



Barita Investments Limited

**Financial Statements
30 September 2016**

Barita Investments Limited

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30 September 2016

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Independent Auditor's Report

To the Members of
Barita Investments Limited

Report on the Consolidated and Company Stand-Alone Financial Statements

We have audited the accompanying consolidated financial statements of Barita Investment Limited and its subsidiary, set out on pages 1 to 71, which comprise the consolidated statement of financial position as at 30 September 2016 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Barita Investment Limited standing alone, which comprise the statement of financial position as at 30 September 2016 and the statement of comprehensive income, statement of changes in equity and statement of 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 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.

Auditor's 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
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Independent Auditor's Report
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Opinion

In our opinion, the consolidated financial statements of Barita Investment Limited and its subsidiary, and the financial statements of Barita Investment Limited standing alone give a true and fair view of the financial position of Barita Investment Limited and its subsidiary and of Barita Investment Limited standing alone as at 30 September 2016, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Barita Investment 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
6 January 2017
Kingston, Jamaica

Barita Investments Limited

Consolidated Statement of Comprehensive Income

Year ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Net Interest Income and Other Revenue			
Interest income		1,264,418	891,345
Interest expense		(898,365)	(626,043)
Net interest income		366,053	265,302
Fees and commission income		343,553	170,896
Dividend income		25,554	13,779
Foreign exchange trading and translation gains		96,390	100,339
Gain on sale of investments		179,284	346,272
Other		6,613	8,685
Net operating revenue		1,017,447	905,273
Operating Expenses			
Staff costs	6	(340,486)	(271,134)
Administration costs		(324,275)	(250,179)
Impairment of available-for-sale investments		(4,692)	-
	7	(669,453)	(521,313)
		347,994	383,960
Share of results of investment in associated company	20	(6,915)	(11,262)
Profit before Taxation		341,079	372,698
Taxation	8	(133,863)	(130,636)
Profit for the Year	9	207,216	242,062
Other Comprehensive Income:			
<i>Items that may subsequently be reclassified to profit or loss -</i>			
Unrealised gains on available- for- sale investments, net of taxes	8	574,176	11,435
Net gains recycled to profit or loss on disposal, maturity, and impairment of available-for-sale investments, net of taxes	8	(90,702)	(52,274)
		483,474	(40,839)
Total Comprehensive Income		690,690	201,223
Basic Earnings Per Share	15	\$0.47	\$0.55

Barita Investments Limited

Consolidated Statement of Financial Position

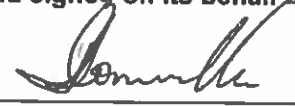
30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
ASSETS			
Cash and bank balances	10	339,863	217,002
Securities purchased under resale agreements	11	2,685,639	2,296,371
Marketable securities	12	3,938,843	3,908,760
Pledged assets	13	6,436,290	5,578,937
Receivables	14	538,708	549,876
Taxation recoverable		1,050	-
Loans receivable		424,541	291,243
Due from related parties	16	55,714	59,310
Property, plant and equipment	17	228,078	226,367
Intangible assets	18	67,948	99,356
Investments	19	55,000	2
Investment in associated company	20	-	6,915
Total assets		14,771,674	13,234,139
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Bank overdraft	10	-	22,502
Securities sold under repurchase agreements		11,471,723	10,861,027
Payables	22	409,581	210,394
Due to related parties	16	24,391	33,572
Taxation		55,175	123,040
Deferred tax liabilities	21	316,533	130,973
Total liabilities		12,277,403	11,381,508
Stockholders' Equity			
Share capital	23	736,304	736,304
Capital reserve	24	69,799	69,799
Fair value reserve	25	500,551	17,077
Capital redemption reserve	26	220,127	220,127
Retained earnings		967,490	809,324
Total stockholders' equity		2,494,271	1,852,631
Total liabilities and shareholders' equity		14,771,674	13,234,139

Approved for issue by the Board of Directors on 6 January 2017 and signed on its behalf by:


 Rita Humphries-Leylin Director


 Carl Domville Director

Barita Investments Limited

Consolidated Statement of Changes in Stockholders' Equity Year ended 30 September 2016 (expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Treasury Shares	Capital Reserve	Fair Value Reserve	Capital Redemption Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 September 2014	745,494	(1,479)	69,799	57,916	220,127	598,473	1,690,330
Total comprehensive income							
Profit for the year	-	-	-	-	-	242,062	242,062
Other comprehensive income	-	-	-	(40,839)	-	-	(40,839)
	-	-	-	(40,839)	-	242,062	201,223
Transactions with owners:							
Purchase of own share (Note 23)	-	(8,836)	-	-	-	-	(8,836)
Sale of own shares (Note 23)	-	1,125	-	-	-	-	1,125
Dividends paid (Note 27)	-	-	-	-	-	(31,211)	(31,211)
	-	(7,711)	-	-	-	(31,211)	(38,922)
Balance at 30 September 2015	745,494	(9,190)	69,799	17,077	220,127	809,324	1,852,631
Total comprehensive income							
Profit for the year	-	-	-	-	-	207,216	207,216
Other comprehensive income	-	-	-	483,474	-	-	483,474
	-	-	-	483,474	-	207,216	690,690
Transactions with owners:							
Dividends paid (Note 27)	-	-	-	-	-	(49,050)	(49,050)
	-	-	-	-	-	(49,050)	(49,050)
Balance at 30 September 2016	745,494	(9,190)	69,799	500,551	220,127	967,490	2,494,271

Barita Investments Limited
Consolidated Statement of Cash Flows
Year ended 30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Net profit		207,216	242,062
Adjusted for:			
Depreciation and amortisation		46,333	17,083
Effect of exchange gain on foreign balances		(120,804)	(73,189)
Impairment of available-for-sale investments		4,692	-
Interest income		(1,264,418)	(891,345)
Interest expense		898,365	626,043
Share of results of investment in associated company	20	6,915	11,262
Loss on disposal of property, plant and equipment		-	39
Taxation expense	8	133,863	130,636
		<u>(87,838)</u>	<u>62,591</u>
Changes in operating assets and liabilities:			
Marketable securities including pledged assets, net		(30,337)	1,482,310
Securities purchased under resale agreements, net		(323,294)	(741,476)
Securities sold under repurchase agreements, net		433,117	(870,949)
Receivables		11,168	(38,881)
Loans receivable, net		(133,298)	(91,773)
Payables		199,187	152,132
Due from related companies		(5,585)	(12,123)
		<u>63,120</u>	<u>(58,169)</u>
Interest received		1,265,155	941,346
Interest paid		(895,717)	(642,673)
Income tax paid		(230,716)	(59,727)
Cash provided by operating activities		<u>201,842</u>	<u>180,777</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	17	(16,468)	(8,545)
Purchase of intangible asset	18	(168)	(17,400)
Cash used in investing activities		<u>(16,636)</u>	<u>(25,945)</u>
Cash Flows from Financing Activities			
Dividends paid		(49,050)	(31,211)
Treasury shares acquired		-	(7,711)
Cash used in financing activities		<u>(49,050)</u>	<u>(38,922)</u>
Effect of exchange rate on cash and cash equivalents		<u>9,207</u>	<u>4,997</u>
Increase in net cash and cash equivalents		145,363	120,907
Net cash and cash equivalents at beginning of year		194,500	73,593
Net Cash and Cash Equivalents at End of Year	10	<u>339,863</u>	<u>194,500</u>

Barita Investments Limited

Company Statement of Comprehensive Income

Year ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Net Interest Income and Other Revenue			
Interest income		1,258,070	882,849
Interest expense		(906,103)	(626,619)
Net interest income		351,967	256,230
Fees and commission income		57,622	18,911
Dividend income		22,061	13,779
Foreign exchange trading and translation gains		80,083	100,339
Gain on sale of investments		172,577	340,057
Other		5,350	818
Net operating revenue		689,660	730,134
Operating Expenses			
Staff costs	6	(287,357)	(244,725)
Administration costs		(319,811)	(229,442)
Impairment of available-for-sale investments		(4,692)	-
	7	(611,860)	(474,167)
Profit before Taxation		77,800	255,967
Taxation	8	(54,492)	(89,697)
Profit for the Year	9	23,308	166,270
Other Comprehensive Income:			
<i>Items that may subsequently be reclassified to profit or loss -</i>			
Unrealised Gains/(losses) on available- for- sale investments net of taxes	8	516,707	(4,986)
Net gains recycled to profit or loss on disposal, maturity and impairment of available -for- sale investments, net of taxes	8	(89,709)	(52,274)
		426,998	(57,260)
Total Comprehensive Income		450,306	109,010

Barita Investments Limited

Company Statement of Financial Position

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

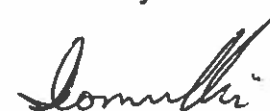
	Note	2016 \$'000	2015 \$'000
ASSETS			
Cash and bank balances	10	253,125	203,292
Securities purchased under resale agreements	11	2,685,639	2,383,679
Marketable securities	12	3,475,729	3,607,887
Pledged assets	13	6,436,290	5,578,937
Receivables	14	537,838	549,202
Loans receivable		424,541	291,243
Due from related parties	16	2,542	1,510
Property, plant and equipment	17	225,858	223,141
Intangible assets	18	67,948	99,356
Investment	19	55,000	2
Investment in associated company	20	-	28,133
Investment in subsidiary		85,700	85,700
Total assets		14,250,210	13,052,082
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Bank overdraft	10	-	15,490
Securities sold under repurchase agreements		11,479,419	10,948,335
Payables	22	370,192	191,660
Due to related parties	16	797	-
Taxation		10,828	89,780
Deferred tax liabilities	21	311,547	130,646
Total liabilities		12,172,783	11,375,911
Stockholders' Equity			
Share capital	23	745,494	745,494
Capital reserve	24	131,654	131,654
Fair value reserve	25	423,247	(3,751)
Capital redemption reserve	26	313,590	313,590
Retained earnings		463,442	489,184
Total stockholders' equity		2,077,427	1,676,171
Total liabilities and stockholders' equity		14,250,210	13,052,082

Approved for issue by the Board of Directors on 6 January 2017 and signed on its behalf by:



Rita Humphries-Lewin

Director



Carl Domville

Director

Barita Investments Limited

Company Statement of Changes in Stockholders' Equity

Year ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Capital Reserve	Fair Value Reserve	Capital Redemption Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2014	745,494	131,654	53,509	313,590	354,125	1,598,372
Total comprehensive income:						
Profit for the year	-	-	-	-	166,270	166,270
Other comprehensive income	-	-	(57,260)	-	-	(57,260)
	-	-	(57,260)	-	166,270	109,010
Transactions with owners:						
Dividends paid (Note 27)	-	-	-	-	(31,211)	(31,211)
Balance at 30 September 2015	745,494	131,654	(3,751)	313,590	489,184	1,676,171
Total comprehensive income:						
Profit for the year	-	-	-	-	23,308	23,308
Other comprehensive income	-	-	426,998	-	-	426,998
	-	-	426,998	-	23,308	450,306
Transactions with owners:						
Dividends paid (Note 27)	-	-	-	-	(49,050)	(49,050)
Balance at 30 September 2016	745,494	131,654	423,247	313,590	463,442	2,077,427

Barita Investments Limited

Company Statement of Cash Flows

Year ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Net profit		23,308	166,270
Adjusted for:			
Depreciation and amortisation		45,135	16,036
Effect of exchange gain on foreign balances		(104,497)	(73,189)
Impairment of investment in associate		28,133	-
Impairment of available-for-sale investments		4,692	-
Interest income		(1,258,070)	(882,849)
Interest expense		906,103	626,935
Loss on disposal of property, plant and equipment		-	16
Income tax expense	8	54,492	89,697
		<u>(300,704)</u>	<u>(57,084)</u>
Changes in operating assets and liabilities:			
Marketable securities including pledged assets, net		57,044	1,591,564
Securities purchased under resale agreements, net		(235,986)	(835,654)
Securities sold under repurchase agreements, net		353,505	(818,372)
Receivables		11,364	(46,143)
Loans receivable, net		(133,298)	(91,773)
Payables		178,532	143,386
Due from related companies		(235)	-
		<u>(69,778)</u>	<u>(114,076)</u>
Interest received		1,260,884	932,884
Interest paid		(903,455)	(610,621)
Taxation paid		<u>(166,041)</u>	<u>(43,410)</u>
Cash provided by operating activities		<u>121,610</u>	<u>164,777</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	17	(16,277)	(7,790)
Purchase of intangible asset	18	<u>(168)</u>	<u>(17,400)</u>
Cash used in investing activities		<u>(16,445)</u>	<u>(25,190)</u>
Cash Flows from Financing Activities			
Dividends paid		<u>(49,050)</u>	<u>(31,211)</u>
Cash used in financing activities		<u>(49,050)</u>	<u>(31,211)</u>
Effect of exchange rate on cash and cash equivalents		<u>9,208</u>	<u>4,997</u>
Increase in net cash and cash equivalents		65,323	113,373
Net cash and cash equivalents at beginning of year		<u>187,802</u>	<u>74,429</u>
Net Cash and Cash Equivalents at End of Year	10	<u><u>253,125</u></u>	<u><u>187,802</u></u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification, Regulation and Licence

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

The company is a licensed securities dealer and has primary dealer status from the Bank of Jamaica (BoJ). It is licensed under the Securities Act and is regulated by the Financial Services Commission (FSC). The company's ordinary shares are listed on the Jamaica Stock Exchange (JSE).

During the prior year, the company acquired shares in GSW Animation Limited (GSW), a private company incorporated in Jamaica. The company has significant influence over the activities of GSW, resulting in GSW being classified as an associated company.

The principal activities of the company and its wholly owned subsidiary, Barita Unit Trusts Management Company Limited (BUTM) and its associate (collectively referred to as "the Group") are stocks and securities brokerage, money market activities, cambio operations, funds management, and the production of animated films, cartoons, TV shows and animated games.

2. Significant Accounting Policies

(a) Basis of preparation

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

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

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

Certain new standards, and interpretations of and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that none are relevant to its operations.

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations of 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 company's accounting periods beginning on or after 1 October 2016 or later periods, but were not effective at the statement of financial position date, 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 immediately relevant to its operations, and has concluded as follows:

- **Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective for annual periods beginning on or after 1 January 2016).** The amendments do not require specific changes. However, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. Preparers should consider their financial statements in light of these clarifications and whether there is an opportunity to clarify or improve the disclosure. The order of the notes needs to balance understandability and comparability and changes should generally result from a specific change in facts and circumstances.
- **Amendment to IFRS 10, 12, IAS 27 and IAS 28 on consolidation for investment entities. (effective for annual periods beginning on or after 1 January 2016).** 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. This amendment is not expected to have an impact of the Group's financial statements.
- **IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2017).** The IASB has published its new revenue standard, IFRS 15 'Revenue from Contracts with Customers'. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue. It also requires entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations.

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

- **IFRS 16, 'Leases'**, (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.
- **Amendments to IAS 12, 'Income Taxes'**, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets. The group does not expect any significant impact on its financial statements arising from the future adoption of the amendments.
- **IFRS 9, Financial Instruments** (effective for annual periods beginning on or after 1 January 2018). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. 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. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from what obtained under IAS 39.
- **Amendment to IFRS 15, 'Revenue from contracts with customers'** (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

The group has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no material impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect.

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

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.

Acquisitions from third parties

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

Acquisitions involving entities under common control

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

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

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

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

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) Associated companies

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. Regardless of the percentage shareholding and voting rights referenced above, the also Group considers participation on the Board of Directors, and its consequent ability to influence financial and operating decisions as indicators of significant influence. Investments in associates are accounted for using 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 profit or loss, 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 associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The results of associates with reporting year ends that are different from the Group are determined by prorating the results for the accounting periods for which financial information is available to ensure that a full year of operations is accounted for, where applicable.

During the previous financial year, the Group acquired an 11.84% interest in GSW Animation Limited, a company incorporated in Jamaica

(d) 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.

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Foreign currency translation

Functional and presentation currency

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

Translations and balances

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

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

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

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

Loans and receivables

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

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

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

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Financial instruments (continued)

Financial assets (continued)

Available-for-sale

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

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

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

Financial liabilities

The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Financial liabilities include bank overdraft, securities sold under repurchase agreements, payables, due to related parties, redeemable preference shares and convertible preference shares.

(g) Interest income and expense

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

(h) Fees and commission income

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

(i) Dividend income

Dividends are recognised when the right to receive payments is established.

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(j) Gain or loss on sale of investment

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

When available-for-sale securities are disposed of, the related accumulated unrealised gains or losses included in the fair value reserve are recognised, by recycling those gains or losses through other comprehensive income

(k) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred income taxes.

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

Deferred income tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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

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

(l) Property, plant and equipment

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

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

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

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

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Property, plant and equipment (continued)

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

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

(m) Receivables

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

(n) Repurchase and reverse repurchase agreements

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

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

(o) Payables

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

(p) Fiduciary activities

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

(q) Employee benefits

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

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(r) Intangible assets

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

(s) Cash and cash equivalents

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

(t) Related party balances and transactions

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

- (i) Enterprises and individuals owning, directly or indirectly, an interest in the voting power of the Group and/or having significant influence over the Group's affairs and close members of the family of these individuals.
- (ii) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors, officers and close members of the families of these individuals.

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

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

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

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

- (i) **Asset and Liability Management Committee**
This committee is responsible for monitoring the profile of the Group's assets and liabilities. This includes monitoring policies and procedures that are established to ensure that there is sufficient liquidity and that interest rate risk, currency risk and capital adequacy is also monitored.
- (ii) **Treasury Department**
This department is responsible for managing the Group's financial assets and liabilities. It is also primarily responsible for managing the funding and liquidity risks of the Group. It manages these risks by monitoring the statement of financial position and ensuring that business strategies are consistent with liquidity requirements; measuring the capital adequacy for regulatory and business requirements; and monitoring the composition of the assets and liabilities of the Group.
- (iii) **Audit Committee**
The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit, which is outsourced. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.
- (iv) **Risk Manager**
The Risk Manager inspects the Group's operations by reviewing new ventures and projects, new lines of business, and new and existing products for risk exposure. The Risk Manager also ensures compliance with regulations and policies. Periodic reports are prepared by the Risk Manager and presented to senior management and the Board of Directors.

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

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is a significant risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending and investment activities. The Group structures the levels of credit risk it undertakes as documented below. The Group's and company's maximum exposure to credit risk equals the carrying amounts on the statement of financial position, for the financial assets which expose the Group and company to credit risk.

Credit review process

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

(i) Loans

In addition to assessments of earnings and cash flows, management obtains collateral in the form of hypothecated securities sold under repurchase agreements, or units held in any of the unit trusts managed by BUTM. The Group seeks to ensure that the value hypothecated securities exceeds the loan amount. Loans receivable are due within one year.

(ii) Investments and cash

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and Government of Jamaica and Bank of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations. The concentration of credit risk associated with the Group's investment portfolio is shown below, under the heading, Debt securities concentration

Collateral and other credit enhancements

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

The main types of collateral obtained are as follows:

- (i) For loans receivable - see above.
- (ii) For securities purchased under resale agreements – GOJ or BOJ investment securities

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

Impairment

The main considerations for the impairment assessment for financial assets include the following:

- (i) Whether any payments of principal or interest are overdue by more than 90 days;
- (ii) Whether there are any known difficulties in the cash flows of counterparties or infringement of the original terms of the contract; and
- (iii) Whether there is any significant or prolonged decline in the market value below cost.

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment (continued)

Based on the foregoing considerations, there were no financial assets which are exposed to credit risk, which were deemed to be impaired. Impairment charges below were however recognised for equities (no exposure to credit risk), which were deemed to be impaired at the end of the financial year.

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Investment securities (quoted equities)	4,692	-	4,692	-

There were no other financial assets that were deemed to be impaired.

Debt securities concentration

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

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Government of Jamaica and Bank of Jamaica	8,579,292	7,351,023	8,384,091	7,306,279
Financial institutions	2,660,162	2,296,371	2,667,662	2,372,702
Corporate and other bonds	677,635	1,084,987	638,824	1,084,987
	11,917,089	10,732,381	11,690,577	10,763,968
Accrued interest	204,411	205,408	200,020	202,898
	12,121,500	10,937,789	11,890,597	10,966,866

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

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

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.
- (v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements.
- (vi) Managing the concentration and profile of debt maturities.

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

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

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

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows

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

	The Group						
	2016						
	Within 1 Month \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	No specific maturity \$'000	Total \$'000
Based on contractual maturity -							
Due to related party	24,391	-	-	-	-	-	24,391
Securities sold under repurchase agreements	5,360,733	5,136,264	1,113,461	340	-	-	11,610,798
Payables	409,581	-	-	-	-	-	409,581
Total financial liabilities	5,794,595	5,136,264	1,113,461	340	-	-	12,044,770
Based on expected maturity -							
Total financial liabilities	466,665	596,266	145,488	4,833,683	9,667,355	-	15,709,457
Total financial assets	2,886,397	1,143,272	3,188,973	5,960,093	7,415,532	-	20,594,267

Barita Investments Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Group						
	2015						
	Within 1 Month \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	No specific maturity \$'000	Total \$'000
Based on contractual maturity -							
Bank overdraft	22,502	-	-	-	-	-	22,502
Securities sold under repurchase agreements	4,608,238	5,684,693	1,019,490	-	-	-	11,312,421
Payables	202,798	-	-	-	-	-	202,798
Total financial liabilities	4,833,538	5,684,693	1,019,490	-	-	-	11,537,721
Based on expected maturity -							
Total financial liabilities	686,151	568,254	101,949	3,483,187	8,117,600	-	12,957,141
Total financial assets	1,341,639	1,822,404	1,115,537	7,938,720	13,237,742	521,966	25,978,008

Barita Investments Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Company						Total \$'000
	2016						
	Within 1 Month \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	No Specific Maturity \$'000	
Based on contractual maturity -							
Due to related parties	797	-	-	-	-	-	797
Securities sold under repurchase agreements	5,368,429	5,136,264	1,113,461	340	-	-	11,618,494
Payables	370,192	-	-	-	-	-	370,192
Total financial liabilities	5,739,418	5,136,264	1,113,461	340	-	-	11,989,483
Based on expected maturity -							
Total financial liabilities	404,921	554,946	128,417	4,353,143	8,706,276	-	14,147,704
Total financial assets	2,886,397	1,048,389	3,182,938	5,891,042	6,956,089	-	19,965,305

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Company					
	2015					
	Within 1 Month \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
Based on contractual maturity -						
Bank overdraft	15,490	-	-	-	-	15,490
Securities sold under repurchase agreements	4,695,546	5,684,693	1,019,490	-	-	11,399,729
Payables	186,109	-	-	-	-	186,109
Total financial liabilities	4,897,145	5,684,693	1,019,490	-	-	11,601,328
Based on expected maturity –						
Total financial liabilities	667,154	568,254	101,949	3,499,511	8,117,600	12,954,468
Total financial assets	1,341,639	1,822,404	1,115,537	7,938,720	13,237,742	25,456,042

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

The carrying amount for securities sold under repurchase agreement due within twelve months equals \$2,463,800,000 (2015 - \$11,590,978,000) for the Group and \$2,376,616,000 (2015 - \$11,592,765,000) for the company.

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3. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Risk Manager in conjunction with the Treasury Manager, who carries out extensive research and monitors the price movement of financial assets on the local and international markets. Generally, the Group has a low to medium risk profile and invests primarily in Government of Jamaica securities. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

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

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

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

	The Group					
	CAN J\$'000	Euro J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican\$ J\$'000	Total J\$'000
	2016					
Financial Assets						
Cash and bank balances	2,307	-	249,713	5,629	82,214	339,863
Securities purchased under resale agreements	-	-	859,703	16,128	1,809,808	2,685,639
Marketable securities and pledged assets	-	-	3,476,985	117,239	6,780,909	10,375,133
Receivables	-	-	7,160	-	54,811	61,971
Loans receivable	-	-	-	-	424,541	424,541
Due from related parties	-	-	-	-	55,714	55,714
Total financial assets	2,307	-	4,593,561	138,996	9,207,997	13,942,861
Financial Liabilities						
Securities sold under repurchase agreements	1,504	-	2,308,459	103,690	9,058,070	11,471,723
Payables	-	-	171,305	2,863	235,413	409,581
Due to related parties	-	-	-	-	24,391	24,391
Total financial liabilities	1,504	-	2,479,764	106,553	9,317,874	11,905,695
Net financial position	803	-	2,113,797	32,443	(109,877)	2,037,166

Barita Investments Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	The Group					Total J\$'000
	CAN J\$'000	Euro J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican\$ J\$'000	
	2015					
Financial Assets						
Cash and bank balances	1,038	111	184,847	789	30,217	217,002
Securities purchased under resale agreements	-	-	1,033,734	172,415	1,090,222	2,296,371
Marketable securities and pledged assets	-	-	3,890,528	160,560	5,436,609	9,487,697
Receivables	-	-	3,778	-	546,098	549,876
Loans receivable	-	-	-	-	291,243	291,243
Due from related parties	-	-	2,519	-	56,791	59,310
Total financial assets	1,038	111	5,115,406	333,764	7,451,180	12,901,499
Financial Liabilities						
Bank overdraft	-	-	2,400	2,689	17,413	22,502
Securities sold under repurchase agreements	2,300	-	2,573,789	148,672	8,136,266	10,861,027
Payables	-	-	-	-	202,798	202,798
Due to related parties	-	-	14,286	-	19,286	33,572
Total financial liabilities	2,300	-	2,590,475	151,361	8,375,763	11,119,899
Net financial position	(1,262)	111	2,524,931	182,403	(924,583)	1,781,600

Barita Investments Limited

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	The Company					Total J\$'000
	CAN J\$'000	Euro J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican\$ J\$'000	
	2016					
Financial Assets						
Cash and bank balances	2,307	-	182,016	5,629	63,173	253,125
Securities purchased under resale agreements	-	-	859,703	16,128	1,809,808	2,685,639
Marketable securities and pledged assets	-	-	3,292,574	117,239	6,502,206	9,912,019
Receivables	-	-	7,160	-	52,890	60,050
Loans receivable	-	-	-	-	424,541	424,541
Due from related parties	-	-	-	-	2,542	2,542
Total financial assets	2,307	-	4,341,453	138,996	8,855,160	13,337,916
Financial Liabilities						
Securities sold under repurchase agreements	1,504	-	2,308,459	103,690	9,065,766	11,479,419
Due to related parties	-	-	-	-	797	797
Payables	-	-	171,305	2,863	196,024	370,192
Total financial liabilities	1,504	-	2,479,764	106,553	9,262,587	11,850,408
Net financial position	803	-	1,861,689	32,443	(407,427)	1,487,508

Barita Investments Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	The Company					
	CAN J\$'000	Euro J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican\$ J\$'000	Total J\$'000
	2015					
Financial Assets						
Cash and bank balances	1,038	111	179,876	789	21,478	203,292
Securities purchased under resale agreements	-	-	1,033,734	172,415	1,177,530	2,383,679
Marketable securities and pledged assets	-	-	3,890,528	160,560	5,135,736	9,186,824
Receivables	-	-	3,778	-	545,424	549,202
Loans receivable	-	-	-	-	291,243	291,243
Due from related parties	-	-	-	-	1,510	1,510
Total financial assets	1,038	111	5,107,916	333,764	7,172,921	12,615,750
Financial Liabilities						
Bank overdraft	-	-	2,400	2,689	10,401	15,490
Securities sold under repurchase agreements	2,300	-	2,573,789	148,672	8,223,574	10,948,335
Payables	-	-	-	-	186,109	186,109
Total financial liabilities	2,300	-	2,576,189	151,361	8,420,084	11,149,934
Net financial position	(1,262)	111	2,531,727	182,403	(1,247,163)	1,465,816

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rate below represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 6% devaluation and a 1% revaluation in the value of the Jamaican dollar (JMD) (2015 - 8% devaluation and 1% revaluation). The sensitivity analysis includes cash and bank balances, securities purchased under resale agreements, marketable securities and securities sold under repurchase agreements.

The Group and Company						
	% Change in Currency Rate 2016	Effect on Profit before Tax 2016 \$'000	Effect on other components of Equity 2016 \$'000	% Change in Currency Rate 2015	Effect on Profit before Tax 2015 \$'000	Effect on other components of Equity 2015 \$'000
Currency:						
CAN (devaluation of JMD)	6	48	-	8	(102)	-
CAN (revaluation of JMD)	1	9	-	1	13	-
EURO (devaluation of JMD)	6	-	-	8	9	-
EURO (revaluation of JMD)	1	-	-	1	(1)	-
USD (devaluation of JMD)	6	126,828	235,292	8	201,994	6,072
USD (revaluation of JMD)	1	(21,138)	(38,611)	1	(25,249)	(759)
GBP (devaluation of JMD)	6	1,947	-	8	14,592	-
GBP (revaluation of JMD)	1	(324)	-	1	(1,824)	-

Barita Investments Limited

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

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

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

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

	The Group						Total \$'000
	2016						
	Immediately rate sensitive \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- rate sensitive \$'000	
Financial Assets							
Cash and bank balances	339,863	-	-	-	-	-	339,863
Securities purchased under resale agreements	1,092,496	1,337,382	255,761	-	-	-	2,685,639
Marketable securities and pledged assets	-	30,334	789,284	3,227,498	5,484,055	843,962	10,375,133
Receivables	-	-	-	-	-	61,971	61,971
Loans receivable Due from related parties	424,541	-	-	-	-	-	424,541
	-	-	-	-	-	55,714	55,714
Total financial assets	1,856,900	1,367,716	1,045,045	3,227,498	5,484,055	961,647	13,942,861
Financial Liabilities							
Securities sold under repurchase agreements	6,229,304	4,485,515	677,452	79,452	-	-	11,471,723
Payables	-	-	-	-	-	409,581	409,581
Due to related parties	-	-	-	-	-	24,391	24,391
Total financial liabilities	6,229,304	4,485,515	677,452	79,452	-	433,972	11,905,695
Total interest repricing gap	(4,372,404)	(3,117,799)	367,593	3,148,046	5,484,055	527,675	2,037,166
Cumulative gap	(4,372,404)	(7,490,203)	(7,122,610)	(3,974,564)	1,509,491	2,037,166	

Barita Investments Limited

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						Total \$'000
	2015	2015	2015	2015	2015	2015	
	Immediately rate sensitive \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- rate sensitive \$'000	
Financial Assets							
Cash and bank balances	217,002	-	-	-	-	-	217,002
Securities purchased under resale agreements	495,782	1,587,375	213,214	-	-	-	2,296,371
Marketable securities and pledged assets	387	2,307	74,374	3,650,360	5,053,237	707,033	9,487,698
Receivables	-	-	-	-	-	41,753	41,753
Loans receivable	291,243	-	-	-	-	-	291,243
Due from related parties	-	-	-	-	-	59,310	59,310
Total financial assets	1,004,414	1,589,682	287,588	3,650,360	5,053,237	808,096	12,393,377
Financial Liabilities							
Bank overdraft	22,502	-	-	-	-	-	22,502
Securities sold under repurchase agreements	4,432,060	4,969,188	1,459,779	-	-	-	10,861,027
Payables	-	-	-	-	-	202,798	202,798
Due to related parties	-	-	-	-	-	33,572	33,572
Total financial liabilities	4,454,562	4,969,188	1,459,779	-	-	236,370	11,119,899
Total interest repricing gap	(3,450,148)	(3,379,506)	(1,172,191)	3,650,360	5,053,237	571,726	1,273,478
Cumulative gap	(3,450,148)	(6,829,654)	(8,001,845)	(4,351,485)	(701,752)	1,273,478	

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Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						Total \$'000
	2016						
	Immediately rate sensitive \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- rate sensitive \$'000	
Financial Assets							
Cash and bank balances	253,125	-	-	-	-	-	253,125
Securities purchased under resale agreements	1,092,496	1,337,382	255,761	-	-	-	2,685,639
Marketable securities and pledged assets	-	30,334	783,249	3,158,447	5,232,928	707,061	9,912,019
Receivables	-	-	-	-	-	60,050	60,050
Loans receivable Due from related parties	424,541	-	-	-	-	-	424,541
	-	-	-	-	-	2,542	2,542
Total financial assets	1,770,162	1,367,716	1,039,010	3,158,447	5,232,928	769,653	13,337,916
Financial Liabilities							
Due to related parties	-	-	-	-	-	797	797
Securities sold under repurchase agreements	6,237,000	4,485,515	677,452	79,452	-	-	11,479,419
Payables	-	-	-	-	-	370,192	370,192
Total financial liabilities	6,237,000	4,485,515	677,452	79,452	-	370,989	11,850,408
Total interest repricing gap	(4,466,838)	(3,117,799)	361,558	3,078,995	5,232,928	398,664	1,487,508
Cumulative gap	(4,466,838)	(7,584,637)	(7,223,079)	(4,144,084)	1,088,844	1,487,508	

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	2015						
	Immediately rate sensitive \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- rate sensitive \$'000	Total \$'000
Financial Assets							
Cash and bank balances	203,292-	-	-	-	-	-	203,292
Securities purchased under resale agreements	583,090	1,587,375	213,214	-	-	-	2,383,679
Marketable securities and pledged assets	387	2,307	62,984	3,515,348	4,984,087	621,714	9,186,826
Receivables						41,753	41,753
Loans receivable Due from related parties	291,243	-	-	-	-	-	291,243
	-	-	-	-	-	1,510	1,510
Total financial assets	1,078,012	1,589,682	276,198	3,515,348	4,984,087	664,977	12,108,304
Financial Liabilities							
Bank overdraft	15,490	-	-	-	-	-	15,490
Securities sold under repurchase agreements	4,519,369	4,969,188	1,459,779	-	-	-	10,948,336
Payables	-	-	-	-	-	186,109	186,109
Total financial liabilities	4,534,859	4,969,188	1,459,779	-	-	186,109	11,149,935
Total interest repricing gap	(3,456,847)	(3,379,506)	(1,183,581)	3,315,348	4,984,087	478,868	958,369
Cumulative gap	(3,456,847)	(6,836,353)	(8,019,934)	(4,504,586)	479,501	958,369	

Barita Investments Limited

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

	The Group and Company					
	2016					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities denominated in Ja\$	-	5.91	6.60	7.58	9.25	7.34
Marketable securities denominated in US\$	-	2.19	5.96	8.18	7.62	5.99
Marketable securities denominated in GBP	-	-	-	10.00	5.75	7.58
Securities purchased under resale agreements-denominated in Ja\$	-	5.91	6.06	-	-	5.99
Securities purchased under resale agreements-denominated in US\$	-	2.19	2.28	-	-	2.24
Securities purchased under resale agreements-denominated in GBP	-	0.71	-	1.05	-	0.88
Securities sold under repurchase agreements- denominated in Ja\$	-	5.18	6.04	-	-	5.61
Securities sold under repurchase agreements- denominated in US\$	-	1.63	-	-	-	1.63
Securities sold under repurchase agreements- denominated in GBP	-	0.64	-	1.05	-	0.85

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

Barita Investments Limited

Notes to the Financial Statements

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

	The Group and Company					
	2015					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities denominated in Ja\$	5.33	6.71	7.39	7.37	9.68	7.30
Marketable securities denominated in US\$	1.88	2.27	5.25	8.31	7.63	5.07
Marketable securities denominated in EURO	1.50	2.00	-	10.00	5.75	3.85
Securities purchased under resale agreements-denominated in Ja\$	8.46	8.42	-	-	-	8.44
Securities purchased under resale agreements-denominated in US\$	2.71	3.05	-	-	-	2.88
Securities purchased under resale agreements-denominated in GBP	-	1.51	-	-	-	1.51
Bank overdraft	17.85	-	-	-	-	17.85
Securities sold under repurchase agreements- denominated in Ja\$	5.43	5.77	5.28	-	-	5.49
Securities sold under repurchase agreements- denominated in US\$	1.66	1.83	1.87	-	-	1.39
Securities sold under repurchase agreements- denominated in GBP	0.94	1.41	0.63	-	-	0.99

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

Barita Investments Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

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

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

	Effect on Profit before Taxation	Effect on Other Components of Equity	Effect on Profit before Taxation	Effect on Other Components of Equity
	2016 \$'000	2016 \$'000	2015 \$'000	2015 \$'000
The Group				
Change in basis points:				
-100 /-50 (2015: -100/-50)	25,272	79,453	(20,716)	35,378
+100/+100 (2015: +250/+200)	(25,272)	(157,972)	51,780	(263,490)
The Company				
Change in basis points:				
-100 /-50 (2015: -100/-50)	25,100	78,520	(20,695)	35,360
+100/+100 (2015: +250/+200)	(25,100)	(157,039)	51,738	(263,472)

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Price risk

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

The table below summarises the impact of increases/decreases on the Group's and company's net other comprehensive income (before taxation) resulting from a reasonably possible change in market prices. There would be no impact on profit before taxation as the equities are classified as available-for-sale. The analysis is based on the assumption that the equity and unit trust prices had increased/decreased by 5% (2015 – 5%).

	Effect on other Comprehensive Income before Taxation 2016 \$'000	Effect on other Comprehensive Income before Taxation 2015 \$'000
The Group		
Change in index:		
+10% (2015: + 5%)	93,927	33,314
-10% (2015: – 5%)	(93,927)	(33,314)
The Company		
Change in index:		
+10% (2015: + 5%)	70,706	29,633
- 10% (2015: – 5%)	(70,706)	(29,633)

(d) Capital management

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

- (i) To comply with the capital requirements set by the regulators of the markets where the Group operates.
- (ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders' and benefits for other stakeholders.
- (iii) To maintain a strong capital base to support the development of its business.

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

Barita Investments Limited

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3. Financial Risk Management (Continued)

(d) Capital management (continued)

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

The FSC requires each bank or banking group to:

- (i) Hold the minimum level of the tier 1 capital as a percentage of total capital base.
- (ii) Maintain a ratio of total regulatory capital to the risk-weighted assets.

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

- (i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill, if any, is deducted in arriving at Tier 1 capital; and
- (ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

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

As at the reporting date, the Group was in compliance with all of the externally imposed capital requirements to which they are subject.

Barita Investments Limited

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3. Financial Risk Management (Continued)

(e) Fair values of financial instruments

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

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

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

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

	The Group		
	2016		
	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
Available-for-sale financial assets -			
Equity securities	671,467	267,805	939,272
Debt securities	-	9,249,069	9,249,069
	<u>671,467</u>	<u>9,516,874</u>	<u>10,188,341</u>
	2015		
	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
Available-for-sale financial assets -			
Equity securities	495,547	170,732	666,279
Debt securities	-	8,795,830	8,795,830
	<u>495,547</u>	<u>8,966,562</u>	<u>9,462,109</u>

Barita Investments Limited

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair values of financial instruments (continued)

	The Company		
	2016		
	Level 1	Level 2	Total
	\$'000	\$'000	\$000
Available-for-sale financial assets -			
Equity securities	537,437	169,624	707,061
Debt securities	-	9,022,916	9,022,916
	<u>537,437</u>	<u>9,192,540</u>	<u>9,729,977</u>
	2015		
	Level 1	Level 2	Total
	\$'000	\$'000	\$000
Available-for-sale financial assets -			
Equity securities	427,108	165,552	592,660
Debt securities	-	8,568,576	8,734,128
	<u>427,108</u>	<u>8,734,128</u>	<u>9,161,236</u>

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

- (i) Investments securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.
- (ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.
- (iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.
- (iv) The fair value of securities sold under agreements to repurchase is assumed to approximate to their carrying amounts, due to the short term maturity on these instruments.
- (v) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

Barita Investments Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

In the process of applying the Group's accounting policies, management has made the following judgement that could cause a significant impact on the amounts recognised in the financial statements.

Determination of whether or not Barita Unit Trust Management Company Limited and the Group act as principal or agent in the management of various unit trusts

IFRS 10, Consolidated Financial Statements, which was adopted by the Group on 1 October 2016, resulted in the Group assessing its relationship (to determine whether they act as principal or agent) with the various unit trusts which it manages. Consistent with the application guidance of IFRS 10, the Group considered the following criteria in making its determination.

- (i) The scope of the fund manager's authority;
- (ii) The rights of others in managing the fund, in particular, the right to unilaterally remove the fund manager, without cause;
- (iii) The Group's remuneration and exposure to variability of returns, in relation to its holdings in the various unit trusts; and
- (iv) The Group's ability to use its power to affect the returns made by the unit trusts.

The Group considered that all criteria had to be substantively met in order for the Group to be considered a principal, thereby requiring consolidation of the unit trusts.

The Group concluded that criteria (i) and (iv) above were met.

In assessing criterion ii, the Group concluded that Trustees of the unit trusts, First Caribbean International Bank (FCIB) under the Trust Deeds, had sufficient rights to remove them as fund managers. In assessing criterion iii, the Group also concluded that its remuneration for its services were consistent in nature and amount, for services of that nature and that, based on its holdings in the various unit trusts, the Group was not exposed to variability of returns, as envisaged by the standard.

Based on the conclusions arrived at in the previous paragraph, the Group concluded that it was acting in the capacity of an agent for the unit trusts and therefore also concluded that the unit trusts should not be consolidated in the financial statement of the Group, or Barita Unit Trusts Management Company Limited, standing alone.

Impairment of available-for-sale equity investments

In assessing the impairment of its available-for-sale equity investments, the Group exercises its judgement and uses certain benchmarks to define a significant or prolonged decline in the value of its investments. The Group has established a decline in value of 40% below cost, or a consecutive 12 month decline in value below cost as its benchmarks for significant or prolonged.

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

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

Impairment of Investments in Associated Company

The Group uses the indicators as prescribed by IAS 39 to determine whether or not its investment in associated company is impaired. In making its assessment, the Group considered that the Group has invested in an entity which is a start-up entity, providing services to both developed markets (Central and Latin America) and newly developing markets (The Caribbean). The entity has shown sustained losses and no current financial performance has been obtained for at least 12 months. As a result of this the Group has therefore recorded an impairment charge (Note 20).

(b) Key sources of estimation uncertainty

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

Taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises assets and liabilities for possible tax issues based on estimates of whether additional taxes will become recoverable or will become 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.

Expected maturity dates for financial assets and liabilities

In disclosing its financial risk management, and considering its management of liquidity risk, the Group discloses the expected maturity of its financial assets and financial liabilities. It is management's experience that the contractual maturity of these assets and liabilities differ from the liquidation of these assets and liabilities, which makes the disclosure of expected maturity more meaningful to the users of the financial statements. The actual liquidation of the assets and liabilities may differ from management's estimates.

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5. Segment Reporting

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

- (a) Fixed income – this includes money market activities and securities broking
- (b) Funds management – this includes the administration of a number of unit trust funds
- (c) Other operations – this includes the operation of foreign exchange cambio, stock broking and any other income.

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

	The Group			
	2016			
	Fixed Income \$'000	Funds Management \$'000	Other \$'000	Group \$'000
Total segment revenue	1,418,229	343,553	162,152	1,923,934
Inter-segment revenue	(8,122)	-	-	(8,122)
Total gross external revenue	1,410,107	343,553	162,152	1,915,812
Total expenses	(906,103)	(86,110)	-	(992,213)
Inter-segment expense	-	7,738	-	7,738
Segment results	(906,103)	(78,373)	-	(984,475)
Unallocated expenses	504,004	265,181	162,152	931,337
Share of results of associate				(583,343)
Profit before tax				(6,915)
Taxation				341,079
Net profit				(133,863)
Segment assets	13,022,199	631,338	-	13,653,537
Inter-segment assets	(687)	(23,487)	-	(24,174)
Net segment assets	13,021,512	607,851	-	13,629,363
Unallocated assets				1,142,311
Total assets				14,771,674
Segment liabilities	11,479,419	113,003	-	11,592,422
Inter-segment liabilities	(7,696)	(687)	-	(8,383)
Net segment liabilities	11,471,723	112,316	-	11,584,039
Unallocated liabilities				693,364
Total liabilities				12,277,403
Other segment items				
Depreciation (Note 17)	14,757	1,198	-	15,955
Amortisation (Note 18)	31,576	-	-	31,576
Amortisation of contracts (Note 20)	-	-	6,915	6,915
	46,333	1,198	6,915	54,446

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5. Segment Reporting (Continued)

	The Group			
	2015			
	Fixed Income \$'000	Funds Management \$'000	Other \$'000	Group \$'000
Total segment revenue	1,198,579	175,557	158,175	1,532,311
Inter-segment revenue	(995)	-	-	(995)
Total gross external revenue	1,197,584	175,557	158,175	1,531,316
Total expenses	(626,619)	(47,565)	-	(674,184)
Inter-segment expense	-	995	-	995
Segment results	(626,619)	(46,570)	-	(673,189)
Unallocated expenses	570,965	128,987	158,175	858,127
Share of results of associate				(474,167)
Profit before tax				(11,262)
Taxation				372,698
Net profit				(130,636)
Segment assets	11,861,746	385,751	-	12,247,497
Inter-segment assets	(278)	(96,498)	-	(96,776)
Net segment assets	11,861,468	289,253		12,150,721
Unallocated assets				1,083,418
Total assets	10,948,336	93,183	-	11,039,975
Segment liabilities	(87,308)	(279)	-	(87,587)
Inter-segment liabilities	10,861,028	92,904		10,953,932
Net segment liabilities				427,577
Unallocated liabilities				11,381,508
Total liabilities				12,237,022
Other segment items	13,252	1,047	-	14,299
Depreciation (Note 17)	2,784	-	-	2,784
Amortisation (Note 18)	-	-	8,030	8,030
Amortisation of contracts (Note 20)	16,036	1,047	8,030	25,113

Revenue between segments is recorded on the basis outlined in Note 2(f). The accounting policies used to record income, assets and liabilities are consistent for all segments. There was no change in the method used to determine reportable segments when compared to the previous year.

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5. Segment Reporting (Continued)

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

	<u>The Group</u>	
	2016 \$'000	2015 \$'000
Profit from reportable segments	931,337	858,127
Unallocated costs -		
Operating expenses	(583,343)	(474,167)
Share of results of associate	<u>(6,915)</u>	<u>(11,262)</u>
	<u>341,079</u>	<u>372,698</u>

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

	<u>The Group</u>	
	2016 \$'000	2015 \$'000
Segment assets from reportable segments	13,629,363	12,150,721
Unallocated assets -		
Cash and bank balances	253,125	203,292
Receivables	537,838	549,202
Due from related parties	2,542	1,510
Property, plant and equipment	225,858	223,141
Intangible assets	67,948	99,356
Investments	55,000	2
Investment in associate	-	6,915
	<u>14,771,674</u>	<u>13,234,139</u>

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5. Segment Reporting (Continued)

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

	The Group	
	2016	2015
	\$'000	\$'000
Segment liabilities from reportable segments	11,584,039	10,953,932
Unallocated liabilities -		
Bank overdraft	-	15,490
Payables	370,192	191,660
Due to related parties	797	-
Taxation payable	10,828	89,780
Deferred tax liabilities	311,547	130,646
	<u>12,277,403</u>	<u>11,381,508</u>

6. Staff Costs

	The Group		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	245,742	186,735	199,561	164,785
Commissions	33,503	33,042	33,082	32,964
Statutory contributions	24,111	20,771	21,725	19,210
Pension costs	11,289	10,577	10,543	10,005
Other staff benefits	25,841	20,009	22,446	17,761
	<u>340,486</u>	<u>271,134</u>	<u>287,357</u>	<u>244,725</u>

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7. Expense by Nature

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Advertising and promotion	35,022	26,908	26,927	22,139
Asset tax	30,321	30,077	29,422	30,077
Auditors' remuneration	12,127	8,938	10,000	7,190
Bad debt	14,166	-	14,166	-
Bank charges and interest	14,269	8,520	12,452	8,520
Depreciation and amortisation (Note 17 and 18)	46,333	17,083	45,135	16,036
Directors' fees	1,580	2,498	1,580	2,498
Donations	23,066	23,425	22,753	23,425
Impairment of available-for-sale investments and associates	4,692	-	32,825	-
Insurance	6,635	8,004	6,635	7,995
Fund expenses	1,200	3,526	-	-
Office expenses	11,226	10,854	8,041	7,358
Professional fees	14,226	17,575	14,159	17,555
Registration and license fees	18,355	5,959	13,395	5,959
Rent	3,588	3,172	3,204	1,780
Repairs and maintenance	6,032	5,748	5,862	5,139
Security costs	6,696	6,117	6,696	6,117
Software maintenance	10,025	7,802	10,025	7,802
Staff costs (Note 6)	340,486	271,134	287,357	244,725
Utilities	7,776	8,047	5,806	8,047
Other expenses	61,632	55,926	55,420	51,805
	<u>669,453</u>	<u>521,313</u>	<u>611,860</u>	<u>474,167</u>

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8. Taxation Expense

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

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current year tax charge	161,108	174,315	85,374	133,190
Prior years' under provision	691	-	1,715	-
Deferred income tax (Note 21)	(27,936)	(43,679)	(32,597)	(43,493)
	<u>133,863</u>	<u>130,636</u>	<u>54,492</u>	<u>89,697</u>

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

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

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Profit before taxation	<u>341,079</u>	<u>372,698</u>	<u>77,800</u>	<u>255,967</u>
Tax calculated at 33 ⅓%	113,693	124,232	25,933	85,322
Adjusted for the effects of:				
Income not subject to tax	(14,770)	(7,657)	(14,015)	(6,838)
Expenses not allowable for tax purposes	34,649	12,409	41,354	11,492
Other charges and allowances, net	291	1,652	1,220	(279)
Income tax expense	<u>133,863</u>	<u>130,636</u>	<u>54,492</u>	<u>89,697</u>

Subject to agreement with the Taxpayer Audit and Assessment Department, tax losses amounting to nil (2015 – \$1,944,000) may be carried forward indefinitely to offset future taxable profits.

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8. Taxation Expense (Continued)

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

	The Group					
	2016			2015		
	Before tax	Taxation	After tax	Before tax	Taxation	After tax
Unrealised gains on available-for-sale investments	832,526	(258,350)	574,176	9,559	1,876	11,435
Net gains recycled to profit or loss on disposal, maturity and impairment of available-for-sale investments	(135,556)	44,854	(90,702)	(80,081)	27,807	(52,274)
	<u>696,970</u>	<u>(213,496)</u>	<u>483,474</u>	<u>(70,522)</u>	<u>29,683</u>	<u>(40,839)</u>
	The Company					
	2016			2015		
	\$'000			\$'000		
	Before tax	Taxation	After tax	Before tax	Taxation	After tax
Unrealised gains/(losses) on available-for-sale investments	775,059	(258,352)	516,707	(6,862)	1,876	(4,986)
Net gains recycled to profit or loss on disposal, maturity and impairment of available-for-sale investments	(134,563)	44,854	(89,709)	(80,081)	27,807	(52,274)
	<u>640,496</u>	<u>(213,498)</u>	<u>426,998</u>	<u>(86,943)</u>	<u>29,683</u>	<u>(57,260)</u>

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9. Net Profit

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

	2016	2015
	\$'000	\$'000
Holding company	23,308	166,270
Reversal of impairment of associate on consolidation	28,133	-
	<u>51,441</u>	<u>166,270</u>
Subsidiary	162,690	75,792
Associate	(6,915)	(11,262)
	<u><u>207,216</u></u>	<u><u>242,062</u></u>

10. Cash and Cash Equivalents

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash in hand	131	119	91	119
Cash at bank	339,732	216,883	253,034	203,173
	<u>339,863</u>	<u>217,002</u>	<u>253,125</u>	<u>203,292</u>
Bank overdrafts	-	(22,502)	-	(15,490)
	<u><u>339,863</u></u>	<u><u>194,500</u></u>	<u><u>253,125</u></u>	<u><u>187,802</u></u>

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

The Group's overdraft facilities of \$30,000,000 (2015 - \$30,000,000) with FirstCaribbean International Bank Limited are secured by Government of Jamaica Investment Note with a face value of \$35,000,000 (2015 - \$35,000,000). The weighted average effective interest rate on the overdraft facilities is 17.85% (2015 - 17.85%).

11. Securities Purchased under Resale Agreements

The Group and company have entered into repurchase agreements collateralised by Government of Jamaica (GOJ) securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Most of these agreements will mature within twelve months. Included in securities purchased under resale agreements is accrued interest for the Group and company of \$17,977,000 (2015 - \$10,977,000).

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12. Marketable Securities

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Available-for-sale -				
Quoted equities	671,467	495,547	537,437	427,108
Government of Jamaica (GOJ) bonds	8,551,048	7,505,487	8,358,555	7,280,743
Corporate bonds	672,843	1,084,987	638,824	1,084,987
Unit Trust Funds	267,805	170,732	169,624	165,552
	<u>10,163,163</u>	<u>9,256,753</u>	<u>9,704,440</u>	<u>8,958,390</u>
Accrued interest	186,382	205,356	181,991	202,846
	<u>10,349,545</u>	<u>9,462,109</u>	<u>9,886,431</u>	<u>9,161,236</u>
Loans and receivables -				
Government of Jamaica (GOJ) bonds	25,536	25,536	25,536	25,536
	<u>25,536</u>	<u>25,536</u>	<u>25,536</u>	<u>25,536</u>
Accrued interest	52	52	52	52
	<u>25,588</u>	<u>25,588</u>	<u>25,588</u>	<u>25,588</u>
	<u>10,375,133</u>	<u>9,487,697</u>	<u>9,912,019</u>	<u>9,186,824</u>
Less Pledged assets (Note 13)	<u>(6,436,290)</u>	<u>(5,578,937)</u>	<u>(6,436,290)</u>	<u>(5,578,937)</u>
	<u>3,938,843</u>	<u>3,908,760</u>	<u>3,475,729</u>	<u>3,607,887</u>

At 30 September 2016, the fair value of marketable securities disclosed as loans and receivable was \$25,536,000 (2015 - \$25,536,000) and are considered to be level 2 in the fair value hierarchy. There is no active market for GOJ bonds classified as loans and receivable.

The current portion of marketable securities amounted to \$3,505,257,000 (2015 - \$2,452,894,000) for the Group and \$3,499,222,000 (2015 - \$2,445,326,000) for the company.

At 30 September, the Group and company held in trust marketable securities with face value of \$36,275,539,000 (2015 - \$14,717,633,000). These amounts were excluded from the statement of financial position as the Group did not have the legal right of ownership to these instruments.

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13. Pledged Assets

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

	The Group and Company			
	Asset		Related Liability	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Investment securities: (Note 12)				
Pledged with customers	1,880,595	2,922,520	1,755,856	2,865,576
Pledged with BOJ and other financial institutions	4,555,695	2,656,417	4,554,495	2,608,895
	<u>6,436,290</u>	<u>5,578,937</u>	<u>6,310,351</u>	<u>5,474,471</u>

14. Receivables

	The Group		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Receivable from clients	13,050	19,564	13,050	19,564
Prepaid expenses	5,199	6,994	4,652	4,739
Withholding tax	477,788	503,058	477,788	503,058
Other	42,671	20,260	42,348	21,841
	<u>538,708</u>	<u>549,876</u>	<u>537,838</u>	<u>549,202</u>

Receivables collectible within twelve months amounted to \$49,934,000 (2015 - \$46,056,000) for the Group and \$48,013,000 (2015 - \$41,405,000) for the company.

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15. Earnings per Share

Earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 23).

	2016 \$'000	2015 \$'000
Net profit attributable to ordinary shareholders	207,216	242,062
Weighted average number of ordinary shares in issue	441,978	443,693
Basic earnings per share	<u>\$0.47</u>	<u>\$0.55</u>

16. Related Party Transactions and Balances

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

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

	<u>The Group</u>		<u>The Company</u>	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Barita Unit Trusts Management Company Limited -				
Interest paid on investments	-	-	(6,575)	(405)
Rental income received	-	-	384	419
Barita Unit Trust Funds-				
Management fees	285,931	151,985	-	-
Interest paid on investments	(36,276)	(16,946)	(36,276)	(16,946)
(Loss)/gain on disposal of investments	5,511	-	-	-
Barita Leasing Limited -				
Interest paid on investments	<u>(292)</u>	<u>(283)</u>	<u>(292)</u>	<u>(283)</u>
Barita Group Pension -				
Management Fees	19,327	-	19,327	-
Interest paid on investments	<u>(1,875)</u>	<u>(1,051)</u>	<u>(1,875)</u>	<u>(1,051)</u>
Directors and key management -				
Interest paid on investments	<u>(3,756)</u>	<u>(7,833)</u>	<u>(3,756)</u>	<u>(3,060)</u>

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16. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Receivables -				
Barita Unit Trusts Management Company Limited	-	-	1,353	340
Barita Unit Trust Money Market Fund	10,053	-	-	-
Barita Unit Trust Capital Growth Fund	1,893	434	-	-
Barita Multiple Portfolio Funds	40,414	57,706	-	-
Barita Education Fund	682	682	682	682
Barita Finance House Limited	69	88	69	88
Key management personnel	2,603	400	438	400
	<u>55,714</u>	<u>59,310</u>	<u>2,542</u>	<u>1,510</u>
	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Payables -				
Barita Unit Trust Management Company	-	-	797	-
Barita Unit Trust Money Market Fund	5,202	6,125	-	-
Barita Unit Trust Capital Growth Fund	855	442	-	-
Barita Multiple Portfolio Funds	18,334	27,005	-	-
	<u>24,391</u>	<u>33,572</u>	<u>797</u>	<u>-</u>

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16. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Marketable securities -				
Barita Unit Trust Capital Growth Fund	-	5,208	-	5,028
Barita Real Estate Portfolio Fund	174,624	161,708	169,624	156,708
Multiple Portfolio Fund	93,181	-	-	-
	<u>267,805</u>	<u>166,916</u>	<u>169,624</u>	<u>161,736</u>
Securities sold under repurchase agreement -				
Barita Leasing Limited	(1,570)	-	(1,570)	-
Barita Finance House Limited	(5,548)	-	(5,548)	-
Barita Unit Trust Management Company Limited	-	-	(7,696)	(85,555)
Barita Unit Trust Money Market Fund	(244,149)	(521,130)	(244,149)	(521,130)
Barita Unit Trust Capital Growth Fund	(19,349)	-	(19,349)	-
Barita Multiple Portfolio Funds	(527,845)	(393,303)	(527,845)	(393,303)
Barita Group Pension Scheme	(52,351)	(29,779)	(52,351)	(29,779)
Directors	(26,366)	(16,984)	(26,366)	(16,984)
	<u>(877,178)</u>	<u>(961,196)</u>	<u>(884,874)</u>	<u>(1,046,751)</u>
	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Client funds (included in payables) -				
Barita Finance House	-	6,800	-	6,800
Barita Leasing Limited	-	6,532	-	6,532
Directors	65,615	59,947	65,615	59,947
	<u>65,615</u>	<u>73,279</u>	<u>65,615</u>	<u>73,279</u>

All amounts recorded in receivables, payables and securities sold under repurchase agreements are due within twelve months.

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16. Related Party Transactions and Balances (Continued)

(c) Key management compensation

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Salaries	116,653	83,693	105,297	73,882
Statutory deductions	9,271	8,245	8,941	7,947
Pension	5,389	4,035	5,389	4,053
Commission	12,458	20,975	12,458	20,975
	<u>143,771</u>	<u>116,948</u>	<u>132,085</u>	<u>106,857</u>
Directors' emoluments –				
Management remuneration (included in staff costs)	34,159	33,373	22,683	33,372
Directors' fees	1,690	2,040	1,690	2,040
	<u>35,849</u>	<u>35,413</u>	<u>24,373</u>	<u>35,412</u>

Interests in unconsolidated structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the company. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for control in accordance with the accounting policy set out in Note 2(b).

The Group, through its subsidiary BUTM, manages a number of Unit Trusts namely: Barita Unit Trust Money Market Fund, Barita Unit Trust Capital Growth Fund and Barita Multiple Portfolio Funds (which includes an FX Bond Portfolio Fund, Income Portfolio Fund, FX Growth Portfolio, Real Estate Portfolio, USD Fixed Rate Portfolio and the JMD Fixed Rate Portfolio). These funds were established to provide customers with investment opportunities.

The unit trusts have an independent trustee. The Group, through its subsidiary BUTM, is entitled to receive management fees based on the assets under management. The Group also holds units in the unit trusts.

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16. Related Party Transactions and Balances (Continued)

(c) Key management compensation (continued)

Interests in unconsolidated structured entities (continued)

The table below shows the total assets of the unit trusts, the Group's interest in and income arising from involvement with the unit trusts as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the unit trusts regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

	2016	2015
	\$'000	\$'000
Total assets of the Unit Trust	12,339,578	4,540,580
The Group's interest – Carrying value of units held (included in available-for-sale investment securities – Note 12)	267,805	165,502
Maximum exposure to loss	320,165	165,502
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	791,342	760,260
Total income from the Group's interests	<u>285,939</u>	<u>152,224</u>

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Unit Trust in the future.

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17. Property, Plant and Equipment

	The Group				
	Land & Buildings \$'000	Office Furniture, Machines & Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Total \$'000
	2016				
At Cost or Valuation -					
1 October 2015	200,945	44,722	42,559	24,117	312,343
Additions	3,909	10,388	2,171	-	16,468
Adjustment	-	(1,144)	101	-	(1,043)
At 30 September 2016	204,854	53,966	44,831	24,117	327,768
Depreciation -					
1 October 2015	6,368	28,490	36,316	14,802	85,976
Charge for the year	4,538	3,375	3,300	3,543	14,757
Adjustment	-	(1,222)	101	78	(1,043)
At 30 September 2016	10,906	30,643	39,717	18,423	100,733
Net Book Value -					
30 September 2016	193,948	23,323	5,114	5,694	228,078
	2015				
At Cost or Valuation -					
1 October 2014	200,204	43,167	37,069	23,369	303,809
Additions	741	1,566	5,490	748	8,545
Revaluation adjustment	-	(11)	-	-	(11)
At 30 September 2015	200,945	44,722	42,559	24,117	312,343
Depreciation -					
1 October 2014	2,129	25,360	32,261	11,899	71,649
Charge for the year	4,239	3,102	4,055	2,903	14,299
Revaluation adjustment	-	28	-	-	28
At 30 September 2015	6,368	28,490	36,316	14,802	85,976
Net Book Value -					
30 September 2015	194,577	16,232	6,243	9,315	226,367

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17. Property, Plant and Equipment (Continued)

	The Company				
	Land & Buildings \$'000	Office Furniture, Machines and Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Total \$'000
	2016				
At Cost or Valuation -					
At 1 October 2015	199,860	43,755	39,205	18,716	301,536
Additions	3,909	10,197	2,171	-	16,277
At 30 September 2016	203,769	53,952	41,376	18,716	317,813
Depreciation -					
At 1 October 2015	5,250	27,858	32,049	13,238	78,395
Charge for the year	4,538	3,111	3,300	2,610	13,560
At 30 September 2016	9,788	30,969	35,349	15,848	91,955
Net Book Value -					
At 30 September 2016	193,981	22,983	6,027	2,868	225,858
	2015				
At Cost or Valuation -					
At 1 October 2014	199,126	42,200	33,715	18,716	293,757
Additions	734	1,566	5,490	-	7,790
Revaluation adjustment	-	(11)	-	-	(11)
At 30 September 2015	199,860	43,755	39,205	18,716	301,536
Depreciation -					
At 1 October 2014	1,052	24,751	28,927	10,408	65,138
Charge for the year	4,198	3,102	3,122	2,830	13,252
Revaluation adjustment	-	5	-	-	5
At 30 September 2015	5,250	27,858	32,049	13,238	78,395
Net Book Value -					
At 30 September 2015	194,610	15,897	7,156	5,478	223,141

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17. Property, Plant and Equipment (Continued)

The Group's land and building were revalued as at 12 June 2015 by D.C. Tavares & Finson Realty Limited, professionally qualified property appraisers. The valuations were done on the basis of open market value.

The property, plant and equipment that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The levels are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The items of property, plant and equipment of the Group and the company shown at revalued amounts are included in Level 2. There were no transfers between levels for both years.

The historical cost of land and building is not available.

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18. Intangible Assets

	The Group and Company		
	Computer Software \$'000	Software development work in progress \$'000	Total \$'000
	2016		
At Cost or Valuation -			
At 1 October 2015	21,865	95,984	117,849
Additions	168	-	168
Transfer	95,984	(95,984)	-
At 30 September 2016	118,017	-	118,017
Amortisation -			
At 1 October 2015	18,493	-	18,493
Charge for the year	31,576	-	31,576
At 30 September 2016	50,069	-	50,069
Net Book Value -			
At 30 September 2016	67,948	-	67,948
	2015		
At Cost or Valuation -			
At 1 October 2014	20,475	79,974	100,449
Additions	1,390	16,010	17,400
At 30 September 2015	21,865	95,984	117,849
Amortisation -			
At 1 October 2014	15,709	-	15,709
Charge for the year	2,784	-	2,784
At 30 September 2015	18,493	-	18,493
Net Book Value -			
At 30 September 2015	3,372	95,984	99,356

Software development costs were capitalised as it is expected that economic benefits attributable to the use of the software will flow to the Group. This software is expected to replace the current investment management system used by the Group.

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19. Investment

This investment is in respect of the company's seat on the stock exchange and is carried at fair value. The seat has an indefinite useful life and was tested for impairment. The impairment test was done by comparing the recoverable amount to the carrying value.

The recoverable amount is based on the market value. The market value is based on the last sale price for a seat on the stock exchange. This would be classified as level 2 in the fair value hierarchy.

The carrying amount would have been \$2 if the asset was carried at the cost model.

20. Investment in Associated Company

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
At beginning of year	6,915	18,177	28,133	28,133
Impairment charge	-	-	(28,133)	-
Amortisation of intangible asset	(6,915)	(8,030)	-	-
Share of results after tax	-	(3,232)	-	-
At end of year	<u>-</u>	<u>6,915</u>	<u>-</u>	<u>28,133</u>

During the year, the company took the decision to write off the investment in this entity.

The summarised information for associated company that was accounted for using the equity method is as presented in the tables below. The summarised financial information reflects balances which are due to the equity holders of the company. These are based on the last available management accounts.

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20. Investment in Associated Company (Continued)**GSW Animation Limited**

	30 June 2015 \$'000
Current	
Cash and cash equivalents	2,159
Other current assets	6,136
<i>Total current assets</i>	<u>8,295</u>
Financial liabilities (excluding trade payables)	11,801
Other current liabilities (including trade payables)	15,010
<i>Total current liabilities</i>	<u>26,811</u>
Non-current	
<i>Assets</i>	60,219
Financial liabilities	35,618
Other liabilities	307
<i>Total non-current liabilities</i>	<u>35,925</u>
Net assets	<u>5,778</u>
	30 June 2015 \$'000
Revenue	<u>11,892</u>
Net loss for the twelve months ended 30 June 2016	<u>(27,214)</u>
Total comprehensive income	<u>(27,214)</u>

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20. Investment in Associated Company (Continued)

Reconciliation of summarised financial information

A reconciliation of summarised financial information presented to the carrying amount of its interest in associate is shown in the table below. The amounts shown in the table are the amounts attributable to the equity holders of the associated company.

	\$'000
Opening net assets at 1 February 2015	23,856
Loss for the period	<u>(18,078)</u>
Closing net assets at 30 June 2015	<u>5,778</u>
Interest in associate (%)	11%
Interest in associate	636
Other adjustments	<u>(636)</u>
Carrying value	<u><u>-</u></u>

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21. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 33¼%.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

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

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Net liabilities at beginning of year	130,973	204,334	130,646	203,822
Credited to profit or loss (Note 8)	(27,936)	(43,678)	(32,597)	(43,493)
Charged/(credited) to other comprehensive income (Note 8)	213,496	(29,683)	213,498	(29,683)
Net liabilities at end of year	<u>316,533</u>	<u>130,973</u>	<u>311,547</u>	<u>130,646</u>

Deferred income tax liabilities have not been established for the withholding tax that would be payable on the unappropriated profits of subsidiaries as the amounts are not subject to tax. Such unappropriated profits totaled \$410,585,000 as at 30 September 2016 (2015 - \$247,896,000).

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21. Deferred Taxation (Continued)

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

Deferred tax liabilities	Accelerated depreciation	Interest receivable	Exchange gain	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2014	39,664	86,060	283,661	-	409,385
Charge to profit or loss	215	(17,984)	(168,831)	-	(186,600)
At 1 October 2015	39,879	68,076	114,830	-	222,785
Charged/(credited) to profit or loss	333	2,643	57,005	-	59,981
Charged to other comprehensive income	-	-	-	211,621	211,621
At 30 September 2016	40,212	70,719	171,835	211,621	494,387

Deferred tax assets	Investment securities	Taxes losses	Interest payable	Total
	\$'000	\$'000	\$'000	\$'000
At 1 October 2014	38,020	138,132	28,899	205,051
Credited/(charged) to profit or loss	-	(137,484)	(5,438)	(142,922)
Charged to other comprehensive income	29,683	-	-	29,683
At 1 October 2015	67,703	648	23,461	91,812
Charged to profit or loss	87,683	(648)	882	87,917
Credited to other comprehensive income	(1,875)	-	-	(1,875)
At 30 September 2016	153,511	-	24,343	177,854

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21. Deferred Taxation (Continued)

Deferred tax liabilities	Accelerated depreciation \$'000	Interest receivable \$'000	Exchange gain \$'000	Investment securities \$'000	Total \$'000
At 1 October 2014	39,530	85,682	283,661	-	408,873
Charged/(credited) to profit or loss	481	(18,065)	(168,831)	-	(186,415)
At 1 October 2015	40,011	67,617	114,830	-	222,458
Charged to profit or loss	341	1,572	53,407	-	55,320
Charged to other comprehensive income	-	-	-	211,623	211,623
At 30 September 2016	40,352	69,189	168,237	211,623	489,401

Deferred tax assets	Investment securities \$'000	Taxes losses \$'000	Interest payable \$'000	Total \$'000
At 1 October 2014	38,020	138,132	28,899	205,051
Credited/(charged) to profit or loss	-	(137,484)	(5,438)	(142,922)
Credited to other comprehensive income	29,683	-	-	29,683
At 1 October 2015	67,703	648	23,461	91,812
Credited(charged) to profit or loss	87,683	(648)	882	87,917
Charged to other comprehensive income	(1,875)	-	-	(1,875)
At 30 September 2016	153,511	-	24,343	177,854

The amounts shown in the statement of financial position include the following to be settled or recovered after more than 12 months:

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred tax liabilities	(423,670)	(154,494)	(420,212)	(154,360)
Deferred tax assets	153,511	67,703	153,511	67,703

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22. Payables

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Client funds	275,023	112,435	275,023	112,435
Statutory liabilities	7,570	7,598	5,643	5,551
Other	126,988	90,361	89,526	73,674
	<u>409,581</u>	<u>210,394</u>	<u>370,192</u>	<u>191,660</u>

All amounts recorded as payables are due within twelve months.

23. Share Capital and Treasury Shares

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Authorised ordinary shares of no par value - 600,000,000 (2015 – 600,000,000)				
Issued and fully paid ordinary – Ordinary stock units 445,876,824 (2015 – 445,876,824)	745,494	745,494	745,494	745,494
Treasury shares 3,899,016 (2015 – 3,899,016)	(9,190)	(9,190)	-	-
	<u>736,304</u>	<u>736,304</u>	<u>745,494</u>	<u>745,494</u>

BUTM participated in Barita's initial public offering on 15 January 2010 by acquiring 598,000 ordinary shares and 45,290,000 redeemable preference shares. BUTM acquired additional Barita ordinary shares of 50,500 and 3,713,383 during 2014 and 2015, respectively. BUTM sold 462,867 shares during the prior year. The ordinary shares acquired by BUTM are treated as treasury shares in the consolidated financial statements.

24. Capital Reserve

This represents the unrealised surplus on revaluation of property, plant and equipment for the company, and unrealised surplus on revaluation of property, plant and equipment less consolidation adjustments to account for the acquisition of BUTM for the Group.

25. Fair Value Reserve

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

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26. Capital Redemption Reserve

This reserve arose on the redemption of preference shares during the 2014 financial year.

27. Dividends

A dividend of \$0.11 per ordinary stock unit was paid on 27 January 2016 (2015 - \$0.07 per ordinary stock paid on 27 January 2015).