EPPLEY LIMITED

ANNUAL REPORT 2014

EPPLEY
LIMITED

ANNUAL LETTER TO SHAREHOLDERS

Fellow Shareholders,

Eppley produced earnings per share of $64.27 last year, generating a 17.0% return on our $377 per share listing price. Our net asset value at the end of 2014 was $431 per share.

Investment Strategy

Like all investors, we seek opportunities where the potential for return exceeds the risk of loss. Since these opportunities are illusive, our strategy is to search where others don't or better yet can't.

As credit investors, we look for loans, leases and receivables where credit spreads are attractive compared to the possibility of default. Our experience has shown that the best risk reward trade-offs lie in inefficient markets out of favour with traditional lenders either by custom or because of structural impediments. We've organized Eppley to be able to evaluate these situations and to act decisively.

In Jamaica and the English-speaking Caribbean, access to capital is limited. This dearth of capital generates investment opportunities for Eppley. At the same time, Eppley's investments provide funding to businesses that would otherwise be starved for capital.

As we wrote in last year's letter, we are concerned that over the long term the Jamaican dollar will depreciate and interest rates, both globally and in Jamaica, will revert to historical averages. We've structured our portfolio to insulate Eppley from these outcomes.

When one of these risks materializes as occurred in 2014, Eppley will benefit from this protection. However, in periods when the Jamaican dollar is stable or appreciates or if interest rates decline, our returns will be depressed. We continue to believe this position is prudent.

We use leverage to enhance our returns. Since leverage also enhances risk, we do so cautiously. We ensure that our liabilities are attractively priced, low in relation to our capital and come due long after our assets mature. Equally, we make certain that we never restrict our ability to freely make investment decisions.

Our objective is to provide shareholders direct access to a portfolio of credit investments. As a result, despite our corporate form we behave like a closed end fund and distribute the vast majority of our profits to shareholders quarterly.

While we continuously evaluate our strategy in light of market conditions, we do not anticipate that it will change in 2015.

Portfolio

At the end of 2014, our investment portfolio was $1.36 billion. The gross income yield on our portfolio was 13% and the average tenor of our investments was 10 months. Our capital-at-risk was negligible.[1]

A summary of our portfolio is outlined in the following table.

Portfolio Summary

	Investment assets, millions	Average yield, %
Insurance premium finance	113.5	27%
Loans	473.5	15%
Leases	353.4	13%
Cash	519.8	7%
Total	1,360.2	13%

[1] Capital-at-risk is the sum of all loans and leases over 90 days and any insurance premium finance contracts not cancelled on time, both net of any provisions

Our portfolio of insurance premium finance receivables was stable last year. Here we finance personal lines premiums mostly on motor vehicle and homeowner's insurance for thousands of customers. Increasingly, we also finance larger commercial lines premiums. While we lend to policyholders, our loans are secured by unearned insurance premiums and so our ultimate credit risk is actually that of the insurer. This arrangement provides attractive returns with low credit risk.

Our portfolio of loans grew significantly in 2014. While our loans vary, almost every loan is an example of Eppley's willingness and ability to provide credit using products or structures not widely used by traditional lenders. For example, last year Eppley provided loans to customers using their trade receivables from high-quality credits as collateral. In other cases, Eppley bought these trade receivables outright. We expect such factoring transactions to continue in 2015.

Our lease portfolio also grew last year. We now own motor vehicles and equipment worth over a quarter of a billion dollars which we lease to various businesses. Once again, these counterparties chose to do business with Eppley because leases provide an efficient low-cost alternative to loans, but are much less common in Jamaica.

Funding and Capitalization

In December we raised $600 million by issuing preference shares and listing them on the Jamaica Stock Exchange. As a result, we ended the year with $520 million of liquidity. At the end of 2014 our leverage ratio including our preference shares was 4.1x. Our average effective cost of debt was about 10%.

Financial Performance

Our profit after tax in 2014 was $51.2 million. This represents a 30% increase over 2013. It is also a 17% return on our capitalization at our IPO which is cost basis for most investors. This return is more than double inflation (6.4%) and treasury bill rates (6.4% to 7.1%) in Jamaica. Adjusted for the 7.9% depreciation of the Jamaican dollar last year, this is also the equivalent of a 9.1% US dollar denominated return.

Dividends

Eppley paid ordinary dividends of $9.00 per share in each quarter of 2014. In the first quarter of 2015, the Board also declared a dividend of $34.29 per share. Consistent with its previously disclosed dividend policy, Eppley distributed virtually all of its 2014 profit to shareholders.

Subject to Board discretion, we aim to maintain this dividend policy in 2015.

Operations

Eppley's day to day affairs are managed by a team of nine investment professionals. However, our investment committee has collective responsibility for all material investment decisions under the supervision of our Board. We wish to thank our entire team for their work last year.

In summary, we are satisfied by Eppley's performance in 2014. While we anticipate that our high levels of liquidity will temporarily lower our returns, we now have sufficient funding to scale our business. We expect to spend 2015 carefully deploying this capital on your behalf.

Cordially,

Nigel L. Clarke
Chairman

Nicholas A. Scott
Managing Director

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of EPPLEY LIMITED ("the Company") will be held at 11:30am on May 14, 2015 at 58 Half Way Tree Road for the shareholders to consider, and if thought fit, to pass the following resolutions:

Ordinary Resolutions

1. To receive the report of the Board of Directors and the audited accounts of the Company for the financial year ended December 31, 2014.

2. To authorise the Board of Directors to reappoint PricewaterhouseCoopers as the auditors of the Company, and to fix their remuneration.

3. To reappoint the following Directors who have resigned by rotation in accordance with the Articles of Incorporation and being eligible have consented to act on reappointment.

   (a) Nicholas Scott
   (b) Byron Thompson
   (c) Keith Collister

4. To reappoint P.B. Scott who having been appointed to fill a casual vacancy and having resigned prior to the start of the Annual General Meeting in accordance with the Articles of Incorporation and being eligible has consented to reappointment.

5. To authorise the Board of Directors to fix the remuneration of the Directors.

Dated this 30th day of March 2015 by order of the Board of Directors.

Nigel L. Clarke
Chairman

DIRECTORS' REPORT

The Directors are pleased to present their report for EPPLEY LIMITED for the financial year ended December 31, 2014.

Financial Results

The Statement of Comprehensive Income for the Company shows pre-tax profit and net profit for the year of $51.2 million. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the Company are set out in the Annual Letter to Shareholders and the Financial Statements which are included as part of this Annual Report.

Directors

The Directors of the Company as at December 31, 2014 are: Nigel Clarke, Nicholas Scott, P.B. Scott, Melanie Subratie, Sharon Donaldson, Jennifer Scott, Keith Collister, Byron Thompson, Maxim Rochester and Alexander Melville.

The Directors to retire by rotation in accordance with the Articles of Incorporation are Nicholas Scott, Byron Thompson, and Keith Collister but being eligible will offer themselves for reelection.

Auditors

The auditors of the Company, PricewaterhouseCoopers of Scotiabank Centre, Duke Street, Kingston, Jamaica have expressed their willingness to continue in office. The Directors recommend their reappointment.

On behalf of the Board of Directors,

Nigel L. Clarke
Chairman

TEN LARGEST SHAREHOLDERS

(at December 31, 2014)

Musson Investments Limited	299,999
ATL Group Pension Fund Trustees Nominee Limited	204,250
Stony Hill Capital Limited	121,666
General Accident Insurance Company Jamaica Limited	73,000
Michael Subratie	33,268
Ravers Limited	22,134
Nicholas Scott	8,357
Nigel Clarke	5,305
Tropical Battery Company Limited	5,300
Maxim Rochester	3,978

SHAREHOLDINGS OF DIRECTORS

(at December 31, 2014)

	Direct	Connected
Nigel Clarke	5,305	-
Melanie Subratie	-	299,999
P. B. Scott	-	299,999
Nicholas Scott	8,357	-
Sharon Donaldson	800	-
Jennifer Scott	-	-
Keith Collister	-	-
Byron Thompson	2,000	-
Maxim Rochester	3,978	-
Alexander Melville	-	5,300

SHAREHOLDINGS OF EXECUTIVES

(at December 31, 2014)

	Direct	Connected
Nadia Jervis	277	-
Jacquelin Watson	-	-

CORPORATE DATA

Registered Office
58 Half Way Tree Road
Kingston, Jamaica W.I.

Auditor and Tax Adviser
PricewaterhouseCoopers
Scotiabank Centre
Kingston, Jamaica W.I.

Bankers
First Global Bank
2 St. Lucia Avenue
Kingston, Jamaica W.I.

JMMB Merchant Bank
6-8 Grenada Way
Kingston, Jamaica W.I.

National Commercial Bank
32 Trafalgar Road
Kingston, Jamaica W.I.

Sagicor Bank
60 Knutsford Boulevard
Kingston, Jamaica W.I.

Attorneys-at-law
Clinton Hart
58 Duke Street
Kingston, Jamaica W.I.

DunnCox
48 Duke Street
Kingston, Jamaica W.I.

Patterson Mair Hamilton
85 Hope Road
Kingston, Jamaica W.I.

Registrar
Jamaica Central Securities Depository
40 Harbour Street
Kingston, Jamaica W.I.

Eppley Limited

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Independent Auditor's Report

To the Members of
Eppley Limited

Report on the Financial Statements
We have audited the accompanying financial statements of Eppley Limited, set out on pages 1 to 29, which comprise the statement of financial position as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers

Chartered Accountants
30 March 2015
Kingston, Jamaica

Eppley Limited

Statement of Comprehensive Income

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Net Investment Income			
Interest income		117,681	65,292
Interest expense		(48,701)	(16,554)
Net interest income		68,980	48,738
Other operating income	8	33,042	24,233
Administrative expenses	9	(50,791)	(33,920)
Profit before Taxation		51,231	39,051
Taxation	11	(55)	(66)
Net Profit, being Total Comprehensive Income for the Year		51,176	38,985
Basic Earnings per Share	12	$64.27	$71.66

Eppley Limited

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

	Note	2014 $'000	2013 $'000
Assets			
Cash and deposits	13	519,791	161,531
Taxation recoverable		1,319	441
Other receivables	14	50,186	52,624
Insurance premium financing receivables	15	113,516	125,662
Loans receivable	16	473,501	301,102
Lease receivables	17	253,361	168,724
Property, plant and equipment	18	3,248	4,407
Total assets		1,414,922	814,491
Liabilities			
Due to related parties	19	1,653	1,653
Taxation payable		1,082	1,082
Deferred taxation	20	328	273
Borrowings	21	1,038,823	474,271
Other liabilities	22	29,550	16,237
Total liabilities		1,071,436	493,516
Shareholders' Equity			
Share capital	23	181,189	181,189
Retained earnings		162,297	139,786
Total shareholders' equity		343,486	320,975
Total Liabilities and Equity		1,414,922	814,491

Approved for issue by the Board of Directors on 30 March 2015 and signed on its behalf by:

Nigel L. Clarke — Chairman

Nicholas A. Scott — Managing Director

Eppley Limited

Statement of Changes in Equity

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2013		300	100,801	101,101
Total comprehensive income for the year		-	38,985	38,985
Transactions with owners -				
Issue of shares	23	180,889	-	180,889
Balance at 31 December 2013		181,189	139,786	320,975
Total comprehensive income for the year		-	51,176	51,176
Transactions with owners -				
Dividends	24	-	(28,665)	(28,665)
Balance at 31 December 2014		181,189	162,297	343,486

Eppley Limited

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			
Net profit		51,176	38,985
Adjustments for:			
Depreciation	18	1,187	1,182
Interest income		(117,681)	(65,292)
Interest expense		48,701	16,554
Exchange gains on foreign currency denominated balances		(25,988)	(14,203)
Taxation		55	66
		(42,550)	(22,708)
Changes in non-cash working capital components:			
Other receivables		2,996	(52,624)
Insurance premium financing receivables		13,483	(65,642)
Loan receivables		(151,322)	135,954
Lease receivables		(80,520)	(167,960)
Interest received		117,699	64,582
Other liabilities		13,301	5,373
		(126,913)	(103,025)
Taxation withheld at source		(878)	(3,042)
Interest paid		(48,701)	(16,806)
Net cash used in operating activities		(176,492)	(122,873)
Cash Flows from Investing Activities			
Term deposits with maturity periods in excess of 90 days		(79,806)	-
Additions to property, plant and equipment	18	(28)	(3,481)
Net cash used in investing activities		(79,834)	(3,481)
Cash Flows from Financing Activities			
Shares issued		-	135,021
Dividends paid		(28,665)	-
Loans received		699,116	535,959
Loans repaid		(139,693)	(387,495)
Net cash provided by financing activities		530,758	283,485
Increase in net cash balances		274,432	157,131
Effects of foreign exchange rates changes on cash and cash equivalents		4,040	329
Cash and cash equivalents at beginning of year		160,821	3,361
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	439,293	160,821

Non-cash transactions

In 2013, the non-cash transaction related to the repayment of loans through shares issued to related party totalling $45,868,000.

Eppley Limited

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

1. Identification and Activities

Eppley Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is located at 58 Half Way Tree Road, Kingston 10. On 29 July 2013, the company issued ordinary shares to the public, and became listed on the Junior Market of the Jamaica Stock Exchange.

The principal activity of the company is investing in credit products including insurance premium, loan and lease financing.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted 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

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

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 company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. 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 standards effective in 2014 which are relevant to the company's operations

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year and are relevant to the company's operations. The adoption of these new pronouncements has impacted the company as discussed below

- **IAS 32, (Amendment), 'Financial instruments: Presentation',** (effective 1 January 2014). This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. Management has adopted the provisions of the standard and has concluded there was no impact on the company.

- **IAS 36, (Amendment), 'Impairment of assets',** (effective for annual periods on or after 1 January 2014). This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. Management has adopted the provisions of the standard and has concluded there was no impact on the company.

- **IFRIC 21, 'Levies'** (effective for annual periods beginning on or after 1 January 2014). This interpretation sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. Management has adopted the provisions of the standard and has concluded there was no material impact on the company.

There was no impact on opening retained earnings from the adoption of the abovementioned standards/amendments to existing standards.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Accounting pronouncements that are not yet effective, and have not been early adopted
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 company's accounting periods beginning on or after 1 January 2014 or later periods, but were not effective at the date of the statement of financial position, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification and measurement of financial assets and liabilities and is effective from 1 January 2018 with early adoption permitted. The standard divides all financial assets and liabilities that are currently in the scope of IAS 39 into two classifications – those measured at amortised cost and those measured at fair value. This standard is a work in progress and will eventually replace IAS 39 in its entirety. Management is currently assessing the impact this may have on the company.

- **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 standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted.

There are no other standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a significant impact on the operations of the company.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue represents interest income earned on insurance premium, loan and lease financing and investments.

Interest income

Interest income is recognised in the statement of comprehensive income on a time proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate and continues unwinding the discount as interest income.

Eppley Limited

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

2. Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation

(i) *Functional and presentation currency*
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which it 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 statement of comprehensive income.

(d) Financial instruments

Financial instruments carried on the statement of financial position include insurance premium financing receivables, loans receivable, other receivables, cash and deposits, borrowings, due to related parties and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The fair value of the company's financial instruments is discussed in Note 6.

(e) Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise balances with maturity dates of less than 90 days from the dates of acquisition including cash and bank balances and deposits held on call with banks and bank overdraft.

(f) Insurance premium financing receivables

Insurance premium financing (IPF) receivables are non-derivative financial assets with fixed or determinable payments. They are initially recorded at fair value, which is the cash given to originate the receivable including transaction costs, and subsequently measured at amortised cost less provision for impairment of these receivables.

(g) Loans and leases receivable

Loans are recognised when the cash is advanced to borrowers. They are initially recorded at fair value, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

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

Eppley Limited

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is computed on the straight line method at rates estimated to write off the assets over their expected useful lives as follows:

Furniture, fixtures and equipment	10% - 25%
Motor vehicles	25%

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before taxation. Repairs and renewals are charged to the statement of comprehensive income when the expenditure is incurred.

(i) Intangible assets

Computer software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life, which is four years.

(j) Impairment of long-lived assets

Long-lived assets are reviewed for impairment losses 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 carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(k) Receivables

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

(l) Borrowings

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

(m) Accounts payable

Payables are recognised at fair value and subsequently measured at amortised cost.

2. Summary of Significant Accounting Policies (Continued)

(n) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income, except where they relate to items recorded in shareholders' equity, in which case they are charged or credited to equity.

(i) *Current taxation*

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at year end, 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 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 enacted rates.

(o) Employee benefits

(i) Pension obligations

The company participates in the defined contribution pension plan of a related company, T. Geddes Grant (Distributors) Limited. A defined contribution pension plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions paid by the company are recorded as an expense in the statement of comprehensive income.

(ii) Accrued vacation

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 year end.

(iii) 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 company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Profit-sharing and bonus plan

The company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. Summary of Significant Accounting Policies (Continued)

(p) Provisions

Provisions are recognised when the company 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 company 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.

(q) Segment reporting

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

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has made no significant judgements on the amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions

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

(i) Impairment losses on insurance premium financing, loans and leases

The company reviews its insurance premium and loan portfolios to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the accounts outstanding. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with default by the borrower. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company 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.

4. Financial Risk Management

The Company'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 Company's risk management programme seeks to minimise potential adverse effects on its financial performance.

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

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The Board of Directors has established committees and departments for managing and monitoring risks, as follows:

(i) Investment Committee

The Investment Committee is responsible for recommending investment strategies and credit policies to the Board of Directors. It is also responsible for approving certain individual loans, leases and other credit investments in compliance with the Company's policies.

(ii) Finance Department

The Finance Department is responsible for managing the Company's accounting, financial reporting and compliance functions, including the management of the Company's accounting and investment management information systems. It is also primarily responsible for managing the funding and liquidity risks of the Company.

(iii) Audit Committee

The Audit Committee develops and recommends accounting and risk management policies to the Board of Directors. It also oversees management's compliance with the Company's risk management policies and procedures. In addition, the Audit Committee regularly reviews the Company's financial reporting and makes recommendations to the Board of Directors.

(a) Credit risk

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

Credit review process

(i) Cash and deposits
The company limits its exposure to credit risk by placing cash and deposits with counterparties that are regulated and publicly disclose financial information. Management assesses each counterparties credit quality and levels of liquidity. Accordingly, management seeks to mitigate the risk that any single counterparty will fail to meet its obligations. Furthermore, Management takes steps to diversify its cash and deposits among a group of counterparties in order to further mitigate the risk of loss.

4. Financial Risk Management (continued)

(a) Credit risk (continued)

Credit review process (continued)

(ii) Insurance premium financing

The company's exposure to credit risk is influenced mainly by its ability to receive adequate unearned premium refunds from its general insurance counterparties in the event of a default. Management assesses and monitors the credit worthiness of each counterparty. In most instances, the ultimate counterparties are general insurance companies regulated by the Financial Services Commission. The company, through its information systems and financial reporting, also closely monitors the size of the unearned premium under each underlying insurance policy to ensure that it exceeds its insurance premium finance receivable.

(iii) Leases and loans receivable

The company's exposure to credit risk is driven by the ability of the borrower or lessee to repay its obligations when due. In the case of loans, the company's credit risk can be mitigated by the assignment of salary and other cash flows, and security interest in various forms of collateral or guarantees. In the case of leases, the company owns the lease equipment and can monetize it in the event of a default. The Investment Committee is responsible for approving and monitoring individual loans, leases and other credit investments in compliance with investment strategies and credit policies approved by the Board of Directors. Senior management personnel meet on a weekly basis to discuss and analyse the ability of counterparties to meet repayment obligations.

Maximum exposure to credit risk

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

	2014 $'000	2013 $'000
Cash and deposits	519,791	161,531
Insurance premium financing receivables	113,516	125,662
Loans receivable	473,501	301,102
Lease receivables	253,361	168,724
	1,360,169	757,019

The above table represents a worst case scenario of credit risk exposure to the company at 31 December 2014 and 2013.

Insurance premium financing receivables
IPF receivables that are less than 90 days past due and for which the related insurance policies are still in force, are not considered impaired. There are no IPF receivables that are past due but not considered impaired.

As of 31 December 2014, IPF receivables of $3,865,000 (2013 – $2,485,000) were impaired and have been fully provided for. These receivables were in arrears for over 90 days and the related insurance policies had expired.

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4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Insurance premium financing receivables (continued)

The movement on the provision for impairment of IPF receivables was as follows:

	2014 $'000	2013 $'000
At 1 January	2,485	2,485
Additional provision	2,567	-
Amounts recovered	(1,187)	-
At 31 December	3,865	2,485

Loans receivable

Loans receivables that are less than 90 days past due and those for which adequate collateral is in place, are not considered impaired. The ageing analysis of loans receivable that are past due but not considered impaired is as follows:

	2014 $'000	2013 $'000
Over 90 days	-	11,913

As of 31 December 2014, loans receivables of $8,423,000 (2013 – $7,981,000) were considered to be impaired and are fully provided for. These receivables were all aged over 90 days.

The movement on the provision for impairment of loans receivables was as follows:

	2014 $'000	2013 $'000
At 1 January	7,981	21,084
Additional provision	442	-
Unused amounts reversed	-	(8,976)
Amounts recovered	-	(4,127)
At 31 December	8,423	7,981

The creation and release of provision for impaired receivables have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. There are no financial assets other than those listed above that were individually impaired.

The provisions for impairment of accounts receivable and the bad debt expense do not include any amounts for related parties.

4. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfil loan payments and other liabilities incurred.

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and accessing credit from related parties or financial institutions if required;
(ii) Optimising cash returns on short term investments; and
(iii) Monitoring financial position liquidity ratios against internal requirements.

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

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the company. 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 company and its exposure to changes in interest rates and exchange rates.

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4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows
The tables below present the undiscounted cash flows of the company's financial assets and liabilities based on contractual repayment obligations at contractual maturity dates:

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Total $'000
As at 31 December 2014:					
Financial Assets					
Cash and deposits	439,453	-	-	80,338	519,791
Insurance premium financing	21,174	23,212	75,381	-	119,767
Leases	12,612	25,534	107,483	158,606	304,235
Loans receivable	207,660	16,684	155,040	132,579	511,963
Total financial assets	680,899	65,430	337,904	371,523	1,455,756
Financial Liabilities					
Due to related parties	1,653	-	-	-	1,653
Borrowings	10,230	29,745	114,200	1,364,982	1,519,157
Other	9,816	7,336	9,901	2,497	29,550
Total financial liabilities	21,699	37,081	124,101	1,367,479	1,550,360
Net Liquidity Gap	659,200	28,349	213,803	(995,956)	(94,604)
Cumulative gap	659,200	687,549	901,352	(94,604)	-
As at 31 December 2013:					
Financial Assets					
Cash and deposits	162,201	-	-	-	162,201
Insurance premium financing	11,831	31,310	89,433	-	132,574
Leases	7,180	14,359	64,616	121,681	207,836
Loans receivable	169,435	8,178	40,866	118,053	336,532
Total financial assets	350,647	53,847	194,915	239,734	839,143
Financial Liabilities					
Due to related parties	1,653	-	-	-	1,653
Borrowings	3,248	117,681	24,558	492,832	638,319
Other	843	13,172	1,829	393	16,237
Total financial liabilities	5,744	130,853	26,387	493,225	656,209
Net Liquidity Gap	344,903	(77,006)	168,528	(253,491)	182,934
Cumulative gap	344,903	267,897	436,425	182,934	-

Assets available to meet all of the liabilities and to cover financial liabilities include cash and term deposits.

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4. Financial Risk Management (Continued)

(c) Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the manner in which the Company manages and measures this risk.

Currency risk

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

The company is exposed to foreign exchange risk arising from the United States dollar. Foreign currency risk arises primarily from transactions in insurance premium, loan and lease financing net of borrowings. At 31 December 2014, the statement of financial position includes aggregate net foreign assets of US$4,648,000 (2013 - US$2,485,000).

The company manages the foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

Foreign currency sensitivity

The following tables indicate the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates, with all other variables held constant. The sensitivity analysis on pre-tax profit is based on foreign currency denominated monetary items at the year end. As there are no foreign denominated investment securities, there is no impact on other components of equity.

	% Change in Currency Rate 2014	Effect on Profit before Taxation 2014	% Change in Currency Rate 2013	Effect on Profit before Taxation 2013
USD - Revaluation	1%	(5,047)	1%	(2,530)
USD - Devaluation	10%	50,465	15%	37,955

Interest rate risk

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

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

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4. Financial Risk Management (Continued)

(c) Market risk (continued)

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2014:						
Financial Assets						
Cash and deposits	285,914	-	-	80,338	153,539	519,791
Insurance premium financing receivables	19,443	21,313	72,760	-	-	113,516
Lease receivables	10,503	242,858	-	-	-	253,361
Loans receivable	199,992	14,964	139,061	119,484	-	473,501
Total financial assets	515,852	279,135	211,821	199,822	153,539	1,360,169
Financial Liabilities						
Due to related parties	-	-	-	-	1,653	1,653
Borrowings	-	-	-	1,038,323	500	1,038,823
Other	-	-	-	-	29,550	29,550
Total financial liabilities	-	-	-	1,038,323	31,703	1,070,026
Total interest repricing gap	515,852	279,135	211,821	(838,501)	121,836	290,143
Cumulative gap	515,852	794,987	1,006,808	168,307	290,143	-
At 31 December 2013:						
Assets						
Cash and deposits	161,531	-	-	-	-	161,531
Insurance premium financing receivables	11,008	29,131	85,523	-	-	125,662
Lease receivables	5,828	162,896	-	-	-	168,724
Loans receivable	155,431	7,502	30,110	108,059	-	301,102
Total financial assets	333,798	199,529	115,633	108,059	-	757,019
Liabilities						
Due to related parties	-	-	-	-	1,653	1,653
Borrowings	-	111,817	-	361,954	500	474,271
Other	-	-	-	-	16,237	16,237
Total financial liabilities	-	111,817	-	361,954	18,390	492,161
Total interest repricing gap	333,798	87,712	115,633	(253,895)	(18,390)	264,858
Cumulative gap	333,798	421,510	537,143	283,248	264,858	-

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

The company does not have any sensitivity to interest rate risk as all financial assets and liabilities are at fixed rates, except for lease receivables for which the company has the option to re-price in specific circumstances including, increases in the interest rates of benchmark Government of Jamaica securities and changes to the creditworthiness of the lessees.

5. Capital Management

Capital management is assessed by the senior management of the company. The objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

(i) To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

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

There were no changes to the company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

6. 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. There are no financial assets and financial liabilities measured at fair value at the year end or the prior year.

The following methods and assumptions have been used in determining fair values for instruments not re-measured at their fair value after initial recognition.

(i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash, short-term deposits, insurance premium receivables, loans receivables and loans from related parties.

(ii) The carrying value of long term loans payable from external lenders approximate their fair values, as these loans are listed on an exchange and as at year end, the closing bid price represents the their carrying values, being the amortised cost.

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7. Segment Information

The operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic investment decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

These segments represent the different types of credit offering that are written by the entity. Management identifies its reportable operating segments by product line consistent with the reports used by the Board of Directors. Operating segments are subject to change according to the Company's investment strategies. These segments and their respective operations are as follows:

- Insurance Premium Finance (IPF) - These represent short term loans issued to customers for the financing of insurance premiums. These contracts normally have a duration of 3 to 9 months.
- Loans – These represent credit extended to customers with average tenure of 2 - 5 years. These loans are mostly secured by collateral, guarantees and payroll deductions.
- Leases: - These represent credit extended for the purchase of equipment and motor vehicle and have a duration of 2 - 5 years.

2014	Insurance Premium Finance	Loans	Leases	Total
Interest income as per segment	29,162	53,519	31,513	114,194
Unallocated income				36,529
Unallocated expense				(99,492)
Profit before Taxation				51,231
Taxation				(55)
Net Profit				51,176

2013	Insurance Premium Finance	Loans	Leases	Total
Interest income as per segment	25,587	31,050	6,117	62,754
Unallocated income				26,771
Unallocated expense				(50,474)
Profit before Taxation				39,051
Taxation				(66)
Net Profit				38,985

Other profit and loss disclosures:

	2014 $'000	2013 $'000
Depreciation	1,187	1,182

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7. Segment Information (Continued)

Allocation of assets:

	Total Assets 2014 $'000	Total Assets 2013 $'000
Insurance premium finance	113,516	125,662
Loans	473,501	301,102
Leases	253,361	168,724
Total segment assets	840,378	595,488
Unallocated :-		
Cash and deposits	519,791	161,531
Taxation recoverable	1,319	441
Other receivables	50,186	52,624
Property, plant and equipment	3,248	4,407
Total Assets per Statement of Financial Position	1,414,922	814,491

Total capital expenditure was as follows:

	2014 $'000	2013 $'000
Property, plant and equipment	28	3,481

8. Other Operating Income

	2014 $'000	2013 $'000
Bad debts recovered	-	3,986
Fee income	2,215	1,717
Foreign exchange gains	25,988	14,203
Other	4,839	4,327
	33,042	24,233

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9. Expenses by Nature

	2014 $'000	2013 $'000
Auditors' remuneration -	1,300	1,000
Depreciation and amortisation	1,187	1,182
Marketing and advertising	194	392
Provision for doubtful debts	1,822	(141)
Professional fees	4,177	1,029
Rent and maintenance	1,224	1,132
Repairs and maintenance	707	768
Staff costs (Note 10)	32,340	23,135
Stationery	1,370	1,258
Utilities	963	797
Other	5,507	3,368
Total	50,791	33,920

10. Staff Costs

	2014 $'000	2013 $'000
Wages and salaries	26,909	20,032
Statutory contributions	2,602	1,450
Pension costs	596	293
Other	2,233	1,360
	32,340	23,135

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11. Taxation

a. The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective July 2013. Consequently, the company is entitled to a remission of tax for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

b. Taxation is based on the profit for the year adjusted for taxation purposes and represents:

	2014 $'000	2013 $'000
Current income tax charge	-	-
Deferred tax (Note 20)	55	66
	55	66

c. The tax charge on the company's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2014 $'000	2013 $'000
Profit before taxation	51,231	39,051
Tax calculated at 25% (2013 - 25%)	12,808	9,763
Adjusted for the effects of:		
Income not subject to tax	(37,508)	(21,652)
Expenses not deductible for tax	23,082	10,782
Net effect of other charges and allowances	1,673	1,173
	55	66

12. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners by the weighted average number of ordinary shares outstanding during the year.

	2014	2013
Net profit attributable to shareholders ($'000)	51,176	38,985
Weighted average number of shares outstanding ('000)	796	558
Earnings per share ($)	64.27	71.66

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13. Cash and Cash Equivalents

	2014 $'000	2013 $'000
Cash and bank balances	309,292	8,120
Term deposits	210,499	153,411
	519,791	161,531
Less : Term deposits with maturity period in excess of 90 days	(79,806)	-
Less: Interest receivable	(692)	(710)
	439,293	160,821

Included in cash and bank balances is a foreign currency current account which earns interest at 0.01% per annum and Jamaican dollar current accounts which earn interest at 0.05 – 0.10% per annum.

Short term deposits comprise of a repurchase agreement with an average maturity of 11 days (2013 – 57 days) while term deposits with maturity period in excess of 90 days have an average maturity period of 380 days.

The weighted average effective interest rates on term deposits were as follows:

	2014 %	2013 %
J$ - short term deposits	5.00	5.58
J$ - long term deposits	9.00	-
US$ - short term deposits	-	2.61

14. Other Receivables

	2014 $'000	2013 $'000
Prepaid expenses	34	38
Deferred charges	-	18,384
GCT recoverable	50,152	34,202
	50,186	52,624

15. Insurance Premium Financing Receivables

	2014 $'000	2013 $'000
IPF loans receivable from affiliates	52,098	73,622
IPF loans receivable from external customers	71,534	61,437
Unearned interest	(6,251)	(6,912)
	117,381	128,147
Less: Provision for doubtful debts	(3,865)	(2,485)
	113,516	125,662

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16. Loans Receivable

	2014 $'000	2013 $'000
Loans receivable from affiliates	57,060	158,643
Loans receivable from external customers	424,864	150,440
	481,924	309,083
Less: Provision for doubtful debts	(8,423)	(7,981)
	473,501	301,102

17. Leases

	2014 $'000	2013 $'000
Gross investment in finance leases –		
Not later than one year	145,630	85,818
Later than one year and not later than five years	158,605	122,018
	304,235	207,836
Less: Unearned income	(50,874)	(39,112)
	253,361	168,724
Net investment in finance leases may be classified as follows:		
Not later than one year	121,278	69,151
Later than one year and not later than five years	132,083	99,573
	253,361	168,724

18. Property, Plant and Equipment

	Motor Vehicles $'000	Furniture, Fixtures & Equipment $'000	Total $'000
Cost -			
At 1 January 2013	-	3,211	3,211
Additions	3,328	153	3,481
At 31 December 2013	3,328	3,364	6,692
Additions	-	28	28
At 31 December 2014	3,328	3,392	6,720
Depreciation -			
At 1 January 2013	-	1,103	1,103
Charge for the year	832	350	1,182
At 31 December 2013	832	1,453	2,285
Charge for the year	832	355	1,187
At 31 December 2014	1,664	1,808	3,472
Net Book Value -			
31 December 2014	1,664	1,584	3,248
31 December 2013	2,496	1,911	4,407

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19. Related Party Transactions and Balances

(a) The statement of comprehensive income includes the following transactions with related parties -

	2014 $'000	2013 $'000
Interest income -		
Key management	747	781
Affiliate	18,146	19,499
	18,893	20,280
Interest expense -		
Affiliate	3,575	12,951
Key management compensation -		
Directors' fees (included below)	200	120
Salaries and other short term benefits	6,841	1,841
Management fees -		
Affiliate	2,272	-
Rental and maintenance expense -		
Affiliate	1,224	1,132

(b) The statement of financial position includes the following balances with group companies –

	2014 $'000	2013 $'000
Due to related parties -		
Payable -		
Affiliate	1,653	1,653
Loan due to related parties (Note 21) -		
Balance at the beginning of year	112,317	345,820
Loans received	53,612	175,241
Interest charged	3,575	12,951
Repayments	(140,998)	(447,770)
Foreign exchange translation	4,223	26,075
Balance at end of year	32,729	112,317
Insurance premium financing receivables -		
Affiliates (Note 15)	52,098	73,622

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19. Related Party Transactions and Balances (Continued)

(b) The statement of financial position includes the following balances with group companies (continued) –

	2014 $'000	2013 $'000
Loans receivable -		
(i) Ultimate parent company (Note 16) -		
Balance at the beginning of year	-	354,871
Loans issued	-	-
Interest earned	-	12,301
Repayments	-	(394,559)
Foreign exchange translation	-	27,387
Balance at end of year	-	-
(ii) Affiliates		
Balance at the beginning of year	163,963	-
Loans issued	255,020	304,573
Interest earned	10,616	5,240
Repayments	(378,483)	(150,506)
Foreign exchange translation	6,765	4,656
Balance at end of year	57,881	163,963
(iii) Key management	7,746	8,034

Loans receivable from key management attract interest at an average rate of 9.5% (2013 – 9.5%) and are repayable within 12 months.

20. Deferred Income Taxes

Deferred income taxes are calculated on temporary differences under the liability methods using an effective tax rate of 12.5% (2013 - 25%).

The movement on the deferred income tax account is as follows:

	2014 $'000	2013 $'000
Balance as at 1 January	273	207
Statement of comprehensive income (Note 11)	55	66
Balance as at 31 December	328	273

Deferred income tax liabilities are attributable to the following item:

	2014 $'000	2013 $'000
Property, plant and equipment	328	273

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20. Deferred Income Taxes (Continued)

The movement in the statement of comprehensive income is attributable to the following:

	2014 $'000	2013 $'000
Property, plant and equipment	55	(3)
Accrued vacation	-	157
Interest payable	-	62
Unrealised foreign exchange gains	-	(150)
	55	66

21. Borrowings

	2014 $'000	2013 $'000
Composition of borrowings		
Short term loans from affiliates (Note 19 (b))	32,729	112,317
Long term loans from external lenders	1,006,094	361,954
	1,038,823	474,271
Current portion		
Short term loans	(32,729)	(112,317)
Current portion of long term loan	(27,561)	-
Unwinding of unamortised fees within 12 months	12,871	-
Non-current borrowings	991,404	361,954

Short term loans

	2014 $'000	2013 $'000
Affiliates (a)	32,729	69,470
Affiliate (b)	-	42,847
	32,729	112,317

(a) This balance represents loans from two (2) affiliated companies. One of the loans represents $500,000 which does not attract interest, is unsecured and has no set repayment. The other loan represents a balance of US$281,000 from an unsecured loan of US$1.1 million issued in February 2013. The loan is at a rate of 6% and is repayable in December 2015.

(b) This was a loan of US$402,000 which was received in September 2013 at a rate of 9%. The loan was fully repaid during the year.

Eppley Limited

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

21. Borrowings (Continued)

Long term loans

	2014 $'000	2013 $'000
Redeemable preference shares (i)	961,946	361,954
Less: Unamortised fees	(42,794)	-
	919,152	361,954
DB&K Limited (ii)	86,942	-
	1,006,094	361,954

(a) This represents 99,998,667 (2013 - 60,325,600) preference shares issued in November 2013 and November - December 2014 listed on the Junior Market of the Jamaica Stock Exchange and redeemable in November 2018 and November 2019. These preference shares were issued at interest of 9.50%.

(b) This represents an unsecured loan of approximately US$777,000 (approximately J$88 million) received during the year. The loan attracts interest at 8% and is repayable in 36 months.

22. Other Liabilities

	2014 $'000	2013 $'000
Accruals	7,754	2,971
Due to clients	7,886	6,939
Other	13,910	6,327
	29,550	16,237

23. Share Capital

	2014 $'000	2013 $'000
Authorised -		
800,000 (2013 – 800,000) Ordinary shares of no par		
Issued and fully paid -		
796,249 (2013 – 796,249) stock units	181,189	181,189

In 2013, the authorised share capital was increased from 300,000 ordinary stock units to 800,000. The company then issued 496,249 ordinary stock units at a value of $180,889,000 net of costs totalling $6,196,000.

24. Dividends

During the year, the company declared dividends to registered holders on record as follows:

	2014 $'000	2013 $'000
Ordinary dividends, gross - $36.00 (2013 – nil)	28,665	-

25. Pension Scheme

Employees participate in a defined contribution pension scheme operated by a related company, T. Geddes Grant (Distributors) Limited. The scheme is open to all permanent employees, as well as the employees of certain related companies. The scheme is funded by employees' compulsory contribution of 5% of earnings and voluntary contributions up to a further 5%, as well as employer's contribution of 5% of employees' earnings. The scheme is valued triennially by independent actuaries. The results of the most recent actuarial valuation, as at 31 December 2011, indicated that the scheme was adequately funded at that date. The valuation as at 31 December 2014 has not yet been completed.

Pension contributions for the period totalled $596,000 (31 December 2013 – $293,000) and are included in staff costs (Note 10).

CORPORATE DATA

Registered Office
58 Half Way Tree Road
Kingston, Jamaica W.I.

Auditor and Tax Adviser
PricewaterhouseCoopers
Scotiabank Centre
Kingston, Jamaica W.I.

Bankers
First Global Bank
2 St. Lucia Avenue
Kingston, Jamaica W.I.

JMMB Merchant Bank
6-8 Grenada Way
Kingston, Jamaica W.I.

National Commercial Bank
32 Trafalgar Road
Kingston, Jamaica W.I.

Sagicor Bank
60 Knutsford Boulevard
Kingston, Jamaica W.I.

Attorneys-at-law
Clinton Hart
58 Duke Street
Kingston, Jamaica W.I.

DunnCox
48 Duke Street
Kingston, Jamaica W.I.

Patterson Mair Hamilton
85 Hope Road
Kingston, Jamaica W.I.

Registrar
Jamaica Central Securities Depository
40 Harbour Street
Kingston, Jamaica W.I.

PROXY FORM

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to vote on her behalf. A Proxy need not be a member. A suitable form of Proxy is below.

The Proxy must be signed and deposited, duly stamped with duty at the Stamp Office, at the registered office of EPPLEY LIMITED at 58 Half Way Tree Road, Kingston, Jamaica, W.I. not less than 48 hours prior to the meeting.

I/We, _____

Name(s) of Shareholder(s)

of, _____

Address(es) of Shareholder(s)

in the parish of _____, being a member(s) of Eppley Limited

hereby appoint, _____

Name of Proxy

of, _____

Address of Proxy

or failing him, _____

Name of Alternative Proxy

of, _____

Address of Alternative Proxy

as my Proxy/our Proxy to vote on my/our behalf at the Annual General Meeting to be held on May 14, 2015.

This form is to be used IN FAVOUR of resolutions numbered_____.

This form is to be used AGAINST resolutions numbered_____.

Signed this _____ day of _____ 2015.

_____

Signatures(s) of Shareholder(s)

EPPLEY
LIMITED

58 HALF WAY TREE ROAD
KINGSTON, JAMAICA