relationship.

	The Group					
	% Change in Currency Rate 2014	Effect on Profit before Tax 2014 $'000	Effect on other Components of Equity 2014 $'000	% Change in Currency Rate 2013	Effect on Profit before Tax 2013 $'000	Effect on other Components of Equity 2013 $'000
Currency:						
USD	10%	11,096	12,784	15%	(26,491)	55,335
USD	-1%	(1,110)	(1,278)	-1%	1,766	(3,689)
BD	10%	12,475	-	15%	22,191	-
BD	-1%	(1,247)	-	-1%	(1,479)	-
CAD	10%	11,968	26,152	15%	16,225	34,712
CAD	-1%	(1,197)	(2,615)	-1%	(1,082)	(2,314)

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	The Company					
	% Change in Currency Rate 2014	Effect on Profit before Tax 2014 $'000	Effect on other Components of Equity 2014 $'000	% Change in Currency Rate 2013	Effect on Profit before Tax 2013 $'000	Effect on other Components of Equity 2013 $'000
Currency:						
USD	10%	21,240	7,732	15%	13,751	49,230
USD	-1%	(2,124)	(773)	-1%	(917)	(3,282)
BD	10%	12,475	-	15%	22,191	-
BD	-1%	(1,247)	-	-1%	(1,479)	-

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

Floating rate instruments expose the group and company to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group's and company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

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

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2014:							
Financial assets							
Cash and bank balances	44,305	-	-	-	-	-	44,305
Deposits	83,013	119,224	2,447	-	-	-	204,684
Investment securities	253,224	-	-	175,249	397,656	1,301,774	2,127,903
Securities purchased under agreements to resell	451,694	8,140	1,332	134	-	-	461,300
Trade and other receivables	28,144	-	-	-	-	321,824	349,968
Total financial assets	860,380	127,364	3,779	175,383	397,656	1,623,598	3,188,160
Financial liabilities							
Bank overdraft	6,031	-	-	-	-	-	6,031
Loan liabilities	1,390,633	-	747,060	2,227,898	58,956	-	4,424,547
Finance lease liability	289	-	-	11,523	-	-	11,812
Other liabilities	28,144	-	-	-	-	275,654	303,798
Total financial liabilities	1,425,097	-	747,060	2,239,421	58,956	275,654	4,746,188
Total interest repricing gap	(564,717)	127,364	(743,281)	(2,064,038)	338,700	1,347,944	(1,558,028)
Cumulative interest repricing gap	(564,717)	(437,353)	(1,180,634)	(3,244,672)	(2,905,972)	(1,558,028)	

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2013:							
Financial assets							
Cash and bank balances	30,865	-	-	-	-	-	30,865
Deposits	32,375	107,510	-	-	-	-	139,885
Investment securities	237,450	-	-	339,279	302,945	1,652,274	2,531,948
Securities purchased under agreements to resell	227,788	21,956	2,336	129	-	-	252,209
Trade and other receivables	28,076	-	-	-	-	206,644	234,720
Total financial assets	556,554	129,466	2,336	339,408	302,945	1,858,918	3,189,627
Financial liabilities							
Bank overdraft	4,606	-	-	-	-	-	4,606
Loan liabilities	1,327,653	-	598,379	974,016	1,632,308	-	4,532,356
Finance lease liability	290	-	357	13,881	-	-	14,528
Other liabilities	27,456	-	-	-	-	257,118	284,574
Total financial liabilities	1,360,005	-	598,736	987,897	1,632,308	257,118	4,836,064
Total interest repricing gap	(803,451)	129,466	(596,400)	(648,489)	(1,329,363)	1,601,800	(1,646,437)
Cumulative interest repricing gap	(803,451)	(673,985)	(1,270,385)	(1,918,874)	(3,248,237)	(1,646,437)	

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2014:							
Financial assets							
Cash and bank balances	1,516	-	-	-	-	-	1,516
Deposits	62,703	-	-	-	-	-	62,703
Investment securities	118,284	-	-	349,366	165,644	722,181	1,355,475
Securities purchased under agreements to resell	64,434	272	623	-	-	-	65,329
Due from related parties	-	-	-	528,939	-	22,654	551,593
Receivables	28,144	-	-	-	-	15,670	43,814
Total financial assets	275,081	272	623	878,305	165,644	760,505	2,080,430
Financial liabilities							
Bank overdraft	6,031	-	-	-	-	-	6,031
Due to related parties	-	-	37,659	-	-	35,859	73,518
Loan liabilities	1,269,895	-	747,060	1,689,000	-	-	3,705,955
Finance lease liabilities	-	-	-	2,805	-	-	2,805
Other liabilities	28,144	-	-	-	-	59,989	88,133
Total financial liabilities	1,304,070	-	784,719	1,691,805	-	95,848	3,876,442
Total interest repricing gap	(1,028,989)	272	(784,096)	(813,500)	165,644	664,657	(1,796,012)
Cumulative interest repricing gap	(1,028,989)	(1,028,717)	(1,812,813)	(2,626,313)	(2,460,669)	(1,796,012)	

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2013:							
Financial assets							
Cash and bank balances	733	-	-	-	-	-	733
Deposits	15,139	-	-	-	-	-	15,139
Investment securities	117,801	-	-	374,591	149,498	928,438	1,570,328
Securities purchased under agreements to resell	12,049	-	601	-	-	-	12,650
Due from related parties	-	-	-	661,813	-	11,326	673,139
Receivables	28,076	-	-	-	-	8,441	36,517
Total financial assets	173,798	-	601	1,036,404	149,498	948,205	2,308,506
Financial liabilities							
Bank overdraft	2,535	-	-	-	-	-	2,535
Due to related parties	-	-	20,000	-	-	13,693	33,693
Loan liabilities	1,269,200	-	598,379	742,021	1,219,806	-	3,829,406
Finance lease liabilities	-	-	-	3,583	-	-	3,583
Other liabilities	27,458	-	-	-	-	44,719	72,177
Total financial liabilities	1,299,193	-	618,379	745,604	1,219,806	58,412	3,941,394
Total interest repricing gap	(1,125,395)	-	(617,778)	290,800	(1,070,308)	889,793	(1,632,888)
Cumulative interest repricing gap	(1,125,395)	(1,125,395)	(1,743,173)	(1,452,373)	(2,522,681)	(1,632,888)	

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the group's and company's income statement and stockholders' equity.

The group's and company's interest rate risk arises from investment securities, securities purchased under agreements to resell and long term borrowings. The sensitivity of the income statement is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and floating rate liabilities. The sensitivity of other components of equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates.

		The Group		The Company	
		Effect on Profit before Taxation 2014 $'000	Effect on Other Components of Equity 2014 $'000	Effect on Profit before Taxation 2014 $'000	Effect on Other Components of Equity 2014 $'000
Change in basis points:					
2014	**2014**				
JA$	US$				
+250	+200	(20,742)	(15,711)	(27,339)	(11,657)
-100	-50	9,537	4,568	11,066	3,137

		The Group		The Company	
		Effect on Profit before Taxation 2013 $'000	Effect on Other Components of Equity 2013 $'000	Effect on Profit before Taxation 2013 $'000	Effect on Other Components of Equity 2013 $'000
Change in basis points:					
2013	**2013**				
JA$	US$				
+250	+200	(25,489)	(15,800)	(28,557)	(11,654)
-100	-50	10,927	4,563	11,459	3,019

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group and company are exposed to equity price risk because of investments held by the group and company classified on the respective statements of financial position either as available-for-sale or at fair value through profit or loss. The group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact on total stockholders' equity (before tax) of a 10% increase/decrease in equity prices is an increase/decrease of $130,178,000 and $72,218,000 (2013 – $165,227,000 and $92,844,000) for the group and company respectively.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group and company have policies in place to ensure that property rentals and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The group manages its credit risk by screening its customers, establishing credit limits, obtaining bankers' guarantees or collateral for loans where applicable, the rigorous follow-up of receivables and ensuring investments are low-risk or, are held with sound financial institutions.

(i) Trade receivables

Trade receivables relate mainly to tenants of the group's commercial properties. Receivables are monitored and followed up on a regular basis and provisions made as deemed necessary based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments

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

(iii) Guarantees

The group's policy is not to provide financial guarantees to any other party than wholly-owned subsidiaries.

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33. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure			
	The Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on statement of financial position items are as follows:				
Assets:				
Cash and bank balances	44,305	30,865	1,516	733
Deposits	204,684	139,885	62,703	15,139
Financial assets at fair value through profit and loss	123,851	106,947	-	-
Available-for-sale securities	449,052	535,276	191,645	203,975
Loans and receivables	253,223	237,451	441,649	437,915
Securities purchased under agreements to resell	461,300	252,209	65,329	12,650
Trade and other receivables	349,968	234,720	43,814	36,517
Due from related parties	-	-	551,593	673,139
	1,886,383	1,537,353	1,358,249	1,380,068
Credit risk exposures relating to assets not recorded on the statement of financial position				
Lease commitments	2,470,239	2,371,626	-	-

The above table represents a worst case scenario of credit risk exposure to the group and company at 31 December 2014 and 2013, without taking account of any collateral held or other credit enhancements. For assets carried on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. An impairment loss was recognised for the year ended 31 December 2014 of $68,937,000 (2013 - $34,033,000) for the group and $68,937,000 (2013 - $14,687,000) for the company for certain investment securities.

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33. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables
The following table summarises the group's and company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Commercial	36,926	27,442	-	-
Retail	14,895	12,275	-	-
Managed properties	42,504	33,402	-	-
	94,325	73,119	-	-
Less: Provision for credit losses	(17,866)	(7,255)	-	-
	76,459	65,864	-	-

Credit quality of trade receivables are summarised as follows:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Neither past due nor impaired -				
Standard	63,386	56,520	-	-
Past due but not impaired	13,073	9,344	-	-
Impaired	17,866	7,255	-	-
Gross	94,325	73,119	-	-
Less: Provision for credit losses	(17,866)	(7,255)	-	-
Net	76,459	65,864	-	-

All trade receivables are receivable from customers in Jamaica.

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33. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Aging analysis of past due but not impaired trade receivables:

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
31 to 60 days	2,304	4,032		-
61 to 90 days	1,152	1,854		-
Over 90 days	9,617	3,458		-
	13,073	9,344		-

The amounts above include managed properties fees receivables of $15,436,000 (2013 - $27,093,000) (Note 19). There are no financial assets other than trade receivables that are past due.

(iii) Investments

The following table summarises the credit exposure of the group and company to businesses and government by sectors in respect of investments (excluding equities, investments in subsidiaries and associated companies and related parties debt):

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Government of Jamaica	85,666	79,899	5,896	5,117
Corporate and other government	1,153,221	954,688	313,781	226,647
	1,238,887	1,034,587	319,677	231,764

33. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Investment Committee, includes:

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

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

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment; and

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

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

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

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33. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below summarise the maturity profile of the group's and company's financial assets and liabilities at 31 December based on contractual undiscounted payments.

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2014							
Financial assets							
Cash and bank balances	44,308	-	-	-	-	-	44,308
Deposits	85,489	121,873	-	-	-	-	207,362
Investment securities	146,122	5,293	41,629	452,209	434,013	1,301,777	2,381,043
Securities purchased under agreements to resell	452,370	7,909	1363	139	-	-	461,781
Trade and other receivables	162,845	187,257	-	-	-	-	350,102
Total financial assets (contractual maturity dates)	891,134	322,332	42,992	452,348	434,013	1,301,777	3,444,596
Financial liabilities							
Bank overdraft	6,043	-	-	-	-	-	6,043
Loans	365,570	64,513	1,085,715	3,562,137	24,279	-	5,102,214
Finance leases liability	985	1,390	5,283	5,578	-	-	13,236
Other liabilities	138,473	138,884	26,586	-	-	-	303,943
Total financial liabilities (contractual maturity dates)	511,071	204,787	1,117,584	3,567,715	24,279	-	5,425,436
Net Liquidity Gap	380,063	117,545	(1,074,592)	(3,115,367)	409,734	1,301,777	(1,978,840)
Cumulative Liquidity Gap	380,063	497,608	(576,984)	(3,692,351)	(3,282,617)	(1,980,840)	

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33. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2013							
Financial assets							
Cash and bank balances	30,865	-	-	-	-	-	30,865
Deposits	32,396	109,985	-	-	-	-	142,381
Investment securities	130,382	9,293	43,618	473,827	580,204	1,652,274	2,889,598
Securities purchased under agreements to resell	227,771	22,077	2,401	139	-	-	252,388
Trade and other receivables	101,826	134,322	-	-	-	-	236,148
Total financial assets (contractual maturity dates)	523,240	275,677	46,019	473,966	580,204	1,652,274	3,551,380
Financial liabilities							
Bank overdraft	4,619	-	-	-	-	-	4,619
Loans	348,596	60,720	922,700	3,780,050	305,627	-	5,417,693
Finance leases liability	947	1,315	5,177	9,687	-	-	17,126
Other liabilities	132,488	155,460	-	-	-	-	287,948
Total financial liabilities (contractual maturity dates)	486,650	217,495	927,877	3,789,737	305,627	-	5,727,386
Net Liquidity Gap	36,590	58,182	(881,858)	(3,315,771)	274,577	1,652,274	(2,176,006)
Cumulative Liquidity Gap	36,590	94,772	(787,086)	(4,102,857)	(3,828,280)	(2,176,006)	

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33. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2014:							
Assets							
Cash and bank balances	1,516	-	-	-	-	-	1,516
Deposits	62,713	-	-	-	-	-	62,713
Investment securities	14,961	12,990	73,583	846,912	172,171	722,181	1,842,798
Securities purchased under agreements to resell	64,706	-	635	-	-	-	65,341
Due from related parties	-	-	167,090	460,186	-	22,649	649,925
Receivables	28,279	15,670	-	-	-	-	43,949
Total financial assets (contractual maturity dates)	172,175	28,660	241,308	1,307,098	172,171	744,830	2,666,242
Liabilities							
Bank overdraft	6,043	-	-	-	-	-	6,043
Due to related parties	-	-	41,368	-	-	34,035	75,403
Loans	264,754	-	1,009,822	3,022,513	-	-	4,297,089
Finance lease liability	100	200	900	2,100	-	-	3,300
Other liabilities	61,690	-	26,586	-	-	-	88,276
Total financial liabilities (contractual maturity dates)	332,587	200	1,078,676	3,024,613	-	34,035	4,470,111
Net Liquidity Gap	(160,412)	28,460	(837,368)	(1,717,515)	172,171	710,795	(1,803,869)
Cumulative Liquidity Gap	(160,412)	(131,952)	(969,320)	(2,686,835)	(2,514,664)	(1,803,869)	

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33. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2013:							
Assets							
Cash and bank balances	733	-	-	-	-	-	733
Deposits	15,142	-	-	-	-	-	15,142
Investment securities	14,536	12,926	75,011	880,011	173,074	928,438	2,083,996
Securities purchased under agreements to resell	12,064	-	612	-	-	-	12,676
Due from related parties	-	-	444,009	259,585	-	11,326	714,920
Receivables	28,251	8,441	-	-	-	-	36,692
Total financial assets (contractual maturity dates)	70,726	21,367	519,632	1,139,596	173,074	939,764	2,864,159
Liabilities							
Bank overdraft	2,542	-	-	-	-	-	2,542
Due to related parties	-	-	23,899	8,140	-	3,882	35,921
Loans	254,895	660	851,165	3,266,018	210,060	-	4,582,798
Finance lease liability	100	200	900	3,300	-	-	4,500
Other liabilities	48,636	23,697	-	-	-	-	72,333
Total financial liabilities (contractual maturity dates)	306,173	24,557	875,964	3,277,458	210,060	3,882	4,698,094
Net Liquidity Gap	(235,447)	(3,190)	(356,332)	(2,137,862)	(36,986)	935,882	(1,833,935)
Cumulative Liquidity Gap	(235,447)	(238,637)	(594,969)	(2,732,831)	(2,769,817)	(1,833,935)	

33. Financial Risk Management (Continued)

(d) Capital management

The group's objectives when managing capital are to provide superior returns for stockholders and benefits for other stakeholders, while maintaining a conservative capital structure. The Board of Directors monitors the return on capital, which the group defines as net profit attributable to equity holders divided by total stockholders' equity, excluding non-controlling interest. The Board of Directors also monitors and approves the level of dividends to ordinary stockholders.

The group will from time to time purchase its own shares on the market for employee share option plans purposes, the timing of which depends on the prevailing market prices.

There were no changes to the group's approach to capital management during the year.

The company and its subsidiaries have no externally imposed capital requirements.

34. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at statement of financial position dates.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(a) Cash and deposits, receivables, payables and related party balances reflect their approximate fair values due to the short term nature of these instruments;

(b) Investment securities classified as available-for-sale and financial assets at fair value through profit and loss are measured at fair value by reference to quoted market prices or valuation techniques such as a discounted cash flow model;

(c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts;

(d) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans; and

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

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34. Fair Value of Financial Instruments (Continued)

The following financial assets and financial liabilities are not carried at fair value:

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Financial Liabilities				
Loan liabilities	4,424,547	4,299,196	4,532,356	4,179,731
Finance lease liability	11,812	13,236	14,528	17,126

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Loan liabilities	3,705,955	3,587,164	3,829,406	3,682,168
Finance lease liability	2,805	3,300	3,583	4,500

The fair value of financial liabilities is within level 2 of the fair value hierarchy. Balances for other financial assets and liabilities carried at amortised cost, approximates their fair value because of their short term nature.

34. Fair Value of Financial Instruments (Continued)

The group follows the requirements of IFRS 7 for financial instruments that are carried on the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices in active markets for identical assets or liabilities (level 1).

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's financial assets that are measured at fair value at 31 December: See Note 3(v) and 16 for disclosure of investment properties that are measured at fair value.

	The Group			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
As at 31 December 2014				
Financial assets				
Investment securities	640,129	572,904	661,647	1,874,680
As at 31 December 2013				
Financial assets				
Investment securities	1,076,725	642,223	575,549	2,294,497

	The Company			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
As at 31 December 2014				
Financial assets				
Investment securities	312,054	191,644	410,128	913,826
As at 31 December 2013				
Financial assets				
Investment securities	574,298	203,975	354,140	1,132,413

There were no transfers between levels during the year.

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34. Fair Value of Financial Instruments (Continued)

The following table shows the changes in Level 3 instruments for the year ended 31 December 2014

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at beginning of year	575,549	127,418	354,140	137,418
Additions	64,064	327,560	64,064	129,505
Settlements	(78,113)	(56)	(78,113)	(56)
Foreign exchange gains	22,675	25,345	22,675	25,345
Unrealised gains and losses recognised OCI	77,472	95,282	47,362	61,928
	661,647	575,549	410,128	354,140
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	22,675	25,345	22,675	25,345
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	22,675	25,345	22,675	25,345

The quoted market price used for financial assets held by the group is current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit and loss and available for sale.

The fair value of financial instruments that are not quoted on an exchange is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 investments include investments in closed end real estate funds which are not publicly traded. To determine the carrying value for these investments management independently computes its share of the fair value of the net assets of the fund, by assessing the results of valuations and considering the fair values of cash and investment holdings as well as any debt obligations these funds may have. The real estate held by the funds are valued using an income approach which considers rental rates, rent multipliers, factors for vacancy and a capitalization rate. These capitalization factors and the rent multipliers are largely unobservable inputs that have the greatest potential for volatility and have resulted in the classification of the investments in level 3. The capitalization rates and rental multipliers used in the valuations range from 5.25% to 5.75% and 13.30 to 15.50 respectively.

Should the rent multipliers increase/decrease by 1, this would result in an increase/decrease in the carrying value of these respective investments, with all other factors remaining constant, of $ 29,978,000 for the company and the group. Should the capitalization factors increase/decrease by 1 percentage point, it would result in decrease/increase in the carrying value of the investments, with all other factors remaining constant, of $72,904,000 and $93,017,000 for the group only.

34. Fair Value of Financial Instruments (Continued)

Specific valuation techniques used to value financial instruments include:

(i) Quoted market prices or dealer quotes for similar instruments
(ii) Other techniques, such as discounted cash flow analysis used to determine fair value for the remaining financial instruments.

35. Litigation and Contingent Liabilities

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters, when, in the opinion of management, it is probable that a payment will be made by the group, and the amount can be reasonably estimated.

In respect of claims asserted against the group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the group which is immaterial to both financial position and results of operations.