PanJam Investment Limited

Financial Statements
31 December 2018

PanJam Investment Limited

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31 December 2018

Independent auditor's report

To the Members of PanJam Investment Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of PanJam Investment Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2018, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

PanJam Investment Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2018;
- the company income statement for the year then ended;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J.Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K.Moore

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Our 2018 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (Group) *See notes 2 (j), 3 (v) and 17 to the financial statements for disclosures of related accounting policies, judgements and estimates.*	
The determination of the fair value of investment properties requires significant judgement. Investment properties represented $8,358 million or 18.2% of total assets for the Group as at the end of the reporting period and as such, was an area of focus for the audit. Management, through an independent valuation expert, used three methods to value investment properties namely: comparable sales approach, discounted cash flow approach and the direct capitalisation approach.	We met with the property valuers and updated our understanding of the valuation process and obtained information on significant developments within the industry. We assessed the competence and objectivity of the property valuers in order to determine whether they were appropriately qualified and whether there was any affiliation to the Group. We assessed the appropriateness of the valuation methodology used to evaluate whether it was suitable for determining market value in accordance with the financial reporting framework.

Key audit matter	How our audit addressed the key audit matter
We focused in particular on the direct capitalisation approach, the method used to value the majority of the properties, which takes into consideration a number of factors which require estimation and judgement. The key factors include: ▪ estimation of rental income; ▪ determination of a capitalisation factor; and ▪ estimation of vacancy factor. Changes in these assumptions may have a significant impact on the carrying value of investment properties.	We challenged the work of the property valuers by benchmarking the assumptions used to relevant market evidence which included performing comparisons to similar properties located in the same area. We also agreed the inputs used by the property valuers to supporting documentation. We further developed a point estimate based on the information that was obtained from performing the above procedures. Based on the procedures performed, management's valuations were found to be consistent with our point estimate.
Valuation of investments classified as fair value through profit or loss and classified as level 3 in the fair value hierarchy (Group and Company) *See notes 2 (i), 3 (ii), 15 and 36 to the financial statements for disclosures of related accounting policies, judgements and estimates.*	
The fair values of financial instruments that are not quoted on an exchange, and for which one or more of the significant inputs are not based on observable market data, are classified as level 3 in the fair value hierarchy. In these instances, management determines the unobservable inputs using the best information available in the circumstances taking into account all information that is reasonably available. The lack of available observable market data resulted in greater estimation uncertainty and subjectivity which therefore led us to focus our attention on this area. Investments for which observable market data was limited and were classified as level 3 investments totalled $1,510 million and $538 million or 3.3% and 2.9% of total assets for the Group and Company respectively as at the reporting date. These investments related primarily to investments in four funds.	We tested the fair value of the investments in these underlying funds by performing the following: • In respect of the closed end real estate fund, we used our own valuations expert to assist us in evaluating the property valuations prepared by experts engaged by the fund managers. In addition, we tested the existence and valuation of its other significant assets and liabilities through the use of external confirmations as well as vouching to supporting documentation. • The second fund investment itself invests primarily in other companies. Our audit procedures included verifying the ownership of the companies in which the fund had an investment and using historical data, including audited financial statements, to assess the reliability of the fund manager's estimate of fair value. • For the third fund, the significant underlying asset is a recently completed hotel. The fair value of this asset was determined by management using the comparable sales method. This method was considered the most appropriate based on the information available in the circumstances. We performed our own search for comparable sales and compared our results to those of management.

Key audit matter	How our audit addressed the key audit matter
	• Similar in set up to the third fund, the fourth fund's significant underlying asset is that of a shopping centre. The asset was undergoing renovations at the reporting date. Management relied on a property valuer to estimate the market value of the asset. We used our own valuations expert to assist us in assessing the valuation report submitted by management's expert. • The net asset value and the number of units held in the funds were also confirmed with the fund managers. We found management's valuation of these level 3 investments to be within an acceptable range of our estimation of fair value based on the outcome of our procedures.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS 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 stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
11 April 2019

PanJam Investment Limited

Consolidated Income Statement

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Income			
Investments	5	1,060,653	422,702
Property	6	2,071,904	1,787,009
Commissions		55,878	49,755
Other	7	75,765	153,533
		3,264,200	2,412,999
Operating expenses	8	(1,692,951)	(1,475,138)
Net impairment losses on financial assets	35	(17,944)	-
Operating Profit		1,553,305	937,861
Finance costs	10	(624,371)	(599,922)
Share of results of associated companies		4,696,259	3,932,880
Gains on disposal of associated company	11	47,305	-
Profit before Taxation		5,672,498	4,270,819
Taxation	12	(311,081)	(79,330)
NET PROFIT		5,361,417	4,191,489
Attributable to:			
Owners of the parent		5,333,750	4,131,352
Non-controlling interests		27,667	60,137
		5,361,417	4,191,489
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	13	$5.06	$3.93

PanJam Investment Limited

Consolidated Statement of Comprehensive Income
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018	2017
		$'000	$'000
Net Profit for the year		5,361,417	4,191,489
Other Comprehensive Income, net of taxes			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity instruments at fair value through other comprehensive income		35,261	-
Re-measurement of post-employment benefit obligations, net of taxation		70,031	(6,778)
Share of other comprehensive income of associated company, net of taxation		472,808	935,203
		578,100	928,425
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		2,665	(3,104)
Changes in the fair value of debt instruments at fair value through other comprehensive income		(24,797)	-
Unrealised gains on available-for-sale financial assets, net of taxation		-	62,179
Losses recycled to profit or loss on disposal and maturity of investment assets, net of taxation		1,197	138
Share of other comprehensive income of associated company, net of taxation		(1,575,462)	877,913
		(1,596,397)	937,126
TOTAL COMPREHENSIVE INCOME		4,343,120	6,057,040
Attributable to:			
Owners of the parent		4,315,453	5,996,903
Non-controlling interests		27,667	60,137
		4,343,120	6,057,040

PanJam Investment Limited

Consolidated Statement of Financial Position

31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
ASSETS			
Cash and Bank Balances	14	133,461	107,320
Investments			
Deposits	14	462,483	590,696
Investment securities:			
Financial assets at fair value through other comprehensive income	15	767,844	-
Financial assets at fair value through profit and loss	15	6,594,390	1,063,775
Financial assets at amortised cost	15	93,004	-
Available-for-sale	15	-	1,944,898
Held-to-maturity	15	-	119,171
Loans and receivables	15	-	48,269
		7,455,238	3,176,113
Securities purchased under agreements to resell	16	906,414	1,023,635
Investment properties	17	8,358,674	7,839,676
Investment in associated companies	18	26,348,546	24,919,991
		43,531,355	37,550,111
Other assets			
Taxation recoverable		68,397	34,577
Deferred tax assets	19	-	68
Prepayments and miscellaneous assets	20	1,671,365	1,214,826
Property, plant and equipment	21	428,433	398,523
Intangibles	22	33,082	47,608
		2,201,277	1,695,602
		45,866,093	39,353,033

PanJam Investment Limited

Consolidated Statement of Financial Position (Continued)

31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	28	2,141,985	2,141,985
Equity compensation reserve	29	73,956	61,475
Property revaluation reserve	30	4,423,555	3,940,954
Investment and other reserves	31	2,216,173	3,535,634
Retained earnings		25,183,909	21,195,513
Treasury stock		(305,907)	(348,500)
		33,733,671	30,527,061
Non-Controlling Interests		300,445	272,899
		34,034,116	30,799,960
Liabilities			
Bank overdrafts	14	13,719	5,802
Taxation payable		40,145	8,512
Loan liabilities	25	10,559,530	7,474,718
Finance lease liability	26	8,106	11,537
Deferred tax liabilities	19	435,586	176,533
Retirement benefit liabilities	23	250,806	274,112
Other liabilities	27	524,085	601,859
		11,831,977	8,553,073
		45,866,093	39,353,033

Approved for issue by the Board of Directors on 8 April 2019 and signed on its behalf by:

Stephen B. Facey — Chairman

Paul R. Hanworth — Director

PanJam Investment Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

		\----------Attributable to Owners of the Parent----------\							
		Share Capital	**Equity Compensation Reserve**	**Property Revaluation Reserve**	**Investment and Other Reserves**	**Reained Earnings**	**Treasury Stock**	**Non-controlling Interests**	**Total**
	Note	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2017		2,141,985	46,054	3,477,645	2,780,185	17,528,506	(304,904)	587,762	26,257,233
Comprehensive income									
Net profit		-	-	-	-	4,131,352	-	60,137	4,191,489
Other comprehensive income		-	-	-	972,714	892,837	-	-	1,865,551
Total comprehensive income for the year		-	-	-	972,714	5,024,189	-	60,137	6,057,040
Dividends paid to non-controlling interest		-	-	-	-	-	-	(375,000)	(375,000)
Transactions with owners									
Employee share option scheme value of services provided	29	-	33,200	-	-	-	-	-	33,200
Employee share grants options issued	29		(17,779)	-	7,528	-	28,444	-	18,193
Dividends paid to equity holders of the company	32	-	-	-	-	(893,873)	-	-	(893,873)
Employee share purchases		-	-	-	3,672		3,498	-	7,170
Acquisition of treasury stock							(75,538)	-	(75,538)
Change in reserves of associated company		-	-	-	(228,465)	-	-	-	(228,465)
Total transactions with owners		-	15,421	-	(217,265)	(893,873)	(43,596)	(375,000)	(1,514,313)
Transfer of unrealised property revaluation gains		-	-	463,309	-	(463,309)	-	-	-
Balance at 31 December 2017		2,141,985	61,475	3,940,954	3,535,634	21,195,513	(348,500)	272,899	30,799,960

PanJam Investment Limited

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

		\----------Attributable to Owners of the Parent----------							
		Share Capital	**Equity Compensation Reserve**	**Property Revaluation Reserve**	**Investment and Other Reserves**	**Retained Earnings**	**Treasury Stock**	**Non-controlling Interests**	**Total**
	Note	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 31 December 2017 as originally presented		2,141,985	61,475	3,940,954	3,535,634	21,195,513	(348,500)	272,899	30,799,960
Change in accounting policy	39	-	-	-	(220,302)	61,015	-	(121)	(159,408)
Restated total equity at 1 January 2018		2,141,985	61,475	3,940,954	3,315,332	21,256,528	(348,500)	272,778	30,640,552
Comprehensive income									
Net profit		-	-	-	-	5,333,750	-	27,667	5,361,417
Other comprehensive income		-	-	-	(1,201,343)	183,046	-	-	(1,018,297)
Total comprehensive income for the year		-	-	-	(1,201,343)	5,516,796	-	27,667	4,343,120
Transactions with owners									
Employee share option scheme value of services provided	29	-	40,258	-	-	-	-	-	40,258
Employee share grants/options issued	29		(27,777)	-	19,581	-	48,869	-	40,673
Dividends paid to equity holders of the company	32	-	-	-	-	(1,106,814)	-	-	(1,106,814)
Employee share purchases		-	-	-	4,983	-	2,844	-	7,827
Acquisition of treasury stock		-	-	-	-	-	(9,120)	-	(9,120)
Change in reserves of associated company		-	-	-	77,620	-	-	-	77,620
Total transactions with owners		-	12,481	-	102,184	(1,106,814)	42,593	-	(949,556)
Transfer of unrealised property revaluation gains		-	-	482,601	-	(482,601)	-	-	-
Balance at 31 December 2018		2,141,985	73,956	4,423,555	2,216,173	25,183,909	(305,907)	300,445	34,034,116

PanJam Investment Limited

Consolidated Statement of Cash Flows
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Cash Flows from Operating Activities	33	(3,323,611)	298,019
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	21	(90,490)	(75,957)
Acquisition of intangible asset	22	-	(4,272)
Acquisition of subsidiary, net of cash received	38	(9,891)	(399,919)
Acquisition of investment property	17	-	(601,092)
Improvements to investment properties	17	-	(18,272)
Proceeds from disposal of investment in associated company	11	355,032	-
Investments in associated company	18	(5,172)	(132,783)
Partial return of investment in associated company	18	108,600	-
Dividends from associated companies	18	1,686,388	1,605,166
(Acquisition)/disposal of investment securities, net		(57,660)	508,241
Advances on future developments		(430,181)	(8,042)
Net cash provided by investing activities		1,556,626	873,070
Cash Flows from Financing Activities			
Loans received		3,981,061	3,386,190
Loans repaid		(920,780)	(1,435,931)
Interest paid		(599,840)	(631,547)
Finance lease received		-	4,457
Finance lease repaid		(3,431)	(4,676)
Acquisition of treasury stock		(9,120)	(75,538)
Disposal of treasury stock		51,713	31,942
Dividends paid to non-controlling interest in subsidiary		-	(375,000)
Dividends paid to equity holders		(1,106,814)	(1,103,992)
Net cash provided by/(used in) financing activities		1,392,789	(204,095)
Net (decrease)/increase in cash and cash equivalents		(374,196)	966,994
Effect of exchange rate changes on cash and cash equivalents		7,873	(14,830)
Cash and cash equivalents at beginning of year		1,639,010	686,846
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	1,272,687	1,639,010

PanJam Investment Limited

Company Income Statement

Year ended 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Income			
Investments	5	2,988,220	2,651,503
Management fees	7	49,314	52,720
Miscellaneous	7	5,483	1,906
		3,043,017	2,706,129
Expenses			
Operating expenses	8	445,024	394,989
Net impairment losses on financial assets		47,386	-
Finance costs	10	556,253	556,044
		1,048,663	951,033
Profit before Taxation		1,994,354	1,755,096
Taxation	12	(236,900)	(34,937)
NET PROFIT		1,757,454	1,720,159

PanJam Investment Limited

Company Statement of Financial Position

31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

	2018	2017
	$'000	$'000
Net Profit for the year	1,757,454	1,720,159
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	35,261	-
Re-measurement of post-employment benefit obligations, net of taxation	63,022	7,590
	98,283	7,590
Items that may be subsequently reclassified to profit or loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income	(14,623)	-
Unrealised losses on available-for-sale financial assets, net of taxation	-	(22,465)
Losses/(gains) recycled to profit or loss on disposal and maturity of investment assets, net of taxation	100	(5,636)
	(14,523)	(28,101)
TOTAL COMPREHENSIVE INCOME	1,841,214	1,699,648

PanJam Investment Limited

Company Statement of Financial Position
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
ASSETS			
Cash and Bank Balances	14	15,093	21,828
Investments			
Deposits	14	230,868	353,166
Investment securities			
Financial assets at fair value through other comprehensive income	15	662,473	-
Financial assets at fair value through profit and loss	15	5,023,449	612,553
Financial assets at amortised cost	15	424,480	-
Available-for-sale	15	-	1,224,865
Held to maturity	15	-	119,171
Loans and receivables	15	-	377,824
		6,110,402	2,334,413
Securities purchased under agreements to resell	16	590,239	796,455
Investment in subsidiaries	18	1,128,119	717,480
Investment in associated companies	18	7,698,051	7,692,879
		15,757,679	11,894,393
Other Assets			
Due from related parties	24	2,468,882	2,488,685
Taxation recoverable		5,823	3,298
Prepayments and miscellaneous assets	20	127,747	42,213
Property, plant and equipment	21	25,727	32,405
Retirement benefit assets	23	343,627	271,380
		2,971,806	2,837,981
		18,744,578	14,754,202

PanJam Investment Limited

Company Statement of Financial Position (Continued)
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	28	2,141,985	2,141,985
Equity compensation reserve	29	29,866	26,805
Investment and other reserves	31	1,364,312	1,483,882
Retained earnings		4,822,539	3,986,285
		8,358,702	7,638,957
Liabilities			
Bank overdraft	14	13,719	5,802
Taxation payable		4,016	4,016
Due to related parties	24	1,765	123,419
Loan liabilities	25	9,742,084	6,617,930
Deferred tax liability	19	355,250	103,508
Retirement benefit liabilities	23	39,479	50,528
Other liabilities	27	229,563	210,042
		10,385,876	7,115,245
		18,744,578	14,754,202

Approved for issue by the Board of Directors on 8 April 2019 and signed on its behalf by:

Stephen B. Facey — Chairman

Paul R. Hanworth — Director

PanJam Investment Limited

Company Statement of Changes in Equity
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Equity Compensation Reserve $'000	Investment and Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2017		2,141,985	19,248	1,511,983	3,164,772	6,837,988
Comprehensive income						
Net profit		-	-	-	1,720,159	1,720,159
Other comprehensive income:		-	-	(28,101)	7,590	(20,511)
Total comprehensive income		-	-	(28,101)	1,727,749	1,699,648
Transactions with owners						
Employee share option scheme value of services provided	29	-	18,600	-	-	18,600
Employee share grants vested	29	-	(11,043)	-	-	(11,043)
Dividends paid	32	-	-		(906,236)	(906,236)
Total transactions with owners		-	7,557	-	(906,236)	(898,679)
Balance at 31 December 2017 as originally presented		2,141,985	26,805	1,483,882	3,986,285	7,638,957
Change in accounting policy	39	-	-	(140,308)	135,246	(5,062)
Restated total equity at 1 January 2018		2,141,985	26,805	1,343,574	4,121,531	7,633,895
Comprehensive income						
Net profit		-	-	-	1,757,454	1,757,454
Other comprehensive income:		-	-	20,738	63,022	83,760
Total comprehensive income		-	-	20,738	1,820,476	1,841,214
Transactions with owners						
Employee share option scheme value of services provided	29	-	23,765	-	-	23,765
Employee share grants issued	29	-	(20,704)	-	-	(20,704)
Dividends paid	32	-	-	-	(1,119,468)	(1,119,468)
Total transactions with owners		-	3,061	-	(1,119,468)	(1,116,407)
Balance at 31 December 2018		2,141,985	29,866	1,364,312	4,822,539	8,358,702

PanJam Investment Limited

Company Statement of Cash Flows
Year ended 31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Cash Flows from Operating Activities	33	(1,339,222)	2,223,746
Cash Flows from Investing Activities			
Investment in subsidiary	18	(410,639)	-
Investment in associated company	18	(5,172)	(132,783)
Acquisition of property, plant and equipment	21	(351)	(16,572)
Disposal/(acquisition) of investment securities, net		75,048	(707,864)
Net cash used in investing activities		(341,114)	(857,219)
Cash Flows from Financing Activities			
Related parties		(113,984)	(835,225)
Loans received		3,907,060	3,303,004
Loans repaid		(807,782)	(1,283,538)
Interest paid		(531,378)	(582,796)
Finance lease repaid		-	(941)
Dividends paid to shareholders	32	(1,119,468)	(1,119,468)
Net cash provided by/(used in) financing activities		1,334,448	(518,964)
Net (decrease)/increase cash and cash equivalents		(345,888)	847,563
Effect of exchange rate changes on cash and cash equivalents		4,734	(8,955)
Cash and cash equivalents at beginning of year		1,098,801	260,193
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	757,647	1,098,801

PanJam Investment Limited

Notes to the Financial Statements
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) PanJam Investment Limited ("the company") is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange (JSE).

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

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

Subsidiaries	Principal Activities	Proportion of Issued Equity Capital Held by	
		Company	Subsidiaries
Jamaica Property Company Limited	Property Management and Development	100%	-
Jamaica Property Development Limited	Property Development	-	100%
Jamaica Property Management Limited	Property Management	-	100%
Imbrook Properties Limited	Property Development	-	100%
Desnoes Estates Limited	Property Development	-	100%
Kingchurch Property Holdings Limited	Property Development and Management	-	100%
Downing Street (Caribbean Place) Limited	Property Development	-	100%
Portfolio Partners Limited	Investment Management	100%	-
Baywest Development Limited	Property Development	100%	-
Scott's Preserves Limited	Food and Beverage	66.67%	-
PanJam Hospitality Limited (Formerly Busha Browne's Company Limited)	Hotel Management	100%	-
Knutsford Holdings Limited	Office Rental	32%	28%
Panacea Insurance Company Limited (Incorporated in St. Lucia)	Captive Insurance	-	100%
Castleton Investments Limited (Incorporated in St Lucia)	Investment Management	100%	-
Norbury Investments Limited (Incorporated in Canada)	Property Investment	-	100%
PJ-AL Corp Limited (Incorporated in United States)	Property Investment	100%	-
Palisadoes Investments Limited (Incorporated in Canada)	Investment Management	-	100%
Simcoe Investments Limited (Incorporated in Barbados)	Investment Management	100%	-

PanJam Investment Limited

Notes to the Financial Statements
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(c) continued

	Principal Activities	Proportion of Issued Equity Capital Held by	
		Company	Subsidiaries
Associated Companies			
Sagicor Group Jamaica Limited	Life and Health Insurance, Pension Management, Investment and Banking	31.56%	-
New Castle Company Limited (Incorporated in St. Lucia)	Consumer Products	33.33%	-
Chukka Caribbean Adventures Limited (Incorporated in St. Lucia)	Tourism	20%	-
Caribe Hospitality Jamaica Limited	Hotel Property Developers	32.15%	-
Downing Street Realty Fund II (Incorporated in Canada)	Property Developers	-	34.60%
Downing Street Realty Fund VII (Incorporated in Canada)	Property Developers	-	50%
Williams Offices (Caribbean) Limited (Incorporated in Barbados)	Office Rental	25%	-
Term Finance (Jamaica) Limited	Loan Financing	20%	-
Other Consolidated Entity			
The PanJam Share Trust	Employees Share Ownership Plan	100%	-

During the year the group:

a) Disposed of its holding in Downing Street Realty Fund V.

b) Entered into a contractual agreement with Williams Offices (Caribbean) Limited and its shareholders for the acquisition of 25% of its shareholding. Williams Offices (Caribbean) Limited is incorporated in Barbados and provides rental of office space under the brand Regus.

c) Acquired a 20% shareholding in Term Finance (Jamaica) Limited whose principal activity is short term consumer lending.

In 2017, the group acquired 100% of the share capital of Downing Street (Caribbean Place) Limited (Note 38).

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

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements of the group and the financial statements of the company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

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

- **Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions** (effective for annual periods beginning on or after 1 January 2018) clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The adoption of this amendment did not have a material impact on the financial statements.

- **Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2018). These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will: give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2022. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39. The group adopted IFRS 9.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **IFRS 9, 'Financial instruments'**, (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification is made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

  The group has performed a review of its business model based on the different portfolios of financial assets and the characteristics of these financial assets in the various entities within the group. Consequently, debt instruments whose cash flows are solely payments of principal and interest "SPPI" were designated either at amortised cost or at fair value through other comprehensive income. The existing investments in equity instruments at the date of initial application were allocated between fair value through profit or loss and fair value through other comprehensive income.

  There was no impact on the group's accounting for financial liabilities, as the new requirements only impact financial liabilities that are designated at fair value through profit or loss, and the group does not currently have any such liabilities.

  The impairment model was reviewed and adopted. It required the identification of the credit risk associated with counterparties. The counterparties are mainly Governments and corporations within the Caribbean for investments and trade receivables from customers, mainly tenants for rent and maintenance. A provisions matrix was used for the trade receivables reflecting past experience of losses incurred due to default as well as forward looking information in arriving at an assessment of impairment. As it relates to investments, management reviewed the macro economic factors of each country as well as specific credit rating information for securities, where available, to aid with its impairment assessment.

  Changes in accounting policies resulting from adoption were applied as at 1 January 2018, but with no restatement of comparative information for prior years. Consequently, the group has recognised any adjustments to the carrying amounts of financial assets between IAS 39 and IFRS 9 in the opening retained earnings or other components of equity. Refer to note 39 for details.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **IFRS 15, 'Revenue from contracts with customers'** (effective for annual period beginning on or after 1 January 2018)**.** The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers are required to be capitalised and amortised over the period when the benefits of the contract are consumed. Except for management fees and commission, all other revenue streams are not within the scope of IFRS 15. The group has assessed the main types of commercial arrangements used with customers under the model and has concluded that the application of IFRS 15 does not have a material impact on the consolidated results or financial position based on the nature of services offered by the group.

- **Amendment to IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2018) clarifies the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The adoption of this amendment did not have a material impact on the financial statements of the group.

- **Amendment to IAS 40, "Investment property' relating to transfers of investment property"** (effective for annual periods beginning on or after 1 January 2018) clarifies that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The adoption of this amendment did not have a material impact on the financial statements of the group.

- **Annual improvements 2014–2016** (effective for annual periods beginning on or after 1 January 2018). These amendments include changes from the 2014-16 cycle of the annual improvements project that affect the following standard applicable to the group: IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition. The adoption of this amendment did not have a material impact on the financial statements of the group.

- **IFRIC 22, 'Foreign currency transactions and advance consideration'** (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The adoption did not have a material impact on the financial statements of the group.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the group's accounting periods beginning on or after 1 January 2019 or later periods, but were not effective at the statement of financial position date. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **IFRS 16, 'Leases'** (effective for annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. 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. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration**.** The group is mainly the assessor and as such the impact of the adoption will not be significant.

- **IFRS 17, 'Insurance contracts'** (effective for annual periods beginning on or after 1 January 2021). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

- **IFRIC 23, 'Uncertainty over income tax treatments'** (effective for annual periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the group.

- **Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation** (effective for annual periods beginning on or after 1 January 2019). This amendment will enable companies to measure at amortised cost some financial assets with negative compensation. The assets affected, that include some loans and debt instruments, would otherwise have been measured at fair value profit or loss. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity but the prepayment amount could be less than unpaid amounts of principal and interest. To qualify to use amortised cost, such negative compensation should be reasonable compensation for early termination.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

- **Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures** (effective for annual periods beginning on or after 1 January 2019). These amendments clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The group currently applies the equity method to its associated companies.

- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'** (effective for annual periods beginning on or after 1 January 2019). These amendments require an entity to:
  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

- **Annual improvements 2015–2017** (effective for annual periods beginning on or after 1 January 2019). These amendments include minor changes to:
  - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation

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

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

In the company stand-alone financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iii) Associates

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

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

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

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

(iv) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint operations

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Joint ventures

The group's interest in joint ventures is accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the group's share of the net assets of the joint venture, less any impairment. The group's share of its joint ventures' post- acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Losses of a joint venture in excess of the group's interest are not recognised unless the group has incurred legal or constructive obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Summary of Significant Accounting Policies (Continued)

(c) Income recognition

(i) Interest income and expenses

Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income (FVOCI) (2017 available-for-sale securities, held-to-maturity investments and loans and receivables) is recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments. When amounts receivable in connection with investments become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(ii) Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI) (2017 from financial assets at FVPL and available-for-sale financial assets). Dividends are recognised in the income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

(iii) Property income

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

(iv) Commission income

Commissions are recognised as revenue on the transfer of the service at a point in time and recognized in the accounting period in which the service is transferred. There was no contract asset or contract liability recognised in the accounting period.

(iv) Other income

Other income comprises of management fees and miscellaneous income. Management fees are contractual agreements with customers for the transfer of service at a point in time and are recognized in the accounting period in which the service is transferred. Management fee is calculated as a percentage of the total expenses and value of the portfolio where applicable. There was no contract asset or contract liability recognised during the accounting period. (See note 7 for details)

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

2. Summary of Significant Accounting Policies (Continued)

(e) Taxation

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

(i) Current taxation

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

(ii) Deferred income taxes

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(f) Financial instruments

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

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

Financial liabilities

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

The fair values of the group's and the company's financial instruments are discussed in Note 36.

(g) Accounts receivable
Trade and managed properties receivables
Trade receivables are amounts due from tenants and customers for rent and maintenance during the accounting period. Managed properties receivables are due from customers for expenses incurred during the accounting period for the management of properties owned by these customers. Trade and managed properties receivables are generally due for settlement within 30 days and therefore are all classified as current. They are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade and managed properties receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Due to the short-term nature of the trade and managed properties receivables, their carrying amount is considered to be the same as their fair value. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 35.

Other miscellaneous assets
The group classifies other miscellaneous assets at amortised cost when both of the following criteria are met:
- the asset is held within a business model where the objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Due to the short-term nature of the other miscellaneous assets excluding land awaiting development, their carrying amount is considered to be the same as their fair value. Land awaiting development at year end was $1,156,515,000 (2017 – $726,334,000) representing purchase consideration and associated costs capitalised.

(h) Cash and cash equivalents
Cash and cash equivalents are carried on the statement of financial position at cost and adjusted for any potential credit loss. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short term deposits, securities purchased under agreements to resell and bank overdrafts. (see note 14)

2. Summary of Significant Accounting Policies (Continued)

(i) Investments

(i) Classification

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost.

The classification is based on the company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

The group will reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction cost directly attributable to the acquisition of the financial asset in the case of a financial asset not at fair value through profit or loss (FVPL). Transaction costs that are directly attributable to the acquisition of the financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments is based on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in gains/(losses). Impairment losses are presented as a separate line item in profit or loss

2. Summary of Significant Accounting Policies (Continued)

(i) Investments (continued)

(iii) Measurement (continued)

- Fair value through other comprehensive income (FVOCI) – Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are presented in gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- Fair value through profit or loss (FVPL) - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

  Equity instruments
  The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the group's right to receive payment is established.

  Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in the profit or loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost (include cash and cash equivalent, excluding bank balances) and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 35(b) for further details.

2. Summary of Significant Accounting Policies (Continued)

(i) Investments (continued)

Accounting policies applied until 31 December 2017

(v) Investment securities

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

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

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

(a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale financial assets denominated in the functional currency of the reporting entity are recorded in other comprehensive income, and under investment and other reserves in equity. Changes in the fair value of foreign currency denominated available-for-sale financial assets are discussed in Note 2(d) (ii) & Note 36.

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

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

The determination of the fair values of financial assets is discussed in Note 36.

2. Summary of Significant Accounting Policies (Continued)

(i) Investments (continued)

Accounting policies applied until 31 December 2017 (continued)

(v) Investment securities (continued)

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

(c) Held-to-maturity
Financial assets held-to-maturity are debt instruments that the company intends to hold until maturity. A financial asset is classified in this category if acquired principally to hold until its mature. These assets are carried at cost adjusted for amortisation of discount or premium using the effective rate of interest method.

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

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(j) Investment property

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

(k) Leases

As lessee

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

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

(l) Property, plant and equipment

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

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

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

Freehold premises	2½%
Leasehold improvements	Life of lease
Furniture, fixtures & equipment	5% - 33⅓%
Assets capitalised under finance leases	Life of lease
Motor vehicles	15% - 20%

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(m) Inventories

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

(n) Employee benefits

(i) Pension obligations

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

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

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

Past-service costs are recognised immediately in expenses.

(ii) Other post-employment benefits

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

(iii) Annual leave entitlements

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

2. Summary of Significant Accounting Policies (Continued)

(n) Employee benefits (continued)

(iv) Equity compensation benefits

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

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

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

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

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

(v) Termination benefits

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

2. Summary of Significant Accounting Policies (Continued)

(o) Impairment of non-financial assets

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

(p) Intangible assets

(i) Goodwill

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

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

(ii) Computer software

Costs incurred to acquire computer software licences are recognised as intangible assets. These costs are being amortised using the straight-line method over their expected useful life of three years. All other costs associated with maintaining computer programs are recognized as an expense when incurred.

(q) Provisions

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

(r) Dividends

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

(s) Share capital

Ordinary shares are classified as equity.

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

(t) Segment reporting

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

(ii) Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods and valuation inputs and makes assumptions that are mainly based on market conditions existing at each statement of financial position date. The group uses discounted cash flow analyses and references to prices for other instruments that are substantially the same for various available-for-sale financial assets that were not traded in active markets. Details of investment securities valued using other than quoted prices in an active market are provided in Note 36 of the financial statements.

(iii) Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanations of the inputs, assumptions and estimation techniques used in measuring the ECL is further detailed in note 35 which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for assessing whether a significant increase in credit risk has occurred;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar assets for the purposes of measuring ECL.

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

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

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

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

(vii) Accounting for investment in Williams Offices (Caribbean) Limited
The group has accounted for its investment in Williams Offices (Caribbean) Limited as an associated company at the year-end as the group has entered into an irrevocable contract to acquire 25% of this entity which was not completed at year-end as the transaction is awaiting regulatory approvals. At year end the only transaction recorded represented advances on behalf of the entity to fund the Jamaica operations which is recorded as loans receivable.

PanJam Investment Limited

Notes to the Financial Statements
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4. Segmental Financial Information

The group is organised into two main business segments:

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

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

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

	2018				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External operating revenue	2,141,945	1,062,707	59,548	-	3,264,200
Inter-group revenue	27,478	162,887	-	(190,365)	-
Total revenue	2,169,423	1,225,594	59,548	(190,365)	3,264,200
Operating profit	887,918	597,316	68,071	-	1,553,305
Finance costs	(222,540)	(549,095)	-	147,264	(624,371)
	665,378	48,221	68,071	147,264	928,934
Gains on disposal of associated company	-	47,305	-	-	47,305
Share of results of associated companies	-	4,696,259	-	-	4,696,259
Profit before taxation	665,378	4,791,785	68,071	147,264	5,672,498
Taxation	(13,205)	(297,287)	(589)	-	(311,081)
Net profit	652,173	4,494,498	67,482	147,264	5,361,417
Segment assets	10,575,064	10,139,729	318,211	(1,515,457)	19,517,547
Investment in associated companies	-	26,348,546	-	-	26,348,546
Total assets	10,575,064	36,488,275	318,211	(1,515,457)	45,866,093
Segment liabilities	3,078,178	10,132,805	136,451	(1,515,457)	11,831,977
Other segment items:					
Capital expenditure	90,140	350	-	-	90,490
Depreciation	26,733	7,029	-	-	33,762

PanJam Investment Limited

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4. Segmental Financial Information (Continued)

	2017				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External operating revenue	1,877,455	404,474	131,070	-	2,412,999
Inter-group revenue	21,647	666,070	1,731	(689,448)	-
Total revenue	1,899,102	1,070,544	132,801	(689,448)	2,412,999
Operating profit/(loss)	780,341	47,576	109,944	-	937,861
Finance costs	(172,299)	(548,147)	-	120,524	(599,922)
	608,042	(500,571)	109,944	120,524	337,939
Share of results of associated companies	-	3,932,880	-	-	3,932,880
Profit before taxation	608,042	3,432,309	109,944	120,524	4,270,819
Taxation	(18,759)	(50,084)	(10,487)	-	(79,330)
Net profit	589,283	3,382,225	99,457	120,524	4,191,489
Segment assets	9,591,220	6,052,313	307,188	(1,517,679)	14,433,042
Investment in associated companies	-	24,919,991	-	-	24,919,991
Total assets	9,591,220	30,972,304	307,188	(1,517,679)	39,353,033
Segment liabilities	3,158,442	6,771,850	140,460	(1,517,679)	8,553,073
Other segment items:					
Capital expenditure	59,385	16,572	-	-	75,957
Depreciation	26,692	5,032	-	-	31,724

Revenue is recognised by each segment on the accrual basis.

PanJam Investment Limited

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5. Investment Income

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Income				
Interest income -				
Financial assets at fair value through profit and loss	-	1,886	-	-
Fair value through other comprehensive income	40,341		33,125	-
Amortised cost	6,351		238,301	-
Available-for-sale investments	-	40,591	-	28,971
Held-to-maturity	-	4,066	-	4,066
Loans and receivables	-	2,732	-	195,236
Securities purchased under agreement to resell and deposits	20,669	49,246	13,669	37,497
Realised gains on disposal of investments, net	4,809	58,623	(5,833)	11,994
Fair value gains on financial assets at fair value through profit and loss	924,282	274,045	863,759	185,666
Impairment charge on investment securities	-	(7,270)	-	(7,270)
Foreign exchange gains/(losses)	11,102	(41,491)	35,782	(67,927)
Dividends	100,883	42,861	1,853,162	2,262,633
Other	1,871	1,463	362	825
	1,110,308	426,752	3,032,327	2,651,691
Direct expenses				
Investment expense	(49,655)	(4,050)	(44,107)	(188)
	1,060,653	422,702	2,988,220	2,651,503

6. Property Income

	The Group	
	2018	**2017**
	$'000	**$'000**
Rental income (Note 17)	1,579,124	1,302,500
Fair value gains on property valuation (Note17)	492,780	484,509
	2,071,904	1,787,009

PanJam Investment Limited

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7. Other Income

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Management fees	59,780	58,427	49,314	52,720
Insurance claim recovery	-	17,438	-	-
Recovery of impaired loans	5,483	32,944	5,483	1,906
Miscellaneous income	10,502	44,724	-	-
	75,765	153,533	54,797	54,626

8. Operating Expenses by Nature

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Direct cost of property management (Note 17)	747,801	638,835	-	-
Staff costs (Note 9)	546,013	492,212	237,991	206,476
Directors' fees	18,847	14,898	17,550	13,750
Professional fees	91,064	82,185	48,797	55,634
Auditors' remuneration	29,419	25,874	11,901	11,197
Information technology services	21,100	23,319	4,014	4,892
Office expense & subscriptions	21,050	15,536	29,037	24,954
Donations	55,184	44,896	38,205	26,555
Bad debts recovery	-	(575)	-	-
Depreciation	33,762	31,724	7,029	5,032
Amortisation	24,417	20,146	-	-
Irrecoverable GCT	25,956	16,599	18,230	10,088
Commission	16,353	11,056	-	-
Other	61,985	58,433	32,270	36,411
	1,692,951	1,475,138	445,024	394,989

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9. Staff Costs

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	351,608	319,124	177,679	157,056
Statutory contributions	28,700	21,178	13,676	9,711
Pension – funded (Note 23(a))	50,784	51,044	(184)	(2,174)
Pension – unfunded (Note 23(b))	30	33	30	33
Other post-employment benefits (Note 23(c))	35,199	28,717	6,282	5,015
Stock compensation expense (Note 29)	40,258	33,200	23,765	18,600
Other	39,434	38,916	16,743	18,235
	546,013	492,212	237,991	206,476

10. Finance Costs

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense	621,760	597,408	553,653	552,333
Foreign exchange (gains)/losses	-	(329)	-	868
Commitment fees	2,611	2,843	2,600	2,843
	624,371	599,922	556,253	556,044

11. Gains on Disposal of Associated Company

	2018
	Group
	$'000
Downing Street Realty Fund V Limited Partnership	
Proceeds	355,032
Carrying value at disposal (Note 18)	(307,727)
Gain on disposal	47,305

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12. Taxation

(a) Composition of tax charge

The taxation charge for the year is comprised of:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	72,941	41,029	6,165	1,121
Deferred income taxes (Note 19)	238,140	38,301	230,735	33,816
	311,081	79,330	236,900	34,937

Subject to agreement with the Tax Administration Jamaica, the group has losses available for offset against future taxable profits amounting to approximately $1,046,000,000. (2017 - $703,000,000).

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax				
Profit before tax	5,672,498	4,270,819	1,994,354	1,755,096
Tax at 25%	1,418,125	1,067,705	498,588	438,774
Adjusted for the effects of:				
Income not subject to tax	(143,129)	(159,554)	(76,387)	(67,376)
Adjustment for income taxed at a different rate	(10,590)	(10,373)	(407,824)	(521,249)
Disposal of associated company	46,510	-	-	-
Share of associates' profit included net of tax	(1,174,065)	(983,220)	-	-
Expenses not deductible for tax purposes	144,079	112,488	127,054	99,808
Effect of unutilised losses	85,999	89,903	85,999	89,903
Incentives	(61,767)	(25,701)	-	-
Other charges and credits	5,919	(11,918)	9,470	(4,923)
Income tax expense	311,081	79,330	236,900	34,937

Income not subject to tax consists principally of gains on property revaluation gains (for the group), certain dividend and interest income and gains on disposal of associated and joint venture companies (for the group and company). Expenses not deductible for tax consist principally of certain interest expense.

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12. Taxation (Continued)

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

	The Group			The Company		
At 31 December 2018	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	2,665	-	2,665	-	-	-
Fair value gains/(losses) on financial assets at FVOCI, net of gains recycled to profit or loss	9,298	2,363	11,661	20,738	-	20,738
Re-measurement of post-employment benefit obligation	93,375	(23,344)	70,031	84,029	(21,007)	63,022
Share of other comprehensive income of associated companies	(1,102,654)	-	(1,102,654)	-	-	-
Other comprehensive income	(997,316)	(20,981)	(1,018,297)	104,767	(21,007)	83,760
Deferred income tax (Note 19)		(20,981)			(21,007)	

	The Group			The Company		
At 31 December 2017	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	(3,104)	-	(3,104)	-	-	-
Fair value gains on available-for-sale financial asset, net of gains recycled to profit or loss	64,123	(1,806)	62,317	(28,101)	-	(28,101)
Re-measurement of post-employment benefit obligation	(9,037)	2,259	(6,778)	10,120	(2,530)	7,590
Share of other comprehensive income of associated companies	1,813,116	-	1,813,116	-	-	-
Other comprehensive income	1,865,098	453	1,865,551	(17,981)	(2,530)	(20,511)
Deferred income tax (Note 19)		453			(2,530)	

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

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to owners of the parent and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the group and held as treasury stock. For the financial year the group had a weighted average of 12,737,000 (2017 – 14,685,000) treasury stock units.

For fully diluted EPS, the weighted average number of stock units in issue is adjusted to assume conversion of all potentially dilutive ordinary stock units. The net profit is also adjusted to reflect the after tax effect of income arising from the conversion of such potential ordinary stock units. There were no dilutive ordinary stock units. For 2018 and 2017 the calculation of fully diluted earnings per stock unit is the same as basic earnings per stock unit.

	2018	2017
Net profit attributable to stockholders ($'000)	5,333,750	4,131,352
Weighted average number of stock units in issue (thousands)	1,053,423	1,051,474
Basic and fully diluted earnings per stock unit ($)	$5.06	$3.93

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

	2018	2017
	$'000	$'000
Net Profit		
The company	1,757,454	1,720,159
Associated companies and joint venture	3,057,176	2,327,714
Subsidiaries	546,787	143,616
	5,361,417	4,191,489

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

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14. Cash and Cash Equivalents

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	133,461	107,320	15,093	21,828
Deposits	462,483	590,696	230,868	353,166
Securities purchased under agreements to resell (Note 16)	906,414	1,023,635	590,239	796,455
Bank overdraft	(13,719)	(5,802)	(13,719)	(5,802)
	1,488,639	1,715,849	822,481	1,165,647
Deposits with maturity exceeding 90 days	(221,476)	(76,839)	(68,123)	(66,846)
Expected credit loss provision	5,524	-	3,289	-
Cash and cash equivalents	1,272,687	1,639,010	757,647	1,098,801

Security for the bank overdraft includes certain specific investments. The effective rate on the overdraft facility was 14.65% (2017 – 14.65%).

Deposits and Securities purchased under agreements to resell are carried net of provision for expected credit losses amounting to $2,049,000 and $850,000 (2017 - nil) for deposits and $3,475,000 and $$2,439,000 (2017 – nil) for securities purchased under agreements to resell for the group and company respectively.

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15. Investment Securities

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial assets at fair value through other comprehensive income:				
Debt securities -				
Government of Jamaica	132,063	-	123,947	-
Other Government	81,977	-	43,592	-
Corporate	359,594	-	290,724	-
Equity securities	194,210	-	204,210	-
	767,844	-	662,473	-
Financial assets at fair value through profit and loss:				
Equity securities	6,594,390	1,063,775	5,023,449	612,553
Financial assets at amortised cost:				
Debt securities -				
Corporate bonds	75,216	-	75,216	-
Loans and receivables	17,788	-	349,264	-
	93,004	-	424,480	-
Available-for-sale at fair value:				
Debt securities -				
Government of Jamaica	-	135,317	-	126,925
Other Government	-	108,152	-	53,967
Corporate	-	358,032	-	304,912
Equity securities	-	1,343,397	-	739,061
	-	1,944,898	-	1,224,865
Held to maturity (debt)	-	119,171	-	119,171
Loans and receivables	-	48,269	-	377,824

15. Investment Securities

Included in the financial assets at fair value through other comprehensive income above is interest receivable amounting to $15,545,000 and $13,992,000 (2017 - nil) for the group and the company respectively.

The financial assets at fair value through profit and loss consist of equities held for trading, as well as non-trading equities. Non trading equities total $1,692,071,000 and $713,990,000 (2017 -nil) for the group and company respectively.

The financial assets at amortised cost above are carried net of an expected credit loss provision. The provision for corporate bonds is $1,322,000 for the group and company and for loans and receivables $89,000 for the group and company. Included in the total for bonds is interest receivable amounting to $1,002,000 for the group and company and in loans and receivables $19,413,000 (2017 - $17,874,000) for the company. All loans and receivables for the company are with related parties.

As at 31 December 2018 the expected credit losses on investment securities at FVOCI was $15,378,000 and $21,544,000 for the group and company respectively.

In 2017, the available-for-sale securities above included interest receivable amounting to $16,008,000 and $13,047,000 for the group and the company respectively.

In 2017, the held to maturity (debt) securities above included interest receivable amounting to $1,187,000 for the group and the company.

Certain of the group's and company's investment securities were impaired as at 31 December 2017 for which impairment charges totaling $nil (2017 - $7,270,000) for the group and company were recorded.

The current portion of investment securities is $54,315,000 (2017 - $68,897,000) for the group and $52,762,000 (2017 - $65,936,000) for the company.

16. Securities Purchased under Agreements to Resell

The group has entered into collateralised reverse repurchase agreements (securities purchased under agreements to resell), which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations (Note 14). All amounts are due within 12 months. The balance listed in note 14, is carried net of provision for expected credit losses amounting to $3,475,000 and $2,439,000 for the group and company respectively (2017 –nil)

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17. Investment Properties

	The Group	
	2018	**2017**
	$'000	**$'000**
At 1 January	7,839,676	5,583,427
Acquired on acquisition of subsidiary (Note 38)	-	787,500
Addition	-	601,092
Improvements	-	18,272
Transferred from capital work-in-progress (Note 21)	26,218	364,876
Fair value gains (Note 6)	492,780	484,509
At 31 December	8,358,674	7,839,676

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

	The Group	
	2018	**2017**
	$'000	**$'000**
Rental income (Note 6)	1,579,124	1,302,500
Direct costs (Note 8)	(747,801)	(638,835)

Except for the unoccupied space of a property that is still under construction and carried at cost, all other properties were valued at current market value as at 31 December by D.C. Tavares & Finson Realty Limited, independent qualified property appraisers and valuators. The values for the properties have been established using the direct capitalization approach and discounted cash flow method. The direct capitalization approach uses as key inputs rental income from existing contracts, a vacancy factor which contemplates decrements in rental cash flows consequent on vacancies, and a capitalization rate, reflective of a rate of return. The discounted cash flow method considers the present value of net cash flows to be generated from a property considering an expected rental growth rate , a vacancy factor and a discount rate. Land owned by the group is valued using the comparable sales method.

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

17. Investment Properties (Continued)

The assumptions to which the values are most sensitive are the occupancy levels, as reflected in the vacancy factor and the capitalisation factors. Vacancy factors, capitalization rates and discount rate used, range from 2% to 18% (2017 – 1.5% to 17.5%) and 9% to 13% (2017 – 8.6% to 13.5%) respectively. Should the vacancy factor used increase/decrease by 0.25% the value of investment properties would decrease/increase by $21,000,000/$18,000,000 (2017- $16,000,000/$17,000,000). Should the capitalization factor or the discount rate increase/decrease by 1.0% the value of investment properties would decrease/increase by $594,000,000/$706,000,000 (2017 - $437,000,000/$524,000,000).

Certain of the group's investment property has been pledged as collateral for some of the group's loan facilities, as discussed in Note 25.

18. Investment in Subsidiaries and Associated Companies

Investment in subsidiaries

	The Company	
	2018	**2017**
	$'000	**$'000**
Subsidiary companies -		
Balance at 1 January	717,480	717,480
Incorporation of new subsidiary	410,639	-
Balance at 31 December	1,128,119	717,480

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

During the year the company incorporated a new subsidiary, Baywest Development Limited, a property development entity.

Net profit attributable to non-controlling interest for the year was $27,667,000 (2017 - $60,137,000), of which $396,000 (2017 - $24,208,000) was attributable to Scott's Preserves Limited and $27,271,000 (2017 - $35,929,000) to Knutsford Holdings Limited.

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18. Investment in Subsidiaries and Associated Companies (Continued)

Investment in subsidiaries (continued)

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

Summarised statement of financial position

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Current				
Assets	137,454	106,578	88,841	90,008
Liabilities	(21,678)	(30,040)	(1,790)	(3,867)
Total current net assets	115,776	76,538	87,051	86,141
Non-current				
Assets	709,000	683,553	-	-
Financial liabilities	(91,951)	(95,548)	(37)	(91)
Total non-current assets/(liabilities)	617,049	588,005	(37)	(91)
Net assets	732,825	664,543	87,014	86,050

Summarised statement of comprehensive income

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Revenue	172,797	191,338	-	-
Investment income	2,450	1,145	2,589	12,020
Profit from continuing operations	76,943	102,882	1,495	76,019
Taxation expense	(8,765)	(13,059)	(307)	(9,924)
Post tax profit from continuing operations	68,178	89,823	1,188	66,095
Total comprehensive income allocated to non-controlling interest	27,271	35,929	396	24,208

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18. Investment in Subsidiaries, Associated Companies and Joint Arrangement (Continued)

Investment in subsidiaries (continued)

Summarised cash flows

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash flows from operating activities				
Cash generated from operations	57,608	63,687	(1,203)	56,241
Interest paid	(16,163)	(15,505)	-	-
Income tax paid	(11,907)	(13,929)	(6,607)	(18,226)
Net cash provided by operating activities	29,538	34,253	(7,810)	38,015
Net cash provided by investing activities	(9,968)	9,519	1,933	856,545
Net cash provided by financing activities	-	-	2,003	(3,554)
Dividends paid to equity holders	-	-	-	(1,000,000)
Net increase/(decrease) in cash and cash equivalents	19,570	43,772	(3,874)	(108,994)
Effect of exchange rate on cash and cash equivalent	540	(975)	665	3,248
Cash and cash equivalents at beginning of year	90,964	48,167	84,945	191,056
Cash and cash equivalents at end of year	111,074	90,964	81,736	85,310

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

Investment in associated companies

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Opening balance	24,919,991	20,874,843	7,692,879	7,560,096
Adjustment – change in accounting policy	(145,131)	-	-	-
Addition	5,172	132,783	5,172	132,783
Disposal	(307,728)	-	-	-
Share of net profits	4,696,260	3,932,881	-	-
Dividends received	(1,686,388)	(1,605,166)	-	-
Share of reserves	(1,025,030)	1,584,650	-	-
Return of capital	(108,600)	-	-	-
Closing balance	26,348,546	24,919,991	7,698,051	7,692,879

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18. Investment in Subsidiaries, Associated Companies and Joint Arrangements (Continued)

Investment in associated companies

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Associated companies -				
Sagicor Group Jamaica Limited				
Balance at 1 January	22,969,329	19,189,257	6,661,717	6,661,717
IFRS 9 initial application	(145,131)	-	-	-
Share of net profit	4,455,790	3,773,341	-	-
Dividends received	(1,479,299)	(1,577,919)	-	-
Share of reserves	(1,025,030)	1,584,650	-	-
	24,775,659	22,969,329	6,661,717	6,661,717
New Castle Company Limited				
Balance at 1 January	508,571	317,627	310,306	177,523
Additional investment	-	132,783	-	132,783
Share of net profit	75,926	70,170	-	-
Dividends received	(191,725)	(12,009)	-	-
	392,772	508,571	310,306	310,306
Caribe Hospitality Jamaica Limited				
Balance at 1 January	436,418	360,877	375,001	375,001
Share of net profit	87,146	75,541	-	-
	523,564	436,418	375,001	375,001
Term Finance (Jamaica) Limited				
Balance at 1 January	-	-	-	-
Investment	5,172	-	5,172	-
Share of net loss	(722)	-	-	-
	4,450	-	5,172	-

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18. Investment in Subsidiaries, Associated Companies and Joint Arrangements (Continued)

Investment in associated companies (continued)

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Associated companies (continued) -				
Chukka Caribbean Adventures Limited				
Balance at 1 January	382,060	397,298	345,855	345,855
Share of net loss	(29,272)	-	-	-
Dividends received	(15,364)	(15,238)	-	-
	337,424	382,060	345,855	345,855
Downing Street Realty Fund II Ltd Partnership				
Balance at 1 January	196,367	187,847	-	-
Share of net profit	18,070	8,520	-	-
Return of investment	(108,600)	-	-	-
	105,837	196,367	-	-
Downing Street Realty Fund V Ltd Partnership				
Balance at 1 January	223,461	223,880	-	-
Share of net profit/(loss)	84,266	(419)	-	-
Disposal	(307,727)	-	-	-
	-	223,461	-	-
Downing Street Realty Fund VII Ltd Partnership				
Balance at 1 January	203,785	198,057	-	-
Share of net profit	5,055	5,728	-	-
	208,840	203,785	-	-
	26,348,546	24,919,991	7,698,051	7,692,879
Comprising:				
Share of net assets	24,589,226	23,124,371	-	-
Intangibles assets (including goodwill)	1,759,320	1,795,620	-	-
	26,348,546	24,919,991	7,698,051	7,692,879

A portion of the group's shareholding in Sagicor Group Jamaica Limited has been pledged as collateral for loan liabilities, as discussed in Note 25 of the financial statements.

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18. Investment in Subsidiaries, Associated Companies and Joint Arrangements (Continued)

Investment in associated companies (continued)

The group's associated company, Sagicor Group Jamaica Limited is listed on the JSE. The JSE indicative values based on closing bids for these companies at 31 December are listed in the tables below.

	The Group			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2018	2018	2017	2017
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	24,775,659	49,063,420	22,969,329	46,906,109

	The Company			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2018	2018	2017	2017
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	6,661,717	49,063,420	6,661,717	46,906,109

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18. Investment in Subsidiaries, Associated Companies and Joint Arrangements (Continued)

Investment in associated companies (continued)

The summarised information for associates that were accounted for using the equity method for the years ended 31 December 2018 and 2017 is as presented in the tables below. The summarized financial information reflects balances which are due to the equity holders of the companies.

Summarised statement of financial position

	Sagicor Group Jamaica Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited	Downing Street Fund II	Downing Street Fund VII	Term Finance (Jamaica) Limited
	$'000	$'000	$'000	$'000	$'000	$'000	
2018							
Total assets	394,132,753	1,455,583	3,556,327	3,275,259	1,323,261	827,845	16,778
Total liabilities	(292,437,934)	(317,756)	(3,074,717)	(1,564,872)	(1,026,572)	(469,928)	(18)
Non-controlling interest	(27,354,811)	-	-	-	-	-	-
Net assets	74,340,008	1,137,827	481,610	1,710,387	296,689	357,917	16,760

	Sagicor Group Jamaica Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited	Downing Street Fund II	Downing Street Fund V	Downing Street Fund VII
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Total assets	352,036,520	1,686,389	3,380,585	3,200,848	1,270,243	421,025	793,962
Total liabilities	(283,534,389)	(201,129)	(2,637,474)	(1,779,702)	(722,638)	(1,521)	(406,507)
Net assets	68,502,131	1,485,260	743,111	1,421,146	547,605	419,504	387,455

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18. Investment in Subsidiaries, Associated Companies and Joint Arrangements (Continued)

Investment in associated companies (continued)

Summarised statement of comprehensive income (continued)

	Sagicor Group Jamaica Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited	Downing Street Fund II	Downing Street Fund V	Downing Street Fund VII	Term Finance (Jamaica) Limited
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018								
Revenue	70,656,793	2,138,032	3,004,981	1,315,802	589,521	148,707	12,268	-
Depreciation and amortisation	1,448,166	40,580	318,929	109,251	-	-	-	-
Net investment/Interest income	19,543,512	16,547	-	(95,648)	-	35,179	-	714
Profit/(loss) from continuing operations	18,048,325	227,800	(65,490)	271,059	52,225	145,008	1,650	(3,610)
Taxation expense	(4,170,507)	-	(80,870)	-	-	-	-	-
Post tax profit/(loss) from continuing operations	14,231,982	227,800	(146,360)	271,059	52,225	145,008	1,650	(3,610)
Other comprehensive income	(3,493,460)	-	-	-	-	-	-	-
Non-controlling interest	(1,279,631)	-	-	-	-	-	-	-
Total comprehensive income	9,458,891	227,800	(146,360)	271,059	52,225	145,008	1,650	(3,610)
Dividends received from associate	1,479,299	191,725	15,364	-	-	-	-	-

	Sagicor Group Jamaica Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited	Downing Street Fund II	Downing Street Fund V	Downing Street Fund VII
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Revenue	70,433,809	1,715,376	4,074,018	1,250,541	44,392	35,179	22,112
Depreciation and amortisation	1,180,940	34,691	309,681	107,420	-	-	-
Net investment/Interest income	21,429,115	11,807	-	(95,362)	-	-	-
Profit/(loss) from continuing operations	14,993,605	262,792	233,980	242,585	24,622	(721)	11,456
Taxation expense	(2,923,782)	-	(83,271)	-	-	-	-
Post tax profit/(loss) from continuing operations	12,069,823	262,792	150,709	242,585	24,622	(721)	11,456
Other comprehensive income	5,744,370	-	-	-	-	-	-
Total comprehensive income	17,814,193	262,792	150,709	242,585	24,622	(721)	11,456
Dividends received from associate	1,577,919	12,009	15,238	-	-	-	-

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18. Investment in Subsidiaries, Associated Companies and Joint Arrangements (Continued)

Investment in associated companies (continued)

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

	Sagicor Group Jamaica Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited	Downing Street Fund II	Downing Street Fund V	Downing Street Fund VII	Term Finance (Jamaica) Limited
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018								
Opening net assets at 1 January	68,502,131	1,485,260	743,111	1,421,146	547,605	419,495	387,456	-
Capital contribution	-	-	-	-	-	-	-	20,370
Return of capital contribution	-	-	-	-	(313,873)	-	-	
Profit or loss for the period	14,231,982	227,800	(146,360)	271,059	52,225	156,572	1,650	(3,610)
Other comprehensive income		-	-	-	-	-	-	-
Change in reserves	(3,247,542)	-	-	-	-	-	-	-
Adjustment	(459,798)	-	(33,805)	-	-	-	-	-
Dividends paid	(4,686,765)	(575,233)	(76,819)	-	-	-	-	-
Translation (losses)/gains	-		(4,517)	18,182	10,732	(4,297)	(31,189)	-
Closing net assets at 31 December	74,340,008	1,137,827	481,610	1,710,387	296,689	571,770	357,917	16,760
Interest in associate (%)	31.56%	33.33%	20.00%	32.15%	34.60%	53.82%	50.00%	20%
Interest in associate (J$)	23,461,706	379,238	96,322	549,889	102,654	307,727	178,959	3,352
Adjustment for pre-acquisition goodwill	(200,041)		(53,538)	-	-			
Disposal of shareholding	-	-	-	-	-	(307,727)	-	-
Other adjustments	23,313	-	(4,504)	(26,325)	(864)	-	25,651	
Goodwill and intangible assets	1,490,681	13,534	299,144	-	4,047	-	-	1,098
Carrying value	24,775,659	392,772	337,424	523,564	105,837	-	204,610	4,450

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18. Investment in Subsidiaries, Associated Companies and Joint Arrangements (Continued)

Investment in associated companies (continued)

	Sagicor Group Jamaica Limited	New Castle Company Limited	Chukka Caribbean Adventures Limited	Caribe Hospitality Jamaica Limited	Downing Street Fund II	Downing Street Fund V	Downing Street Fund V
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Opening net assets at 1 January	56,410,982	1,270,504	712,255	1,326,557	541,550	417,364	377,709
Profit or loss for the period	12,069,823	262,792	150,709	242,585	24,622	(721)	11,456
Other comprehensive income	5,744,370	-	-	-	-	-	-
Change in reserves	(723,832)	-	-	(147,996)	-	-	-
Adjustment	-		(39,014)	-	-	-	-
Dividends paid	(4,999,212)	(48,036)	(76,189)	-	-	-	-
Translation gains/(losses)	-	-	(4,650)	-	(18,567)	2,861	(1,710)
Closing net assets at 31 December	68,502,131	1,485,260	743,111	1,421,146	547,605	419,504	387,455
Interest in associate (%)	31.56%	33.33%	20.00%	32.15%	34.60%	53.82%	50.00%
Interest in associate (J$)	21,619,277	495,037	148,622	456,898	189,471	225,777	193,728
Adjustment for pre-acquisition goodwill	(200,041)	-	(53,538)	-	-	-	-
Other adjustments	23,112	13,534	(12,168)	(20,480)	2,849	(2,316)	10,057
Goodwill and intangible assets	1,526,981	-	299,144	-	4,047	-	-
Carrying value	22,969,329	508,571	382,060	436,418	196,367	223,461	203,785

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19. Deferred Income Taxes

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

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Deferred tax assets	-	68	-	-
Deferred tax liabilities	(435,586)	(176,533)	(355,250)	(103,508)
Net liability	(435,586)	(176,465)	(355,250)	(103,508)

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Balance at a January 2018	(176,465)	(138,617)	(103,508)	(67,162)
Tax charged to income statement (Note 12)	(238,140)	(38,301)	(230,735)	(33,816)
Tax (charged)/credited to components of other comprehensive income (Note 12)	(20,981)	453	(21,007)	(2,530)
Balance at 31 December	(435,586)	(176,465)	(355,250)	(103,508)

PanJam Investment Limited

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19. Deferred Income Taxes (Continued)

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

	The Group					
	Pension and other post employment benefits $'000	Interest payable $'000	Stock compensation provision $'000	Unutilised tax losses $'000	Other $'000	Total $'000
Deferred income tax assets						
At 1 January 2017	114,080	20,887	28,086	1,115	9,155	173,323
Credited/(charged) to the income statement	17,505	2,337	(6,057)	(316)	470	13,939
At 31 December 2017	131,585	23,224	22,029	799	9,625	187,262
Credited/(charged) to the income statement	14,572	(11,063)	3,120	(90)	(252)	6,287
At 31 December 2018	146,157	12,161	25,149	709	9,373	193,549

	The Group						
	Property, plant and equipment $'000	Pension benefits $'000	Investment property $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Investment securities $'000	Total $'000
Deferred income tax liabilities							
At 1 January 2017	17,739	49,537	134,033	9,363	61,116	40,152	311,940
Charged/(credited) to the income statement	93	3,318	22,092	2,408	(24,226)	48,555	52,240
(Credited)/charged to other comprehensive income	-	(2,259)	-	-	-	1,806	(453)
At 31 December 2017	17,832	50,596	156,125	11,771	36,890	90,513	363,727
Charged/(credited) to the income statement	2,813	(2,945)	14,370	9,007	(895)	222,077	244,427
Charged/(credited) to other comprehensive income	-	23,344	-	-	-	(2,363)	20,981
At 31 December 2018	20,645	70,995	170,495	20,778	35,995	310,227	629,135

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19. Deferred Income Taxes (Continued)

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

	The Company				
	Pension and other post retirement benefits $'000	Interest payable $'000	Stock compensation provision $'000	Other $'000	Total $'000
Deferred income tax assets					
At 1 January 2017	10,462	18,542	10,895	507	40,406
Credited/(charged) to income statement	2,170	(1,036)	2,616	(78)	3,672
At 31 December 2017	12,632	17,506	13,511	429	44,078
(Charged)/credited to income statement	(2,762)	(7,689)	765	304	(9,382)
At 31 December 2018	9,870	9,817	14,276	733	34,696

	The Company					
	Property, plant and equipment $'000	Retirement benefits $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Unrealised trading gains $'000	Total $'000
Deferred income tax liabilities						
At 1 January 2017	827	45,688	11,579	45,813	3,661	107,568
Charged/(credited) to income statement	93	3,318	2,929	(15,269)	46,417	37,488
Charged to other comprehensive income	-	2,530	-	-	-	2,530
At 31 December 2017	920	51,536	14,508	30,544	50,078	147,586
Charged/(credited) to income statement	2,813	(2,945)	10,768	(1,163)	211,880	221,353
Charged to other comprehensive income	-	21,007	-	-	-	21,007
At 31 December 2018	3,733	69,598	25,276	29,381	261,958	389,946

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

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19. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Deferred tax assets to be recovered after more than 12 months	171,307	153,614	24,146	26,142
Deferred tax assets to be recovered within 12 months	22,242	33,648	10,550	17,936
	193,549	187,262	34,696	44,078
Deferred tax liabilities to be settled after more than 12 months	241,489	206,721	69,598	51,537
Deferred tax liabilities to be settled within 12 months	387,646	157,006	320,348	96,049
	(629,135)	(363,727)	(389,946)	(147,586)
Net liabilities	(435,586)	(176,465)	(355,250)	(103,508)

20. Prepayments and Miscellaneous Assets

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Trade receivables	25,214	73,362	-	-
Inventories	2,594	2,832	-	-
Managed properties	88,675	110,754	-	-
Prepaid expenses	36,701	28,806	1,880	1,783
Reinsurance receivables	57,535	73,006	-	-
Premium receivable	32,009	57,254	-	-
Other receivables	267,555	138,441	121,299	36,393
Deposits	4,568	4,037	4,568	4,037
Land awaiting development	1,156,515	726,334	-	-
	1,671,366	1,214,826	127,747	42,213

The current portion of miscellaneous assets amounted to $514,851,000 (2017 - $488,492,000) for the group and $127,747,000 (2017 - $42,213,000) for the company.

Included in other receivables are amounts due from related parties totaling $111,065,000 (2017 - $2,954,000) for the group and $111,065,000 (2017 - $2,954,000) for the company.

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

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21. Property, Plant and Equipment

		The Group						
		Freehold Premises	Leasehold Improvements	Furniture, Fixtures & Equipment	Assets Capitalised under Finance Leases	Motor Vehicles	Capital Work in Progress	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -								
1 January 2017		65,964	14,325	321,204	25,255	71,129	367,970	865,847
Acquisition of subsidiary (Note 38)		-	-	20,687	-	-	10,227	30,914
Additions		-	-	6,196	4,457	15,822	49,482	75,957
Disposals		-	-	-	(2,412)	-	-	(2,412)
Transfers	17	-	-	9,205	-	-	(374,081)	(364,876)
31 December 2017		65,964	14,325	357,292	27,300	86,951	53,598	605,430
Additions		-	-	1,297	-	6,327	82,866	90,490
Disposals		-	-	-	-	(2,880)	-	(2,880)
Transfers	17	-	-	-	-	-	(26,218)	(26,218)
31 December 2018		65,964	14,325	358,589	27,300	90,398	110,246	666,822
Accumulated Depreciation -								
1 January 2017		12,806	9,845	93,805	13,084	48,055	-	177,595
Charged for year		723	67	19,576	5,718	5,640	-	31,724
Relieved on disposals		-	-	-	(2,412)	-	-	(2,412)
31 December 2017		13,529	9,912	113,381	16,390	53,695	-	206,907
Charged for year		723	67	19,680	3,210	10,082	-	33,762
Relieved on disposals		-	-	-	-	(2,280)	-	(2,280)
31 December 2018		14,252	9,979	133,061	19,600	61,497	-	238,389
Net Book Value -								
31 December 2018		51,712	4,346	225,528	7,700	28,901	110,246	428,433
31 December 2017		52,435	4,413	243,911	10,910	33,256	53,598	398,523

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21. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Improvements	**Furniture & Fixtures**	**Assets Capitalised under Finance Leases**	**Motor Vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At Cost -					
1 January 2017	199	12,127	12,194	31,089	55,609
Additions	-	750	-	15,822	16,572
31 December 2017	199	12,877	12,194	46,911	72,181
Additions	-	351	-	-	351
31 December 2018	199	13,228	12,194	46,911	72,532
Accumulated Depreciation -					
1 January 2017	199	6,657	11,540	16,348	34,744
Charged for the year	-	806	654	3,572	5,032
31 December 2017	199	7,463	12,194	19,920	39,776
Charged for the year	-	867	-	6,162	7,029
31 December 2018	199	8,330	12,194	26,082	46,805
Net Book Value -					
31 December 2018	-	4,898	-	20,829	25,727
31 December 2017	-	5,414	-	26,991	32,405

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22. Intangibles

A subsidiary of the group purchased property management solution software licences during 2015 and upgraded the software during 2017. The carrying balance at 31 December 2018 was $nil (2017- $24,417,000). These costs are being amortised using the straight-line method over their expected useful life.

In 2017, the group acquired the business of its 50% joint arrangement partner Downing Street (Caribbean Place) Limited. As a result of the transaction, a final goodwill of $33,082,000 was recognised (See Note 38).

	Goodwill $,000	Computer software $,000	Total $,000
At Cost -			
1 January 2017	-	60,437	60,437
Additions	-	4,272	4,272
Arising on acquisition of subsidiary (Note 38)	23,191	-	23,191
31 December 2017	23,191	64,709	87,900
Additions	9,891	-	9,891
31 December 2018	33,082	64,709	97,791
Accumulated Amortisation -			
1 January 2017	-	20,146	20,146
Amortisation	-	20,146	20,146
31 December 2017	-	40,292	40,292
Amortisation	-	24,417	24,417
31 December 2018	-	64,709	64,709
Net Book Value -			
31 December 2018	33,082	-	33,082
31 December 2017	23,191	24,417	47,608

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23. Retirement Benefits

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

The latest actuarial valuations were carried out as at 31 December 2018.

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

The amounts recognised in the statement of financial position comprise:

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Assets				
(Note 23(a))	-	-	343,627	271,380
Liabilities				
Funded pension obligations (Note 23(a))	65,408	24,875	-	-
Unfunded pension obligations (Note 23(b))	404	400	404	400
Other (Note 23(c))	184,994	248,837	39,075	50,128
	250,806	274,112	39,479	50,528

The expense recognised in the income statement comprises:

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Pension obligations - funded (Note 23(a))	50,784	51,044	(184)	(2,174)
Pension obligations – unfunded (Note 23(b))	30	33	30	33
Other post-employment obligations:				
Medical and life insurance (Note 23(c))	35,199	28,717	6,282	5,015
	86,013	79,794	6,128	2,874

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23. Retirement Benefits (Continued)

(a) Funded pension obligations

The movement in defined benefit obligation is as follows:

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Balance at beginning of year	24,875	13,919	(271,380)	(247,989)
Benefit expense	50,784	51,044	(184)	(2,175)
Re-measurement recognised in OCI	1,098	(21,298)	(68,745)	(15,846)
Employer's contribution	(11,349)	(18,790)	(3,318)	(5,370)
Balance at end of year	65,408	24,875	(343,627)	(271,380)

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Present value of funded obligations	1,540,652	1,266,276	402,314	311,315
Fair value of plan assets	(1,536,482)	(1,407,837)	(807,179)	(749,131)
	4,170	(141,561)	(404,865)	(437,816)
Unrecognised asset due to asset ceiling	61,238	166,436	61,238	166,436
Liability/(asset) in the statement of financial position	65,408	24,875	(343,627)	(271,380)

Sagicor Group Jamaica Limited, an associated company which manages the group's pension fund assets, has invested through its pooled investment funds in ordinary stock units of the company with a fair value of $8,723,311,000 (2017 – $5,422,534,000).

The company has submitted a windup proposal for one of its pension plans to the Financial Services Commission and is awaiting approval.

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23. Retirement Benefits (Continued)

(a) Funded pension obligations(continued)

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Balance at beginning of year	1,266,276	1,091,181	311,315	284,299
Current service cost	49,105	50,192	16,866	14,863
Interest cost	92,461	89,075	16,716	16,726
	1,407,842	1,230,448	344,897	315,888
Re-measurements -				
Loss from change in financial assumptions	222,986	196,602	40,643	39,902
Experience (gains)/losses	(101,197)	(181,854)	13,242	(50,859)
	121,789	14,748	53,885	(10,957)
Members' contributions	35,034	28,836	10,920	8,015
Benefits paid	(43,375)	(7,756)	(7,388)	(1,631)
Purchased annuities	19,362	-	-	-
Balance at end of year	1,540,652	1,266,276	402,314	311,315

23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Balance at beginning of year	1,407,837	1,207,762	749,131	662,788
Interest income	104,097	99,969	47,081	45,509
Re-measurements -				
Gain from change in financial assumptions	2,001	3,631	416	1,057
Experience gains	178	56,605	3,701	28,022
Members' contributions	35,034	28,836	10,920	8,015
Employer's contributions	11,348	18,790	3,318	5,371
Benefits paid	(43,375)	(7,756)	(7,388)	(1,631)
Purchased annunities	19,362	-	-	-
Balance at end of year	1,536,482	1,407,837	807,179	749,131

The actual return on plan assets for 2018 was $124,117,000 and $60,404,000 (2017 – $174,965,000 and $81,994,000) for the group and the company, respectively.

The expected employer and members contributions for the year 2019 are $41,769,000 for the group and $13,320,000 for the company.

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Balance at beginning of year	166,436	130,500	166,436	130,500
Change in asset ceiling, excluding amounts included in interest expense	13,315	11,745	13,315	11,745
Re-measurement	(118,513)	24,191	(118,513)	24,191
	61,238	166,436	61,238	166,436

PanJam Investment Limited

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23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The amounts recognised in the income statement are as follows:

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Current service cost	49,105	50,192	16,866	14,863
Interest cost/(credit)	1,679	852	(17,050)	(17,038)
Total	50,784	51,044	(184)	(2,175)

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2018 %	**2017 %**	**2018 %**	**2017 %**
Discount rate	7.0	8.0	7.0	8.0
Future salary increases	7.0	7.5	7.0	7.5
Future pension increases	2.0	2.5	2.0	2.5
Inflation	3.0	5.0	3.0	5.0

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23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

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

2018	**Increase/(decrease) in post-employment obligations**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	1%	(201,740)	266,255
Future salary increases	1%	97,552	(82,744)
Future pension increases	1%	153,528	(130,296)

2018	**Increase Assumption by One Year**	**Decrease Assumption by One Year**
Life expectancy	20,988	(21,470)

2017	**Increase/(decrease) in post-employment obligations**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	1%	(204,007)	267,090
Future salary increases	1%	75,901	(64,352)
Future pension increases	1%	119,988	(102,187)

2017	**Increase Assumption by One Year**	**Decrease Assumption by One Year**
Life expectancy	15,983	(16,395)

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

PanJam Investment Limited

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23. Retirement Benefits (Continued)

(b) Unfunded pension obligations

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

	The Group and Company	
	2018 $'000	**2017 $'000**
Present value of unfunded obligations	404	400

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

	The Group and Company	
	2018 $'000	**2017 $'000**
Balance at beginning of year	400	514
Current service cost	30	33
	430	547
Re-measurements -		
Experience losses/(gains)	33	(88)
	33	(88)
Benefits paid	(59)	(59)
Balance at end of year	404	400

PanJam Investment Limited

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23. Retirement Benefits (Continued)

(c) Other post-employment obligations

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

The main actuarial assumption is a long-term increase in health costs of 5% per year (2017 – 8.5%).

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

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Present value of unfunded obligations	184,994	248,837	39,075	50,128

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

	The Group		The Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Balance at beginning of year	248,837	193,897	50,128	41,333
Benefit expense	15,470	11,448	2,351	1,381
Interest cost on defined benefit obligation	19,729	17,269	3,932	3,634
Re-measurements -				
Loss from change in financial assumptions	68,220	47,902	8,839	6,911
Experience gains	(162,724)	(17,572)	(24,158)	(1,189)
Benefits paid	(4,538)	(4,107)	(2,017)	(1,942)
Balance at end of year	184,994	248,837	39,075	50,128

PanJam Investment Limited

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23. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	15,470	11,448	2,351	1,381
Interest cost	19,729	17,269	3,931	3,634
Total, included in staff costs (Note 9)	35,199	28,717	6,282	5,015

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

	Change in Assumption	
	Increase	**Decrease**
	$'000	**$'000**
Increase/(decrease) in the defined benefit obligation	36,567	(28,780)

PanJam Investment Limited

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23. Retirement Benefit (Continued)

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

	The Group			
	2018		**2017**	
	$'000	**%**	**$'000**	**%**
Equity	405,616	29	67,780	5
Debt	42,962	2	92,565	7
Unitised investments	1,087,904	69	1,247,492	88
	1,536,482	100	1,407,837	100

	The Company			
	2018		**2017**	
	$'000	**%**	**$'000**	**%**
Equity	189,131	23	36,147	5
Unitised investments	618,048	77	712,984	95
	807,179	100	749,131	100

23. Retirement Benefits (Continued)

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

Asset volatility

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

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

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

Changes in bond yields

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

Inflation risk

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

Life expectancy

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

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

Funding levels are monitored on an annual basis and the current contribution rate is 0.25% of pensionable salaries. The last valuation was completed effective 31 December 2016. The group considers the contribution rates to be sufficient to prevent a deficit and that the plans are adequately funded.

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24. Related Party Balances and Transactions

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Amounts due from related parties:				
The PanJam Share Trust	-	-	48,162	122,766
Subsidiaries:				
PanJam Hospitality Limited	-	-	26,199	12,914
Portfolio Partners Limited	-	-	5,006	-
Castleton Investments Limited	-	-	561,744	810,973
Jamaica Property Company Limited	-	-	1,126,603	1,158,821
Jamaica Property Development Limited	-	-	5	5
Scott's Preserves Limited	-	-	906	836
PJ-AL Corp Limited	-	-	477,348	201,444
Simcoe Investments Limited	-	-	230,109	180,926
Baywest Development Limited	-	-	14,062	-
Kingchurch Property Holdings Limited	-	-	4,000	-
Panacea Insurance Limited	-	-	942	-
	-	-	2,495,086	2,488,685
Loss provision (note 39b (ii))	-	-	(26,204)	-
	-	-	2,468,882	2,488,685
Amounts due to related parties:				
Subsidiaries:				
Portfolio Partners Limited	-	-	-	121,469
Panacea Holdings Limited	-	-	1,765	1,765
Panacea Insurance Company Limited	-	-	-	185
	-	-	1,765	123,419
Net asset	-	-	2,467,117	2,365,266

The current portion of amounts due from related parties was $600,079,000 (2017 - $41,364,000) and to related parties was $1,765,000 (2017 - $185,000) for the company.

Other balances with related parties are discussed in Notes 15, 18 and 20, which deal with "investment securities", "investments in subsidiaries and associated companies" and "prepayments and miscellaneous assets" respectively.

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24. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries -				
Management fees	-	-	49,314	47,356
Interest income	-	-	228,155	190,549
Dividend income	-	-	110,000	-
Interest expense	-	-	7,025	9,059
Associated companies -				
Dividend income	-	-	1,743,162	1,605,166
Other related parties -				
Interest and other income earned	16,908	38,899	11,033	27,475
Interest and other expenses incurred	(64,758)	(44,492)	(705)	(2,481)
Other expenses	(14,245)	(13,255)	(11,127)	(10,313)

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24. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	297,582	276,837	177,289	162,052
Statutory contributions	21,389	15,773	12,598	8,914
Post-employment benefits	19,458	19,150	1,549	(15)
Share-based compensation	40,258	33,200	23,765	18,600
	378,687	344,960	215,201	189,551
Directors' emoluments				
Directors' fees	18,847	14,898	17,550	13,750
Management compensation(included above)	157,327	148,640	87,543	71,075
	176,174	163,538	105,093	84,825

(d) Loans from related parties

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	765,210	415,666	-	-
New loans	250,325	131,242	250,325	131,242
Loan on acquisition of subsidiary	-	374,020	-	-
Repayments	(301,935)	(155,718)	(250,325)	(131,242)
Interest charged	64,758	44,493	705	2,481
Interest paid	(64,758)	(44,493)	(705)	(2,481)
	713,600	765,210	-	-

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25. Loan Liabilities

	Currency	Rate	Repayable	The Group 2018	The Group 2017
		%		$'000	$'000
Secured –					
(i) CIBC First Caribbean International Bank Ltd	J$	5.65/9.23	2020	6,743	10,600
(ii) Sagicor Bank Jamaica Ltd	J$	10.50	2018	-	639
(iii) Sagicor Bank Jamaica Ltd/DBJ	J$	8.00	2021	11,796	16,532
(iv) Sagicor Bank Jamaica Ltd	J$	7.75/10.50	2028	701,804	748,039
(v) Jamaica National Building Society	J$	9.25/9.60	2024	20,369	20,369
(vi) Jamaica National Building Society	J$	9.25/9.60	2024	25,000	25,000
(vii) Investment Bonds	J$	4.57/8.63	2022	2,975,637	2,968,838
(viii) Investment Bonds	J$	8.25	2020	1,184,727	1,176,694
(ix) Investment Bonds	J$	9.00	2025	1,470,919	1,466,271
(x) Commercial Notes	J$	5.25	2019	495,667	-
(xi) Commercial Notes	J$	4.65	2019	492,712	-
(xii) Commercial Note	J$	4.95	2020	2,681,297	-
(xiii) Urban Renewal Bonds	J$	3.12 /7.04	2023	319,959	333,228
(xiv) Bank of Nova Scotia Jamaica Ltd	J$	8.49	2021	3,238	4,354
(xv) Bank of Nova Scotia Jamaica Ltd	J$	8.49	2021	9,747	12,704
(xvi) Bank of Nova Scotia Jamaica Ltd	J$	7.49	2023	3,606	-
Unsecured -					
(xvii) JN Properties Limited	J$	Variable	No fixed date	13,586	13,586
(xviii) Bank of Nova Scotia Jamaica Ltd	J$	7.75	2018	-	17,669
(xix) Bank of Nova Scotia Jamaica Ltd	J$	5.00	2019	31,304	-
(xx) National Commercial Bank Jamaica Ltd	J$	8.00	2018	-	536,876
				10,448,111	7,351,399
Interest payable				111,419	123,319
				10,559,530	7,474,718

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25. Loan Liabilities (Continued)

		Currency	Rate %	Repayable	The Company 2018 $'000	2017 $'000
Secured -						
(vii)	Investment Bonds	J$	4.57/8.63	2022	2,975,637	2,968,838
(viii)	Investment Bonds	J$	8.25	2020	1,184,727	1,176,694
(ix)	Investment Bonds	J$	9.00	2025	1,470,919	1,466,271
(x)	Commercial Notes	J$	5.25	2019	495,667	-
(xi)	Commercial Notes	J$	4.65	2019	492,712	-
(xii)	Commercial Note	J$	4.95	2020	2,681,297	-
(xiii)	Urban Renewal Bonds	J$	3.12/7.04	2023	319,959	333,228
(xv)	Bank of Nova Scotia Jamaica Ltd	J$	8.49	2021	9,747	12,704
(xx)	National Commercial Bank Jamaica Ltd	J$	8.00	2018	-	536,876
					9,630,665	6,494,611
	Interest payable				111,419	123,319
					9,742,084	6,617,930

The current portion of loan liabilities amounted to $1,238,620,000 (2017 - $754,682,000) for the group and $1,143,398,000 (2017 - $680,775,000) for the company.

Commercial Notes/bonds are shown net of transaction costs, which are amortised over the life of the notes. Total transaction costs amounted to $159,225,000 (2017 - $107,036,000) and the unamortised portion at 31 December 2018 was $100,507,000 (2017 - $81,970,000).

(i) This loan was issued by CIBC First Caribbean International Bank Limited (FCIB) to assist with elevator equipment upgrade. Interest on this loan was fixed for the first 2 years at 10.5%, following which the rate is 3.5% above the weighted average yield of the last six month Government of Jamaica Treasury Bill issued prior to the repricing date. The loan is secured by a first mortgage over commercial lots 187 – 194 (inclusive) located at Grenada Crescent, New Kingston and lots 238 – 245 (inclusive) located at 31 – 37 Barbados Avenue, New Kingston. The loan is scheduled to be repaid by 2020, but is repayable on demand, should such a request be made by the bank.

(ii) This represented the outstanding balance on a J$2,900,000 loan issued by Sagicor Bank Jamaica Limited, for the purchase of a motor vehicle. The loan was repaid in 2018.

(iii) This represents a loan from Development Bank of Jamaica through Sagicor Bank Jamaica Limited, for the purchase and installation of solar panels. Interest is charged at a rate of 8% per annum. The loan is scheduled to be repaid by 2021.

25. Loan Liabilities (Continued)

(iv) This represents a loan issued by Sagicor Bank Jamaica Limited to assist with the renovation of building located at 2 – 4 King Street (former Oceana Hotel). Interest is charged at Sagicor Bank's base rate less 8.65%. The loan is secured by a first mortgage over the building and is being repaid in 144 monthly instalments ending April 2028.

(v) This represents the first drawdown on a J$67,000,000 mortgage loan facility from Jamaica National Building Society, to assist with renovations to the building located at 23 – 27 Knutsford Boulevard. Interest is charged at a rate of 9.25% per annum. The loan is secured by a first mortgage over lot # 44 located at St Lucia Way, 23 – 27 Knutsford Boulevard and is scheduled to be repaid by 2024.

(vi) This represents the second drawdown on a J$67,000,000 mortgage loan facility from Jamaica National Building Society, to assist with the purchase of lots # 42 and 43 New Kingston. The loan is secured by a first mortgage over lot # 44 located at St Lucia Way, 23 – 27 Knutsford Boulevard and is scheduled to be repaid by 2024. Interest currently charged is 9.25% per annum.

(vii) This represents the carrying value of certain secured investment bonds issued by the group and company in 2015 with a face value of $3,000,000,000, net of issue costs. Interest was fixed to August 13, 2017 at 10.85% per annum, following which the rate is 2.50% above the weighted average yield of the six month Government of Jamaica Treasury Bill prevailing at each repricing date. At December 31, 2018 the interest rate was 4.57%. The bonds are secured by certain Sagicor Group Jamaica Limited shares owned by the group. Of the total bonds issued, related parties hold $260,000,000.

(viii) This represents the carrying value of certain secured investment bonds issued by the group and company in 2017, with a face value of $1,195,000,000, net of issue costs. Interest is fixed at 8.25% per annum for the term of the bond. The bonds are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(ix) This represents the carrying value of certain secured investment bonds issued by the group and company in 2017 with a face value of $1,492,000,000, net of issue costs. Interest is fixed to May 31, 2021 at 9.00% per annum, following which the rate is 2.00% above the weighted average yield of the six month Government of Jamaica Treasury Bill prevailing at each repricing date. The bonds are secured by certain Sagicor Group Jamaica Limited shares owned by the group. Of the total bonds issued, $51,000,000 is held by a related party.

(x) This represents the carrying value of certain secured notes issued by the group and company in May 2018 with a face value of $500,000,000, net of issue costs. Interest is fixed at 5.25% per annum. The notes are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(xi) This represents the carrying value of certain secured notes issued by the group and company in September 2018 with a face value of $500,000,000, net of issue costs. Interest is fixed at 4.65% per annum and the notes are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(xii) This represents the carrying value of certain notes issued by the group and company in September 2018, with a face value of $2,708,924,000, net of issue costs. Interest is fixed at 4.95% to October 30, 2019, thereafter 5.20% per annum. The note is supported by pledge of certain Sagicor Group Jamaica Limited shares owned by the group.

25. Loan Liabilities (Continued)

(xiii) This represents the carrying value of urban renewal bonds issued by the group and company in 2016 with a face value of $325,500,000, net of issue costs. Interest was fixed to June 16, 2018 at 8.05% per annum multiplied by a factor of 0.875, following which the rate is 1.50% above the weighted average yield of the six month Government of Jamaica Treasury Bill prevailing at each repricing date, multiplied by a factor of 0.875. The notes are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(xiv) This represents a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest is charged at a rate of 8.49% per annum and is secured a by motor vehicle. The loan is scheduled to be repaid by 2021.

(xv) This represents a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest is charged at a rate of 8.49% per annum and is secured a by motor vehicle. The loan is scheduled to be repaid by 2021.

(xvi) This represents a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest is charged at a rate of 7.49% per annum and is secured a by motor vehicle. The loan is scheduled to be repaid by 2023.

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

(xviii) This represented the balance on a J$52,000,000 unsecured loan from Bank of Nova Scotia Jamaica Limited to finance insurance premiums. The balance was repaid in 2018.

(xix) This represents the balance on a J$70,000,000 unsecured loan from Bank of Nova Scotia Jamaica Limited to finance insurance premiums. Interest is charged 5.00% per annum. The loan scheduled to be repaid in 2019.

(xx) This represented a loan from National Commercial Bank Jamaica Limited, to assist with the purchase of certain Investment securities. The loan was repaid in 2018.

26. Finance Lease Liabilities

The finance lease obligations are as follows:

	The Group	
	2018	2017
	$'000	$'000
Minimum lease payments under finance leases:		
Not later than 1 year	3,692	5,337
Later than 1 year and not later than 5 years	6,799	11,065
	10,491	16,402
Future finance charges	(2,385)	(4,865)
Present value of finance lease obligations	8,106	11,537

The present value of the lease obligations is as follows:

	The Group	
	2018	2017
	$'000	$'000
Not later than 1 year	2,555	3,624
Later than 1 year and not later than 5 years	5,551	7,913
	8,106	11,537

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

27. Other Liabilities

	The Group		The Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Other liabilities and accrued expenses	276,423	356,465	155,863	146,769
Reinsurance liabilities	88,365	102,845	-	-
Deposits	54,741	49,469	-	-
Trade payables	43,382	40,998	12,526	11,191
Accounts payable	61,174	52,082	61,174	52,082
	524,085	601,859	229,563	210,042

The current portion of other liabilities amounted to $469,344,000 (2017 - $552,391,000) for the group and $229,563,000 (2017 - $210,042,000) for the company.

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28. Share Capital

	2018	2017
	No.	No.
	'000	'000
Authorised share capital of no par value -		
Ordinary shares	1,250,000	1,250,000
	$'000	$'000
Issued and fully paid -		
stock units (2017 – 1,066,159,890)	2,141,985	2,141,985

29. Stock Grants and Options/Equity Compensation Reserve

The company operates a Long Term Incentive Plan ("LTIP") administered by a committee of the company's Board of Directors. The company has reserved 7.5% of its authorized share capital for issue under the plan.

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

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

During the year, grants of 746,323 (2017 – 535,292) shares of company stock were awarded under the plan to seven (2017 – four) executives, and 1,090,089 (2017 – 1,222,845) shares became fully vested and were issued.

At December 31, 2018, options over 12,631,968 (2017 – 12,778,843) shares were outstanding, 8,431,104 (2017 – 7,908,893) of which were vested and exercisable, at the prices per share as follows:

Expiring December 31	Outstanding	Vested	Exercise Price
2021	663,040	663,040	$ 9.81
2022	3,732,232	3,732,232	$11.40
2023	3,395,017	2,381,226	$18.67
2024	2,014,866	947,901	$34.94
2025	2,826,813	706,705	$42.57
	12,631,968	8,431,104	

During 2018, options over 3,157,350 (2017 – 1,639,631) shares were exercised at an average price of $13.21 (2017 - $11.10). No options expired or were forfeited during the year.

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

The company uses the Black-Scholes option pricing model for determining the fair value of stock options awarded, which is expensed over the vesting period. The range of values of stock options recognised in share-based compensation expense in 2018, as determined using this model, was $3.07 to $10.48 (2017 - $3.00 to $9.59). The significant inputs into the model were as follows:

Exercise price (range in $ per share)	$11.40 - $42.57 (2017 - $9.81 - $34.94)
Annual risk free rate	5.8% - 8.2% (2017 – 7.8% - 8.9%)
Volatility factor	26.0% - 33.7% (2017 – 26.0% - 35.7%)
Expected dividend yield	2.5% - 5.0% (2017 – 2.3% - 5.3%)
Expected life (in years)	4.00 – 4.75 (2017 – 4.00 – 7.00)

Share-based compensation expense is recognised over the vesting period of each award, and is based on the total fair value of all awards expected to vest. The group and the company recognised share-based compensation in 2018 of $40,258,000 and $23,765,000 (2017 - $33,200,000 and $18,600,000), respectively. To satisfy its obligations in relation to the stock grants of $27,777,000 (2017 - $17,779,000) for the group and $20,704,000 (2017 - $11,043,000) for the company, the group issued shares from its holdings of treasury shares, with a cost of $48,869,000 (2017 - $28,444,000).

Movement in Equity Compensation Reserves

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January	61,475	46,054	26,805	19,248
Value of service provided	40,258	33,200	23,765	18,600
Options/grants issued	(27,777)	(17,779)	(20,704)	(11,043)
Balance at 31 December	73,956	61,475	29,866	26,805

30. Property Revaluation Reserve

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

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31. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Fair value gains on investments	55,647	264,288	24,129	143,699
Capital reserves	2,668,226	2,640,997	1,337,983	1,337,983
Capital redemption reserves	2,176	2,176	2,200	2,200
Share of other comprehensive income of associated companies	(509,876)	628,173	-	-
	2,216,173	3,535,634	1,364,312	1,483,882
Capital reserves				
Realised gain on sale of ESPP shares	147,623	123,059	-	-
Realised gain on sale of insurance operations	1,161,344	1,161,344	2,688,484	2,688,484
Realised gain on dilution of holding in subsidiaries and associates	433,516	433,516	-	-
Reserve arising on acquisition of non–controlling interest	623,267	623,267	(1,493,255)	(1,493,255)
Other	302,476	299,811	142,754	142,754
	2,668,226	2,640,997	1,337,983	1,337,983

Fair value gains on investments for the group are shown net of deferred taxes of $2,363,000 (2017 – $1,806,000) with respect to revaluation adjustments to investments.

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32. Dividends

	2018	2017
	$'000	$'000
First interim dividend for 2018 at $0.25 (2017 - $0.20) per stock unit - gross	266,540	213,232
Second interim dividend for 2018 at $0.25 (2017 - $0.20) per stock unit – gross	266,540	213,232
Third interim dividend for 2018 at $0.25 (2017 - $0.20) per stock unit – gross	266,540	213,232
Fourth interim dividend for 2018 at $0.30 (2017 - $0.25) per stock unit - gross	319,848	266,540
	1,119,468	906,236
Less: Dividends on treasury stock	(12,654)	(12,363)
Total dividends declared	1,106,814	893,873
Dividends paid by the company	1,119,468	1,119,468
Dividends paid by the group	1,106,814	1,103,992

On 28 February 2019, the company declared a dividend of $0.265 per stock unit, amounting to $282,532,000 for which there is no accrual in the 2018 financial statements. On 28 February 2018, the company declared a dividend of $0.25 per stock unit, amounting to $266,540,000 for which there is no accrual in the 2017 financial statements.

In January 2017 the group paid special dividend amounting to $210,199,000 for the group and $213,232,000 for the company declared in December 2016.

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33. (a)Cash Flows from Operating Activities

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Net profit	5,361,417	4,191,489	1,757,454	1,720,159
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	33,762	31,724	7,029	5,032
Amortisation of intangibles	24,417	20,146	-	-
Stock compensation expense	40,258	33,200	23,765	18,600
Interest income	(69,232)	(99,984)	(285,095)	(266,595)
Finance costs	624,371	599,922	556,253	556,044
Share of results of associated companies	(4,696,259)	(3,932,880)	-	-
Gain on disposal of associated companies	(47,305)	-	-	-
Income tax expense	311,081	79,330	236,900	34,937
Bad debts (recovery)	-	(575)	-	-
Change in retirement benefit asset/obligation	70,069	56,745	733	(4,589)
Fair value gains on investment properties	(492,780)	(484,509)	-	-
(Gains)/losses on foreign currency denominated investments	(11,102)	41,491	(35,782)	67,927
Impairment of financial assets	17,944	7,270	47,386	7,270
Unrealised gains on financial assets at fair value through profit and loss	(924,282)	(274,045)	(863,759)	(185,666)
	242,359	269,324	1,444,884	1,953,119
Changes in operating assets and liabilities:				
Taxation recoverable	(33,819)	(6,227)	(2,525)	5,242
Other assets	(65,088)	(101,885)	(114,355)	(28,276)
Other liabilities	(73,739)	67,616	19,519	77,658
Increase in financial assets at fair value through profit or loss	(3,421,884)	-	(2,967,024)	-
	(3,352,171)	228,828	(1,619,501)	2,007,743
Interest received	69,868	101,708	286,444	217,124
Income tax paid	(41,308)	(32,517)	(6,165)	(1,121)
Net cash(used in)/ provided by operating activities	(3,323,611)	298,019	(1,339,222)	2,223,746

Per [IAS 7], which provides for cash used or generated by securities transactions to be included in the calculation of cash from operating activities where securities at fair value through profit or loss is a core line of business, 2018 cash from operating activities reflects the impact of a significant increase in portfolio size.

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33. (b) Liabilities from Financing Activities

	Group			Company		
	Finance leases $'000	**Loan liabilities $'000**	**Total $'000**	**Finance leases $'000**	**Loan Liabilities $'000**	**Total $'000**
Net debt as at 1 January 2017	11,756	5,182,064	5,193,820	941	4,625,216	4,626,157
Cash flows						
Addition	4,457	3,437,014	3,441,472	-	3,358,242	3,358,242
Repayment	(4,676)	(1,435,932)	(1,440,609)	(941)	(1,283,538)	(1,284,479)
Deferred costs	-	(55,238)	(55,238)	-	(55,238)	(55,238)
Foreign exchange adjustment	-	(328)	(328)	-	-	-
Interest expense	-	597,409	597,409	-	543,274	543,274
Interest paid	-	(624,290)	(624,290)	-	(570,026)	(570,026)
Acquistion of subsidiary (Note 38)	-	374,019	374,019	-	-	-
Net debt as at 31 December 2017	11,537	7,474,718	7,486,255	-	6,617,930	6,617,930
Addition	-	4,033,250	4,033,250	-	3,959,250	3,959,250
Deferred costs	-	(52,189)	(52,189)	-	(52,189)	(52,189)
Repayment	(3,431)	(920,780)	(924,211)		(807,782)	(807,782)
Interest expense	-	623,877	623,877	-	549,228	549,228
Interest paid	-	(599,346)	(599,346)	-	(524,353)	(524,353)
Net debt as at 31 December 2018	8,106	10,559,530	10,567,636	-	9,742,084	9,742,084

34. Commitments

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

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not later than 1 year	697,955	664,602	-	-
Later than 1 year and not later than 5 years	1,390,152	1,465,820	-	-
Later than 5 years	220,266	637,827	-	-
	2,308,373	2,768,249	-	-

35. Financial Risk Management

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

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

(a) Market risk

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

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

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk

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

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

Concentration of currency risk

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

	The Group				
	2018				
	Jamaican $	US$	CAD$	BD$	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
Financial assets					
Cash and bank balances	60,478	72,299	684	-	133,461
Deposits	23,310	300,171	139,002	-	462,483
Investment securities	4,731,204	2,528,936	888	194,210	7,455,238
Securities purchased under agreements to resell	473,181	433,233	-	-	906,414
Trade and other receivables	341,196	134,360	-	-	475,556
Total financial assets	5,629,369	3,468,999	140,574	194,210	9,433,152
Financial liabilities					
Bank overdraft	13,719	-	-	-	13,719
Loan liabilities	10,559,530	-	-	-	10,559,530
Finance lease liability	8,106	-	-	-	8,106
Other liabilities	403,325	120,760	-	-	524,085
Total financial liabilities	10,984,680	120,760	-	-	11,105,440
Net position	(5,355,311)	3,348,239	140,574	194,210	(1,672,288)

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group				
	2017				
	Jamaican $	US$	CAD$	BD$	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
Financial assets					
Cash and bank balances	48,987	57,621	712	-	107,320
Deposits	219,908	323,371	47,417	-	590,696
Investment securities	944,594	2,071,381	1,190	158,948	3,176,113
Securities purchased under agreements to resell	742,566	281,069	-	-	1,023,635
Trade and other receivables	313,206	143,648	-	-	456,854
Total financial assets	2,269,261	2,877,090	49,319	158,948	5,354,618
Financial liabilities					
Bank overdraft	5,802	-	-	-	5,802
Loan liabilities	7,474,718	-	-	-	7,474,718
Finance lease liability	11,537	-	-	-	11,537
Other liabilities	476,204	125,655	-	-	601,859
Total financial liabilities	7,968,261	125,655	-	-	8,093,916
Net position	(5,699,000)	2,751,435	49,319	158,948	(2,739,298)

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company				
	2018				
	Jamaican $	US$	CAD$	BD$	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
Financial assets					
Cash and bank balances	6,614	8,479	-	-	15,093
Deposits	20,264	207,926	2,678	-	230,868
Investment securities	4,785,438	1,129,866	888	194,210	6,110,402
Securities purchased under agreements to resell	286,819	303,420	-	-	590,239
Due from related parties	1,198,739	1,270,143	-	-	2,468,882
Receivables	125,867	-	-	-	125,867
Total financial assets	6,423,741	2,919,834	3,566	194,210	9,541,351
Financial liabilities					
Bank overdraft	13,719	-	-	-	13,719
Due to related parties	-	1,765	-	-	1,765
Loan liabilities	9,742,084	-	-	-	9,742,084
Other liabilities	229,563	-	-	-	229,563
Total financial liabilities	9,985,366	1,765	-	-	9,987,131
Net position	(3,561,625)	2,918,069	3,566	194,210	(445,780)

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company				
	2017				
	Jamaican $	US$	CAD$	BD$	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
Financial assets					
Cash and bank balances	12,969	8,859	-	-	21,828
Deposits	161,506	157,439	34,221	-	353,166
Investment securities	1,040,092	1,134,183	1,190	158,948	2,334,413
Securities purchased under agreements to resell	622,661	173,794	-	-	796,455
Due from related parties	1,295,342	1,193,343	-	-	2,488,685
Receivables	40,430	-	-	-	40,430
Total financial assets	3,173,000	2,667,618	35,411	158,948	6,034,977
Financial liabilities					
Bank overdraft	5,802	-	-	-	5,802
Due to related parties	121,469	1,950	-	-	123,419
Loan liabilities	6,617,930	-	-	-	6,617,930
Other liabilities	210,042	-	-	-	210,042
Total financial liabilities	6,955,243	1,950	-	-	6,957,193
Net position	(3,782,243)	2,665,668	35,411	158,948	(922,216)

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency-denominated financial instruments and adjusts their translation at the year-end for a 4% increase and 2% decrease (2017 - 4% increase and 2% decrease) in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange (gains)/losses on translation of US dollar-denominated monetary financial securities classified as available for sale and fair value through profit and loss and foreign exchange (losses)/gains on translation of US dollar-denominated borrowings. The sensitivity of other components of equity was as result of translation gains/ (losses) on the other foreign currency denominated equities classified as available-for-sale.

	The Group					
	% Change in Currency Rate	Effect on Profit before Tax	Effect on other Components of Equity	% Change in Currency Rate	Effect on Profit before Tax	Effect on other Components of Equity
	2018	2018 $'000	2018 $'000	2017	2017 $'000	2017 $'000
Currency:						
USD	4%	130,887	3,043	4%	64,261	45,796
USD	-2%	(65,443)	(1,521)	-2%	(32,130)	(22,898)
BD	4%	-	7,768	4%	-	6,358
BD	-2%	-	(3,884)	-2%	-	(3,179)
CAD	4%	5,623	-	4%	1,925	48
CAD	-2%	(2,811)	-	-2%	(963)	(24)

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	The Company					
	% Change in Currency Rate 2018	Effect on Profit before Tax 2018 $'000	Effect on other Components of Equity 2018 $'000	% Change in Currency Rate 2017	Effect on Profit before Tax 2017 $'000	Effect on other Components of Equity 2017 $'000
Currency:						
USD	4%	116,723	-	4%	88,895	17,732
USD	-2%	(58,361)	-	-2%	(44,447)	(8,866)
BD	4%	-	7,768	4%	-	6,358
BD	-2%	-	(3,884)	-2%	-	(3,179)
CAD	4%	143	-	4%	1,369	48
CAD	-2%	(71)	-	-2%	(684)	(24)

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2018:							
Financial assets							
Cash and bank balances	114,689	-	-	-	-	18,772	133,461
Deposits	230,092	6,376	92,361	130,617	3,037	-	462,483
Investment securities	-	-	-	348,682	317,959	6,788,597	7,455,238
Securities purchased under agreements to resell	719,571	186,843	-	-	-	-	906,414
Trade and other receivables	4,568	-	-	-	-	470,988	475,556
Total financial assets	1,068,920	193,219	92,361	479,299	320,996	7,278,357	9,433,152
Financial liabilities							
Bank overdraft	13,719	-	-	-	-	-	13,719
Loan liabilities	701,804	3,013,684	319,959	4,882,789	1,529,875	111,419	10,559,530
Finance lease liability	-	-	-	4,356	3,750	-	8,106
Other liabilities	4,570	-	-	-	-	519,515	524,085
Total financial liabilities	720,093	3,013,684	319,959	4,887,145	1,533,625	630,934	11,105,440
Total interest repricing gap	348,827	(2,820,465)	(227,598)	(4,407,846)	(1,212,629)	6,647,423	(1,672,288)
Cumulative interest repricing gap	348,827	(2,471,638)	(2,699,236)	(7,107,082)	(8,319,711)	(1,672,288)	

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2017:							
Financial assets							
Cash and bank balances	105,001	-	-	-	-	2,319	107,320
Deposits	497,764	16,093	66,846	7,158	2,835	-	590,696
Investment securities	-	31,275	20,800	453,645	284,024	2,386,369	3,176,113
Securities purchased under agreements to resell	819,993	203,642	-	-	-	-	1,023,635
Trade and other receivables	4,037	11,212	-	-	-	441,605	456,854
Total financial assets	1,426,795	262,222	87,646	460,803	286,859	2,830,293	5,354,618
Financial liabilities							
Bank overdraft	5,802	-	-	-	-	-	5,802
Loan liabilities	748,678	2,997,107	870,104	2,676,554	58,956	123,319	7,474,718
Finance lease liability	-	-	1,528	10,009	-	-	11,537
Other liabilities	4,038	-	-	-	-	597,821	601,859
Total financial liabilities	758,518	2,997,107	871,632	2,686,563	58,956	721,140	8,093,916
Total interest repricing gap	668,277	(2,734,885)	(783,986)	(2,225,760)	227,903	2,109,153	(2,739,298)
Cumulative interest repricing gap	668,277	(2,066,608)	(2,850,594)	(5,076,354)	(4,848,451)	(2,739,298)	

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2018:							
Financial assets							
Cash and bank balances	15,093	-	-	-	-	-	15,093
Deposits	162,745	-	68,123	-	-	-	230,868
Investment securities	-	-	-	652,835	229,908	5,227,659	6,110,402
Securities purchased under agreements to resell	504,280	85,959	-	-	-	-	590,239
Due from related parties	-	-	561,744	828,330	1,053,892	24,916	2,468,882
Receivables	4,568	-	-	-	-	121,299	125,867
Total financial assets	686,686	85,959	629,867	1,481,165	1,283,800	5,373,874	9,541,351
Financial liabilities							
Bank overdraft	13,719	-	-	-	-	-	13,719
Due to related parties	-	-	-	-	-	1,765	1,765
Loan liabilities	-	2,975,637	319,959	4,864,150	1,470,919	111,419	9,742,084
Other liabilities	4,570	-	-	-	-	224,993	229,563
Total financial liabilities	18,289	2,975,637	319,959	4,864,150	1,470,919	338,177	9,987,131
Total interest repricing gap	668,397	(2,889,678)	309,908	(3,382,985)	(187,119)	5,035,697	(445,780)
Cumulative interest repricing gap	668,397	(2,221,281)	(1,911,373)	(5,294,358)	(5,481,477)	(445,780)	

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2017:							
Financial assets							
Cash and bank balances	21,828	-	-	-	-	-	21,828
Deposits	286,320	-	66,846	-	-	-	353,166
Investment securities	-	31,275	20,800	702,575	248,949	1,330,814	2,334,413
Securities purchased under agreements to resell	737,618	58,837	-	-	-	-	796,455
Due from related parties	-	-	-	1,804,193	547,972	136,520	2,488,685
Receivables	4,037	-	-	-	-	36,393	40,430
Total financial assets	1,049,803	90,112	87,646	2,506,768	796,921	1,503,727	6,034,977
Financial liabilities							
Bank overdraft	5,802	-	-	-	-	-	5,802
Due to related parties	-	-	-	121,469	-	1,950	123,419
Loan liabilities	-	2,968,838	870,104	2,655,669	-	123,319	6,617,930
Other liabilities	4,038	-	-	-	-	206,004	210,042
Total financial liabilities	9,840	2,968,838	870,104	2,777,138	-	331,273	6,957,193
Total interest repricing gap	1,039,963	(2,878,726)	(782,458)	(270,370)	796,921	1,172,454	(922,216)
Cumulative interest repricing gap	1,039,963	(1,838,763)	(2,621,221)	(2,891,591)	(2,094,670)	(922,216)	

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35. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

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

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

		The Group		The Company	
		Effect on Profit before Taxation 2018 $'000	**Effect on Other Components of Equity 2018 $'000**	**Effect on Profit before Taxation 2018 $'000**	**Effect on Other Components of Equity 2018 $'000**
Change in basis points:					
2018	**2018**				
JA$	US$				
+100	+100	(22,133)	(7,900)	(26,467)	(7,706)
-100	-100	22,133	8,270	26,467	8,068

		The Group		The Company	
		Effect on Profit before Taxation 2017 $'000	**Effect on Other Components of Equity 2017 $'000**	**Effect on Profit before Taxation 2017 $'000**	**Effect on Other Components of Equity 2017 $'000**
Change in basis points:					
2017	**2017**				
JA$	US$				
+100	+50	(29,942)	(5,081)	(24,636)	(4,951)
-100	-50	29,942	5,140	24,636	5,007

35. Financial Risk Management (Continued)

(a) Market risk (continued)

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group and company are exposed to equity price risk because of investments held by the group and company classified on the respective statements of financial position either fair value through profit and loss or FVOCI (2017 - available-for-sale or at fair value through profit and loss). The group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact on total stockholders' equity (before tax) of a 10% (2017 -15%) increase/decrease in equity prices is an increase/decrease of $678,860,000 and $522,766,000 (2017 – $361,076,000 and $202,742,000) for the group and company respectively.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents (excluding bank balances), contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

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

(i) Trade receivables

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

(ii) Investments

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

(iii) Guarantees

The group's policy is not to provide financial guarantees to any other party than wholly-owned subsidiaries and other entities in which the group has an equity investment.

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35. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure			
	The Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on statement of financial position items are as follows:				
Assets:				
Cash and bank balances	133,461	107,320	15,093	21,828
Deposits	462,483	590,696	230,868	353,166
Financial assets at fair value through profit and loss	573,634	-	458,263	-
Financial assets at amortised cost	93,004	-	424,480	-
Available-for-sale securities	-	601,501	-	485,804
Held-to-maturity	-	119,171	-	119,171
Loans and receivables	-	48,269	-	377,824
Securities purchased under agreements to resell	906,414	1,023,635	590,239	796,455
Trade and other receivables	475,556	456,852	125,867	40,430
Due from related parties	-	-	2,468,882	2,488,685
	2,644,552	2,947,444	4,313,692	4,683,363
Credit risk exposures relating to assets not recorded on the statement of financial position				
Lease commitments	2,308,373	2,768,249	-	-

The above table represents a worst case scenario of credit risk exposure to the group and company at 31 December 2018 and 2017, without taking account of any collateral held or other credit enhancements. For assets carried on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. A loss allowance was recognised for the year ended 31 December 2018 of $7,704,000 (2017 - $7,270,000) for the group and $7,704,000 (2017 - $7,270,000) for the company for certain investment securities.

35. Financial Risk Management (Continued)

(b) Credit risk (continued)

Impairment of financial assets

The group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

(i) Trade and managed properties receivables

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

	The Group	
	2018 $'000	**2017 $'000**
Commercial	36,204	91,571
Retail	14,865	14,519
Managed properties	88,675	110,754
	139,744	216,844
Less: Loss allowance	(25,855)	(32,697)
	113,889	184,147

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected credit loss rates are based on the historical credit losses experienced within a three year period before 1 January 2018. The historical rates are adjusted to reflect current and forward-looking information on the macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the Gross Domestic Product (GDP), the interest rate and the inflation rate as the most relevant factors and accordingly adjusts the historical loss rates based on the expected changes in these factors.

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35. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

On this basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

	The Group	
31 December 2018	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	5%	13,013
More than 30 days past due	6%	1,353
More than 90 days past due	68%	36,703
		51,069
Managed properties		88,675
		139,744
Loss allowance		(25,855)
Total		113,889

	The Group	
1 January 2018	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	2%	38,681
More than 30 days past due	6%	14,603
More than 90 days past due	72%	52,806
		106,090
Managed properties		110,754
		216,844
Loss allowance		(40,128)
Total		176,716

35. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

The closing loss allowances for trade receivables as at 31 December 2018 reconcile to the opening loss allowance as follows:

	The Group	
	2018 $'000	**2017 $'000**
31 December – calculated under IAS 39	32,697	32,697
Amounts restated through opening retained earnings	7,431	-
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	40,128	32,697
Increase in loan loss allowance recognised in income statement	2,477	-
Receivables written off during the year as uncollectible	(16,750)	-
At 31 December	25,855	32,697

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period greater than 120 days past due.

Impairment losses on trade receivables are included in the net impairment losses on financial assets in the income statement.

Previous accounting policy for impairment of trade receivables
In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but was not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

The group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganization; and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

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35. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

Credit quality of trade receivables for the Group as per the previous accounting policy are summarised as follows:

	2017 $'000
Neither past due not impaired - standard	46,115
Past due but not impaired	138,032
Impaired	32,697
	216,844
Less: Loss allowance	(32,697)
	184,147

All trade receivables were receivable from customers in Jamaica.

Aging analysis of past due but not impaired trade receivables for the Group:

	2017 $'000
31 to 60 days	115,559
Over 90 days	22,473
	138,032

The amounts above include managed properties fees receivables of $22,473,000 (Note 20). There are no financial assets other than trade receivables that are past due.

35. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Other miscellaneous assets

Other miscellaneous assets at amortised cost include loans to related parties and other receivables totalling $2,468,882,000.

The loss allowance for loans and other receivables to related parties carried at amortised cost as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 and to the closing loss allowance as at 31 January 2018 as follows:

	The Company
	$'000
Closing loss allowance as at 31 December 2017 (calculated under IAS 39)	
Amounts restated through opening retained earnings	-
Opening loss allowance as at 1 January 2018 (calculated under IFRS 9)	-
Increase in allowance recognised in profit or loss during the period	26,204
Closing loss allowance as at 31 December 2018	26,204

The loss allowance on related parties and other receivables is reflected in net impairment losses on financial assets.

(iii) Debt investments

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Government of Jamaica	132,063	135,317	123,947	126,925
Corporate and other government	1,885,684	2,199,686	1,230,639	1,627,671
	2,017,747	2,335,003	1,354,586	1,754,596

35. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments (continued)

Significant increase in credit risk

- Qualitative assessment – Credit ratings are associated with ranges of default probabilities based on historical information. Rating outlooks, which are inherently forward-looking, are used to determine the probability of default to be applied to a specific security within its respective range. Issuer-specific default risk estimates incorporate forward-looking information directly. In calculating the probability of default, the group uses credit ratings along with rating outlooks from recognised rating agencies, as well as issuer-specific default risk estimates where available and appropriate. The ratings and risk estimates are mapped to an internal credit risk grading model in order to standardise across different rating systems and to clearly demarcate significant changes in credit risk over time.

  A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default the security is categorise as stage 2 for the purpose of calculating the ECL. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

- Quantitative assessment - Investment securities considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

Expected credit loss measurement

The group assesses on a forward-looking basis the ECL associated with debt investments. The ECL recognized by the group reflects an unbiased and probability weighted amounts that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost at the reporting date. The ECL is the product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The PD presents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.

EAD is based on the amounts the group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

LGD represents the group's expectation of the extent of loss on a defaulted exposure. LGD is calculated on a 12 month or a lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is a percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

All of the group's debt investments at amortised cost and FVOCI are considered to have low credit risk (except for investment in Government of Barbados securities), and the loss allowance recognised during the period was therefore limited to 12 months expected losses (Stage 1). Management considers 'low credit risk' for bonds to be those with an investment grade or high yield credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. At 31 December 2018, investment in Government of Barbados securities totalled $31,473,000 for the group and company and are considered stage 3. There were no transfers between stages from the date of adoption to the reporting date.

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35. Financial Risk Management (Continued)

(b) Credit risk (continued)

Debt investments (continued)
The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The loss allowance for debt investments at FVOCI and at amortised cost as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 and to the closing loss allowance as at 31 December 2018 as follows:

	The Group					
	FVOCI	**Bonds**	**Loans**	**Repos**	**Deposits**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Closing loss allowance as at 31 December 2017 (calculated under IAS 39)	-	-	-	-	-	-
Amounts restated through opening retained earnings	17,790	435	461	2,920	3,030	24,636
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	17,790	435	461	2,920	3,030	24,636
Increase in loss allowance recognised in the income statement during the year	15,378	887	(372)	555	(981)	15,467
Closing loss allowance as at 31 December 2018	33,168	1,322	89	3,475	2,049	40,103

	The Company					
	FVOCI	**Bonds**	**Loans**	**Repos**	**Deposits**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Closing loss allowance as at 31 December 2017 (calculated under IAS 39)	-	-	-	-	-	-
Amounts restated through opening retained earnings	10,093	435	461	2,304	1,862	15,155
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	10,093	435	461	2,304	1,862	15,155
Increase in loss allowance recognised in the income statement during the year	21,544	887	(372)	135	(1,012)	21,182
Closing loss allowance as at 31 December 2018	31,637	1,322	89	2,439	850	36,337

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35. Financial Risk Management (Continued)

(b) Credit risk (continued)

Total loss allowance on financial assets at 31 December 2018 total $17,944,000 (investment securities, $15,467,000 and trade receivable, $2,477,000) for the group and $47,386,000 (investment securities, $21,182,000 and related parties, $26,204,000) for the company.

Sensitivity analysis
Set out below are the changes in ECL as at 31 December 2018 that would result from a reasonably possible change in the PDs used by the group:

	The Group			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	1% - 12%	+/- 20%	1,945	(1,945)
Debt instruments at amortised cost	1% - 6%	+/- 20%	282	(282)
Cash and cash equivalents	1% - 2%	+/- 20%	970	(970)
Trade receivables and other miscellanous assets	2% -3%	+/- 20%	687	(457)
Total			3,884	(3,654)

	The Company			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	1% - 12%	+/- 20%	1,639	(1,639)
Debt instruments at amortised cost	1% - 6%	+/- 20%	282	(282)
Cash and cash equivalents	1% - 2%	+/- 20%	564	(564)
Total			2,485	(2,485)

35. Financial Risk Management (Continued)

(c) Liquidity risk

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

Liquidity risk management process

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

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

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

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment; and

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

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

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

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35. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows

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

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2018							
Financial assets							
Cash and bank balances	133,473	-	-	-	-	-	133,473
Deposits	232,141	12,091	87,362	134,663	4,260	-	470,517
Investment securities	10,950	2,389	36,751	476,659	351,274	6,788,600	7,666,623
Securities purchased under agreements to resell	685,658	224,989	-	-	-	-	910,647
Trade and other receivables	130,442	345,124	-	-	-	-	475,566
Total financial assets (contractual maturity dates)	1,192,664	584,593	124,113	611,322	355,534	6,788,600	9,656,826
Financial liabilities							
Bank overdraft	13,736	-	-	-	-	-	13,736
Loans	18,803	195,044	1,517,779	8,925,526	2,182,520	-	12,839,672
Finance leases liability	484	582	2,626	6,799	-	-	10,491
Other liabilities	77,635	247,264	199,196	-	-	-	524,095
Total financial liabilities (contractual maturity dates)	110,658	442,890	1,719,601	8,932,325	2,182,520	-	13,387,994
Net Liquidity Gap	1,082,006	141,703	(1,595,488)	(8,321,003)	(1,826,986)	6,788,600	(3,731,168)
Cumulative Liquidity Gap	1,082,006	1,223,709	(371,779)	(8,692,782)	(10,519,768)	(3,731,168)	

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35. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2017							
Financial assets							
Cash and bank balances	107,323	-	-	-	-	-	107,323
Deposits	499,001	16,145	66,792	7,334	4,169	-	593,441
Investment securities	10,003	35,951	60,707	614,635	298,065	2,386,372	3,405,733
Securities purchased under agreements to resell	821,346	204,058	-	-	-	-	1,025,404
Trade and other receivables	153,879	303,324	-	-	-	-	457,203
Total financial assets (contractual maturity dates)	1,591,552	559,478	127,499	621,969	302,234	2,386,372	5,589,104
Financial liabilities							
Bank overdraft	5,807	-	-	-	-	-	5,807
Loans	21,831	179,432	1,049,643	6,680,485	2,782,648	-	10,714,039
Finance leases liability	559	1,080	3,698	11,065	-	-	16,402
Other liabilities	105,164	289,404	208,206	-	-	-	602,774
Total financial liabilities (contractual maturity dates)	133,361	469,916	1,261,547	6,691,550	2,782,648	-	11,339,022
Net Liquidity Gap	1,458,191	89,562	(1,134,048)	(6,069,581)	(2,480,414)	2,386,372	(5,749,918)
Cumulative Liquidity Gap	1,458,191	1,547,753	413,705	(5,655,876)	(8,136,290)	(5,749,918)	

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35. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2018:							
Assets							
Cash and bank balances	15,094	-	-	-	-	-	15,094
Deposits	164,740	-	68,111	-	-	-	232,851
Investment securities	16,647	13,966	84,909	1,052,494	237,797	5,227,659	6,633,472
Securities purchased under agreements to resell	454,186	138,879	-	-	-	-	593,065
Due from related parties	10,823	21,647	686,612	1,349,644	1,099,890	73,077	3,241,693
Receivables	4,577	121,298	-	-	-	-	125,875
Total financial assets (contractual maturity dates)	666,067	295,790	839,632	2,402,138	1,337,687	5,300,736	10,842,050
Liabilities							
Bank overdraft	13,736	-	-	-	-	-	13,736
Due to related parties	-	-	-	-	-	1,765	1,765
Loans	308	158,993	1,422,646	8,315,594	1,693,604	-	11,591,145
Other liabilities	4,579	-	224,993	-	-	-	229,572
Total financial liabilities (contractual maturity dates)	18,623	158,993	1,647,639	8,315,594	1,693,604	1,765	11,836,218
Net Liquidity Gap	647,444	136,797	(808,007)	(5,913,456)	(355,917)	5,298,971	(994,168)
Cumulative Liquidity Gap	647,444	784,241	(23,766)	(5,937,222)	(6,293,139)	(994,168)	

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35. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No Specific Maturity $'000	Total $'000
As at 31 December 2017:							
Assets							
Cash and bank balances	21,829	-	-	-	-	-	21,829
Deposits	287,511	-	66,792	-	-	-	354,303
Investment securities	15,707	45,375	110,016	1,121,280	255,096	1,330,814	2,878,288
Securities purchased under agreements to resell	739,033	58,930	-	-	-	-	797,963
Due from related parties	9,849	26,940	88,644	2,466,099	420,960	135,685	3,148,177
Receivables	4,051	36,393	-	-	-	-	40,444
Total financial assets (contractual maturity dates)	1,077,980	167,638	265,452	3,587,379	676,056	1,466,499	7,241,004
Liabilities							
Bank overdraft	5,807	-	-	-	-	-	5,807
Due to related parties	-	-	1,950	134,375	-	-	136,325
Loans	3,977	144,000	944,308	6,120,662	2,111,937	-	9,324,884
Other liabilities	4,051	-	206,003	-	-	-	210,054
Total financial liabilities (contractual maturity dates)	13,835	144,000	1,152,261	6,255,037	2,111,937	-	9,677,070
Net Liquidity Gap	1,064,145	23,638	(886,809)	(2,667,658)	(1,435,881)	1,466,499	(2,436,066)
Cumulative Liquidity Gap	1,064,145	1,087,783	200,974	(2,466,684)	(3,902,565)	(2,436,066)	

(d) Capital management

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

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

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

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

36. Fair Value of Financial Instruments

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

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

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

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

(b) Investment securities classified as fair value through profit and loss and fair value through OCI (2017 - as available-for-sale and financial assets at fair value through profit and loss) are measured at fair value by reference to quoted market prices or valuation techniques such as a discounted cash flow model;

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

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

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

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36. Fair Value of Financial Instruments (Continued)

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

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2018 $'000	2018 $'000	2017 $'000	2017 $'000
Financial Assets				
Financial assets at amortised cost	93,004	94,257	167,440	164,575
Financial Liabilities				
Loan liabilities	10,559,530	10,592,780	7,474,718	7,530,064
Finance lease liability	8,106	10,491	11,537	16,402

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2018 $'000	2018 $'000	2017 $'000	2017 $'000
Financial assets at amortised cost	424,480	431,052	496,995	510,320
Loan liabilities	9,742,084	9,755,360	6,617,930	6,620,411

The fair value of financial assets and liabilities is within level 2 of the fair value hierarchy. Balances for other financial assets and liabilities carried at amortised cost not disclosed above, approximates their fair value because of their short term nature.

36. Fair Value of Financial Instruments (Continued)

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

(a) Quoted prices in active markets for identical assets or liabilities (level 1).
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's financial assets that are measured at fair value at 31 December: See Note 3(v) and 17 for disclosure of investment properties that are measured at fair value.

	The Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2018				
Financial assets				
Investment securities	5,291,290	560,882	1,510,062	7,362,234
As at 31 December 2017				
Financial assets				
Investment securities	1,329,171	587,496	1,092,006	3,008,673

	The Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2018				
Financial assets				
Investment securities	4,702,346	445,511	538,065	5,685,922
As at 31 December 2017				
Financial assets				
Investment securities	867,722	485,804	483,892	1,837,418

There were no transfers between levels during the year.

36. Fair Value of Financial Instruments (Continued)

The following table shows the changes in Level 3 instruments:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	1,092,006	965,828	483,892	467,911
Additions	407,079	97,053	108,791	75,231
Settlements	(31,575)	(18,230)	(31,575)	(18,230)
Impairment	(7,704)	(6,270)	(7,704)	(6,270)
Unrealised gains and losses recognised Income statement/OCI	50,256	53,625	(15,339)	(34,750)
	1,510,062	1,092,006	538,065	483,892
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	50,256	-	(15,339)	-
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	50,256	-	(15,339)	-

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 investments include investments in closed end real estate funds which are not publicly traded. To determine the carrying value for these investments management independently computes its share of the fair value of the net assets of the fund, by assessing the results of valuations and considering the fair values of cash and investment holdings as well as any debt obligations these funds may have. The real estate held by the funds is valued using an income approach which considers rental rates, rent multipliers, factors for vacancy and a capitalization rate. These capitalization factors and the rent multipliers are largely unobservable inputs that have the greatest potential for volatility and have resulted in the classification of the investments in level 3. The capitalization rates and rental multipliers used in the valuations range from 3% to 6% and 16.66 to 33.33 respectively.

Should the rent multipliers increase/decrease by 0.25% (2017 - 1%), this would result in an increase/decrease in the carrying value of these respective investments, with all other factors remaining constant, of $93,148,000/$94,216,000 (2017 - $33,280,000) for the company and the group. Should the capitalization factors increase/decrease by 1 percentage point, it would result in decrease/increase in the carrying value of the investments, with all other factors remaining constant, of $62,274,000 and $139,155,000 (2017 - $113,119,000 and $133,484,000) for the group only.

36. Fair Value of Financial Instruments (Continued)

Specific valuation techniques used to value financial instruments include:

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

37. Litigation and Contingent Liabilities

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

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

38. Business Combination

In December 2017, Jamaica Property Company Limited (JPCo), a subsidiary of the group, acquired a new subsidiary Downing Street (Caribbean Place) Limited. Downing Street (Caribbean Place) Limited is the joint operator with JPCo in the Kingchurch operation. As a result of this acquisition the group now controls the entire operations of Kingchurch.

There was no contribution to revenues and profits recorded in 2017 from the acquired business as it was acquired at the end of 2017. Had the company been acquired at the beginning of 2017, it could have contributed revenues of approximately $312,144,000 and profits of $191,629,000 to the group for the year ended 31 December 2017.

During 2018 the company paid an additional amount of $9,891,000 on the acquisition of Downing Street (Caribbean Place) Limited. As a result of this additional payment the final goodwill on acquisition amounts to $33,082,000 (see note 22)

Details of the net assets acquired, goodwill and net cash outlay on acquisition, determined were as follows:

	Total Fair Values $'000
Net assets arising on the acquisition –	
Investment properties (Note 17)	787,500
Property, plant and equipment (Note 21)	30,914
Receivables	43,714
Cash and bank balances	3,396
Other liabilities	(51,553)
Loans	(433,847)
	380,124

Goodwill on acquisition (Note 22):	**$'000**
Purchase consideration in 2017	403,315
Additional purchase consideration in 2018	9,891
	413,206
Less: Fair value of net assets acquired	(380,124)
	33,082

Net cash outlay on acquisition:	
Purchase consideration paid in cash 2017	403,315
Additional purchase consideration paid in cash 2018	9,891
Cash and cash equivalents acquired	(3,396)
	409,810

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39. Changes in Accounting Policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments on the group's financial statements.

(a) Impact on financial statements

The group has adopted IFRS 9 for the financial year ending 31 December 2018 which resulted in a change in the group's accounting policies. As explained in note 39(b), IFRS 9 was generally adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the balance sheet at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The following table shows the adjustment recognised for each individual line item for the consolidated and company statement of financial position. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

Consolidated Statement of Financial Position

	31 December 2017 As originally presented $'000	IFRS 9 $'000	1 January 2018 Restated $'000
ASSETS			
Cash and Bank Balances	107,320	-	107,320
Investments			
Deposits	590,696	(3,030)	587,666
Investment securities:			
Financial assets at fair value through other comprehensive income	-	760,449	760,449
Financial assets at fair value through profit and loss	1,063,775	1,184,449	2,248,224
Financial assets at amortised cost	-	166,544	166,544
Available-for-sale	1,944,898	(1,944,898)	-
Held-to-maturity	119,171	(119,171)	-
Loans and receivables	48,269	(48,269)	-
	3,176,113	(896)	3,175,217
Securities purchased under agreements to resell	1,023,635	(2,920)	1,020,715
Investment properties	7,839,676	-	7,839,676
Investment in associated companies	24,919,991	(145,131)	24,774,860
	37,550,111	(151,977)	37,398,134
Other assets	1,695,602	(7,431)	1,688,171
	39,353,033	(159,408)	39,193,625

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39. Changes in Accounting Policies (Continued)

(a) Impact on financial statements (continued)

Consolidated Statement of Financial Position (continued)

	31 December 2017 As originally presented $'000	IFRS 9 $'000	1 January 2018 Restated $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	2,141,985	-	2,141,985
Equity compensation reserve	61,475	-	61,475
Property revaluation reserve	3,940,954	-	3,940,954
Investment and other reserves	3,535,634	(220,302)	3,315,332
Retained earnings	21,195,513	61,015	21,256,528
Treasury stock	(348,500)	-	(348,500)
	30,527,061	(159,287)	30,367,774
Non-Controlling Interests	272,899	(121)	272,778
	30,799,960	(159,408)	30,640,552
Liabilities	8,553,073	-	8,553,073
	39,353,033	(159,408)	39,193,625

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39. Changes in Accounting Policies (Continued)

(a) Impact on financial statements (continued)

Company Statement of Financial Position

	31 December 2017 As originally presented $'000	IFRS 9 $'000	1 January 2018 Restated $'000
ASSETS			
Cash and Bank Balances	21,828	-	21,828
Investments			
Deposits	353,166	(1,862)	351,304
Investment securities:			
Financial assets at fair value through other comprehensive income	-	644,752	644,752
Financial assets at fair value through profit and loss	612,553	580,113	1,192,666
Financial assets at amortised cost	-	496,099	496,099
Available-for-sale	1,224,865	(1,224,865)	-
Held-to-maturity	119,171	(119,171)	-
Loans and receivables	377,824	(377,824)	-
	2,334,413	(896)	2,333,517
Securities purchased under agreements to resell	796,455	(2,304)	794,151
Investment in subsidiaries	717,480	-	717,480
Investment in associated companies	7,692,879	-	7,692,879
	11,894,393	(5,062)	11,889,331
Other assets	2,837,981	-	2,837,981
	14,754,202	(5,062)	14,749,140
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	2,141,985	-	2,141,985
Equity compensation reserve	26,805	-	26,805
Investment and other reserves	1,483,882	(140,308)	1,343,574
Retained earnings	3,986,285	135,246	4,121,531
	7,638,957	(5,062)	7,633,895
Liabilities	7,115,245	-	7.115,245
	14,754,202	(5,062)	14,749,140

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39. Changes in Accounting Policies (Continued)

(b) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the group's retained earnings as at 1 January 2018 is as follows:

	Notes	Group 2018 $'000	Company 2018 $'000
Closing retained earnings 31 December - IAS 39		21,195,513	3,986,285
Reclassify investments from available-for-sale to FVPL		238,092	150,401
Increase in provision for trade receivables and miscellaneous assets		(7,431)	-
Increase in provision for debt investments at amortised cost		(896)	(896)
Increase in provision for debt investments at FVOCI		(17,790)	(10,093)
Increase in repurchase agreements and deposits		(5,829)	(4,166)
Adjustment by associated company		(145,131)	-
Adjustment to retained earnings from adoption of IFRS 9 on 1 January 2018		61,015	135,246
Opening retained earnings 1 January 2018		21,256,528	4,121,531

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39. Changes in Accounting Policies (Continued)

(b) IFRS 9 Financial Instruments(continued)

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the group determine which business models applied to its financial assets and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

		The Group						
Financial assets – 1 January 2018	**Notes**	**FVPL $'000**	**Available -for-sale $'000**	**FVOCI $'000**	**Held-to-maturity $'000**	**Loans & Receivables $'000**	**Amortised cost $'000**	**Total $'000**
Closing balance at 31 December 2017 – IAS 39		1,063,775	1,944,898	-	119,171	48,269	-	3,176,113
Reclassify investments from available-for-sale to FVPL	(a)	1,184,449	(1,184,449)	-	-	-	-	-
Reclassify corporate bonds from Held-to-maturity to amortised cost	(b)	-		-	(119,171)	-	118,275	(896)
Reclassify loans & receivable to amortised cost	(c)	-		-	-	(48,269)	48,269	-
Reclassify investments from available-for-sale to FVOCI	(d)	-	(760,449)	760,449	-	-	-	-
Opening balance 1 January 2018 – IFRS 9		2,248,224	-	760,449	-	-	166,544	3,175,217

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39. Changes in accounting policies (Continued)

(b) IFRS 9 Financial Instruments(continued)

(i) Classification and measurement (continued)

		The Company						
Financial assets – 1 January 2018	**Notes**	**FVPL $'000**	**Available -for-sale $'000**	**FVOCI $'000**	**Held-to-maturity $'000**	**Loans & Receivables $'000**	**Amortised cost $'000**	**Total $'000**
Closing balance at 31 December 2017 – IAS 39		612,553	1,224,865	-	119,171	377,824	-	2,334,413
Reclassify investments from available-for-sale to FVPL	(a)	580,113	(580,113)	-	-	-	-	-
Reclassify corporate bonds from Held-to-maturity to amortised cost	(b)	-		-	(119,171)	-	118,275	(896)
Reclassify loans & receivable to amortised cost	(c)	-		-	-	(377,824)	377,824	-
Reclassify investments from available-for-sale to FVOCI	(d)	-	(644,752)	644,752	-	-	-	-
Opening balance 1 January 2018 – IFRS 9		1,192,666	-	644,752	-	-	496,099	2,333,517

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39. Changes in accounting policies (Continued)

(b) IFRS 9 Financial Instruments(continued)

(i) Classification and measurement (continued)

The impact of these changes on the group's equity is as follows:

	Notes	Group Effect on Investment & other Reserve $'000	Company Effect on Investment & Other Reserve $'000
Opening balance – IAS 39		3,535,634	1,483,882
Reclassify investments from available-for-sale to FVPL	(a)	(238,092)	(150,401)
Reclassify debt securities from available-for-sale to FVOCI	(d)	17,790	10,093
Total impact		(220,302)	(140,308)
Opening balance – IFRS 9		3,315,332	1,343,574

(a) Reclassify investments from available-for-sale to FVPL
Certain investments in equities were reclassified from available-for-sale to financial assets at FVPL ($1,184,449,000 for the group and $580,113,000 for the company as at 1 January 2018). Related fair value gains of $238,092,000 and $150,401,000 for the group and company respectively were transferred from the investment & other reserve to retained earnings on 1 January 2018.

(b) Reclassification from held-to-maturity to amortised cost
Bonds that would have previously been classified as held-to maturity are now classified at amortised cost. The group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the other financial assets at 1 January 2018 to be recognised in opening retained earnings. A loss allowance of $896,000 for group and company in relation to these assets was recognised in opening retaining earnings at 1 January 2018.

(c) Loans and receivables instruments classified as amortised cost
Investments previously classified as loans and receivables are now classified at amortised cost ($48,269,000 for the group and $377,824,000 for the company as at 1 January 2018). There was no difference between the previous carrying amount and the revised carrying amount at 1 January 2018

(d) Available-for-sale instruments classified as FVOCI
Debt investments were reclassified from available for sale to FVOCI as the group's business model is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principal and interest. As a result, listed bonds with a fair value of $601,501,000 for the group and $485,804,000 for the company were reclassified from available-for-sale financial assets to financial assets at FVOCI. . The amount of $17,790,000 for the group and $10,093,000 for the company in loss allowance for these assets was recognised in opening retaining earnings and investment & other reserves at 1 January 2018.

39. Changes in accounting policies (Continued)

(b) IFRS 9 Financial Instruments(continued)

(i) Classification and measurement (continued)

The impact of these changes on the group's equity is as follows:

Other equity securities
Equity security was reclassified from available for sale to FVOCI as the company elected to classify this equity as FVOCI. The carrying value of the security at 1 January 2018 was $158,948,000 for the group and company. There was no impact on the amount recognised in relation to this asset from the adoption of IFRS 9.

(ii) Impairment of financial assets
The group has three types of financial assets that are subject to IFRS 9's new expected loss credit loss model:

- trade receivables
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

The group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change retained earnings and equity is disclosed in the table in Note 39 above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables
The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in an increase of the loss allowance on 1 January 2018 by $7,431,000 for trade receivables. Note 35 provides for details about the calculation of the allowance. The loss allowance increased by $2,477,000 to $9,908,000 for trade receivables during the current reporting period.

Debt investments
Debt investments at amortised cost and those at FVOCI are considered to be low risk, and therefore the impairment provision is determined as 12 months expected credit losses. Applying the expected credit risk model resulted in the recognition of a loss allowance of $896,000 for the group and company on 1 January 2018 (previous loss allowance was nil) for debt investments at amortised cost and a further increase in the allowance by $515,000 for the group and company in the current reporting period.

The restatement of the loss allowance for debt investments at FVOCI on transition to IFRS 9 as a result of applying the expected credit risk model was $17,790,000 for the group and $10,093,000 for the company on 1 January 2018 (previous loss allowance was nil) and a further increase of $15,378,000 for the group and $21,544,000 for the company was recognised at 31 December 2018.

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Notes to the Financial Statements
31 December 2018
(expressed in Jamaican dollars unless otherwise indicated)

39. Changes in Accounting Policies (Continued)

(b) IFRS 9 Financial Instruments (continued)

(ii) Impairment of financial assets (continued)

Related parties
The group applies the IFRS 9 general approach to measuring expected credit losses for related parties balances. There was no loss allowance on 1 January 2018 for related parties. The loss allowance was $26,204,000.00 for the current reporting period. Note 35 provides for details on the calculation of the allowance.