1834 INVESTMENTS LIMITED

ANNUAL REPORT

2019/2020

1834
INVESTMENTS
LIMITED

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COMPANY PROFILE

1834 Investments Limited (formerly The Gleaner Company Limited) is a locally incorporated and domiciled holding Company for a portfolio of domestic and international investment assets. The Company's main activity is the management of its income generating real estate, bond and equity investments, and the management of its joint venture and subsidiary companies. The shares of the Company are listed on the main market of the Jamaica Stock Exchange as **"1834"**.

COMPANY DATA

REGISTERED OFFICE
7 North Street
Kingston, Jamaica

GENERAL MANAGER
Terry Peyrefitte

COMPANY SECRETARY
Shena Stubbs-Gibson

REGISTRAR
SAGICOR BANK JAMAICA LIMITED
28-48 Barbados Avenue
Kingston 5

AUDITORS
KPMG
Chartered Accountants
6 Duke Street, Kingston

ATTORNEYS
PHILLIPSON PARTNERS
48 Constant Spring Road
Kingston 10

PATTERSON MAIR HAMILTON
85 Hope Road, Kingston 6

BANKERS & INVESTMENT COMPANIES
THE BANK OF NOVA SCOTIA
(JAMAICA) LIMITED
Scotia Bank Centre
Kingston, Jamaica

JN FUND MANAGERS
2 Belmont Road, Kingston 10

JN BANK
2-4 Constant Spring Road
Kingston 10

NCB CAPITAL MARKETS
The Atrium, 32 Trafalgar Road
Kingston 10

UBS AG
Zurich, Switzerland

Notice of Annual General Meeting

7 North Street
P.O. Box 40
Kingston
Phone: (876) 922-1834
Email: roxann.smith@gleanerjm.com
Fax: (876) 922-6297

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Stockholders of 1834 Investments Limited will be held at the registered office of the Company, 7 North Street, Kingston, Jamaica, on **December 18, 2020 at 10:30 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the twelve months ended March 31, 2020 and the reports of the Directors and Auditors thereon.

   Resolution 1

   Resolved that the Audited Financial Statements for the twelve months ended March 31, 2020, together with the Reports of the Directors and Auditors thereon be and are hereby adopted.

2. To consider, and if thought fit, pass the following resolution:-

   Resolution 2

   Resolved that the interim dividend of eight cents ($0.08) on each ordinary stock paid October 4, 2019 to shareholders on record at the close of business on September 13, 2019 be declared final and no further dividend be paid in respect of the year under review.

3. To re-elect Directors who have retired from office in accordance with Article 93 of the Company's Articles of Incorporation. The Directors, who have retired from office in accordance with Article 93 aforementioned are Lisa G. Johnston, Elizabeth A. Jones and Hon. Douglas R. Orane, CD, and all have offered themselves for re-election. To consider, and if thought fit, pass the following resolutions:-

Resolution 3

That Mrs. Lisa Johnston be and is hereby re-elected a Director of the Company;

Resolution 4

That Ms. Elizabeth Jones be and is hereby re-elected a Director of the Company;

Resolution 5

That Hon. Douglas Orane, CD be and is hereby re-elected a Director of the Company.

4. To elect an additional director, Monica Ladd, having been appointed pursuant to Article 94 of the Articles of Incorporation of the Company, to fill a casual vacancy on the Board, will now vacate office and being eligible for re-election to the Board, now offer herself for re-election. To consider, and if thought fit, pass the following resolution:-

Resolution 6

Resolved that Ms. Monica Ladd be and is hereby re-elected a Director of the Company.

5. To fix the remuneration of the Directors and to consider, and if thought fit, pass the following resolution:-

Resolution 7

Resolved that the Directors' fees agreed and payable for the year ending March 31, 2020 to all non-executive Directors of the Company be and are hereby approved.

6. To re-appoint the retiring auditors and to authorise the Directors to determine their remuneration and to consider, and if thought fit, pass the following resolution:

Resolution 8

Resolved that the retiring auditors, KPMG, Chartered Accountants, having expressed their willingness to continue as auditors of the Company until the conclusion of the next Annual General Meeting, be and are hereby re-appointed and the Directors be authorised to fix their remuneration.

SPECIAL BUSINESS

7. Amendment to Articles

To consider and, if thought fit, pass the following special resolution:

Resolution 9

Resolved that that Articles of Incorporation of the Company be and are hereby amended by adding the following Article, as Article 49A (below Article 49):

49A(1) The Company may, if so permitted by the provisions of the Act, convene and hold a General Meeting of its members as a:

(a) hybrid meeting; or
(b) virtual meeting,

and a hybrid meeting or virtual meeting shall be identified as such in the notice convening such meeting.

For the purpose hereof:

(a) a "hybrid meeting" means a meeting held at one or more physical venue or venues using any technology that gives members and Directors, as a whole (including members and Directors not physically in attendance at any of the venues) a reasonable opportunity to participate by electronic means; and

(b) a "virtual meeting" means a meeting held at no physical venue and is conducted entirely by means of technology which gives members and Directors, as a whole, a reasonable opportunity to participate by electronic means;

PROVIDED THAT an "electronic meeting" (as referred to in this Article) means either a hybrid meeting or a virtual meeting, as applicable.

(2) The notice of an electronic meeting shall not specify a venue and such a General Meeting shall be recorded as being held in Jamaica.

(3) Where an electronic meeting is proposed to be held for the purpose of enabling members to participate in such General Meeting, the Company shall procure that arrangements be made (as may be recommended by the Directors) as are:

(a) necessary to ensure the identification and participation of persons attending the General Meeting and the security of any electronic communication;

(b) proportionate to the achievement of the objective of a General Meeting of members of the Company such that members have every opportunity as might reasonably be afforded by the Company, to participate in the electronic meeting; and

(c) necessary to provide reasonable evidence (for the benefit of the Company) of the entitlement of any person who is not a member to participate in the electronic meeting.

(4) The right of a member to attend an electronic meeting may be exercised by the member's proxy and notwithstanding anything to the contrary contained in these Articles, a proxy form may be returned to the Company by facsimile transmission or other electronic means.

(5) Without prejudice to such other means of giving notice to members and Directors as may be permitted by these Articles, notice of a meeting given to a nominating member or a nominating Director may be effected by-

(a) sending such notice and any notice document to the facsimile transmission number or electronic mail address provided to the Company by the nominating member or nominating Director;

(b) sending to the nominating member or nominating Director by any other electronic means nominated by the nominating member or nominating Director; or

(c) posting/uploading the notice and any notice documents in/to a dropbox or other file sharing system or electronic document depository and providing the nominating member or nominating Director with a passcode or other means to electronically access the notice or such notice document).

(6) Notice or notice document given to a nominating member or nominating Director by electronic means shall be taken to be given twenty-four (24) hours after the notice or notice document was electronically transmitted to the nominating member or nominating Director or after the nominating member or nominating Director is provided with the relevant password or electronic access to the dropbox or other file sharing system or electronic document depository.

For the purpose of Articles 49A(5) and (6):

(a) "nominating member" means a member who has elected to receive notice and notice documents by electronic means or in electronic form and has provided the Company with a facsimile transmission number, electronic mail address or other electronic means of receiving notice and notice documents, and the term "nominating Director" shall be construed in the same way; and

(b) "notice document" includes any document which the Company is obliged or wishes to provide with any notice including any document required to be laid before the Company in a meeting, proxy form, explanatory statement, circular and draft motions.

(7) A defect in any electronic notice or failure in case of the electronic delivery system shall not invalidate the notices unless the failure is such as to cause non-delivery or mis-delivery of more than 5% of the notices dispatched.

8. To transact any other business which may be transacted at an Ordinary General Meeting.

By Order of the Board

Shena Stubbs-Gibson
Company Secretary

September 30, 2020

Note: In accordance with Section 131 of the Companies Act, 2004, a member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him, and such proxy need not also be a member. A proxy form is included at page 105. When completed the form should be deposited with the Company Secretary at the registered office of the Company, 7 North Street, Kingston, Jamaica, not less than 48 hours before the time appointed for the meeting. The proxy form should bear stamp duty of $125.00.

Physical Distancing Requirement

Shareholders attending the Annual General Meeting will be required to wear protective face masks as mandated by the authorities to enter the venue or remain therein. The meeting will observe the protocols of physical distancing in layout and seating. Sanitizing and temperature checks may also be required upon entry.

DIRECTORS' REPORT

The Directors are pleased to submit their report for 1834 Investments Limited for the year ended March 31, 2020.

Operating results:

- Profit for the Group before taxation was **$51.5 million**
- Net profit attributable to 1834's stockholders was **$40.6 million**
- Earnings per stock unit was **3.35 cents**
- Total equity attributable to 1834's stockholders was **$1.4 billion**

Dividends

The Directors recommend that the dividend of eight cents ($0.08) per share paid on October 4, 2019, be declared as final.

Directors

The Directors of the Company as at March 31, 2020 were:
Hon. Oliver F. Clarke, OJ, (former Chairman, deceased May 16, 2020), Joseph M. Matalon, CD (current Chairman), Hon. Douglas R. Orane (current Vice-Chairman), Dr. Carol D. Archer, Christopher N. Barnes, Lisa G. Johnston, Elizabeth A. Jones, CD and Morin M. Seymour, CD.

The Directors to retire by rotation in accordance with Article 93 of the Company's Articles of Incorporation are Christopher N. Barnes, Lisa G. Johnston and Hon. Douglas R. Orane, CD, but being eligible will offer themselves for re-election.

Auditors

The company's auditors, KPMG Chartered Accountants, have expressed their willingness to continue in office, pursuant to Article 131 of the Company's Articles of Incorporation. The Directors recommend their reappointment.

The Directors wish to place on record their sincere appreciation to the management and staff for their contributions to the company during the year.

On behalf of the Board, dated the 30th day of September 2020

Joseph M. Matalon, CD
CHAIRMAN

Hon. Oliver F. Clarke, O.J.

(October 1944 – May 2020)

The Board of Directors, Management and Staff of **1834 Investments Limited** celebrate the life and work of our Chairman Hon. Oliver F. Clarke, O.J., J.P., B.Sc., FCA, Hon. LLD who served as Chairman up to the time of his passing, having been appointed a Director of the company (then Gleaner Company Limited) in May 1976, and to the post of Chairman in April 1979.

The Hon. Oliver F. Clarke, O.J. brought exceptional judgement, vision and commitment to our Board and we are grateful for his outstanding contributions to the company, to which he dedicated over four decades.

May his soul rest in peace.

CHAIRMAN'S MESSAGE

Fellow shareholders,

Your company closed on its 2019/20 financial year amid great global uncertainty triggered by the COVID-19 pandemic. Within weeks of the March 11, 2020 declaration of the COVID-19 pandemic, the soaring rate of infections in several countries had created chaos for public health systems around the world, and had forced many countries into some level of lockdown. Globally, financial markets responded swiftly and negatively to the many uncertainties. Your company, having been closely monitoring the developments, also took swift action to safeguard its staff and its operations by adopting precautionary safety measures, and to mitigate COVID-19 related risks to your portfolio of investments.

I am pleased to report that your company navigated the financial period successfully, recording a profit after tax of $41 million for the twelve months to March 31, 2020, or earnings of 3.35 cents per stock unit. Stockholders' equity was $1,438 million at the March 31, 2020 year-end, equivalent to $1.19 per stock unit. With over $500 million in cash and liquid investments and zero long-term debt, your company remains well capitalised. The positive financial results reflect the quality and stability of your company's investment income streams, and management's deliberate actions to reduce expenses in several areas alongside continued corporate restructuring efforts. A final dividend of $97 million or $0.08 cents per stock unit was paid to shareholders in the financial year, representing a dividend yield of 9% per annum.

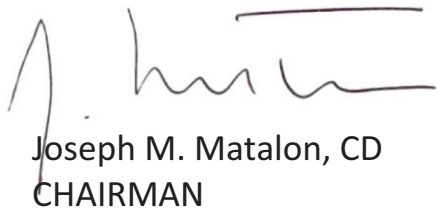
Your company's stable financial performance, liquidity and operational resilience in 2019/20, in what has been a period of extreme business uncertainty, can be attributed to its conservative financial positioning. Your company maintains a lean business operation with close attention to liquidity management and a low/moderate risk investment profile, which have positioned your company to withstand the COVID-19 related shocks with minimal adverse impact. We consider it prudent to maintain our cautiously optimistic outlook and conservative risk profile in the medium term, particularly in light of continued business uncertainties brought on by the pandemic.

Your Board also continues to evaluate the best opportunities for the future of your company, with the objective of maximizing value to you, our shareholders. We believe the current COVID-19 pandemic will create new opportunities for companies such as ours which are operationally stable and well capitalised, and have the vision and expertise to identify and act upon them. Your board is mindful of the shifts in the external environment and the opportunities at hand, and is evaluating the right time to execute.

Our achievements this year were possible because of the guidance provided by your Board of Directors and the execution of your General Manager and a team of contracted professionals. I wish to express my gratitude to the Board of Directors for their unwavering commitment to our company and to the 1834 team for their diligent efforts, in what has been and continues to be an extraordinary year due to pandemic-related adversities.

I also wish to acknowledge and memorialise the outstanding leadership of our former Chairman the Hon. Oliver F. Clarke, O.J. who chaired the Board of Directors up until his passing in May 2020. Late Chairman Clarke served your company (then The Gleaner Company Limited) as Managing Director for 35 years, and as Chairman for over 40 years. I am honoured by the confidence the Board has placed in me as the new Chairman, and in Hon. Douglas R. Orane, CD as the new Vice-Chairman.

On behalf of the Board of Directors, I would like to thank you, our shareholders and our partners, for your support. We look forward to the opportunities of 2020/21 and continue to wish safety for you and your families, as we manage the current public health crisis together. I look forward to seeing you at our company's next Annual General Meeting.



Joseph M. Matalon, CD
CHAIRMAN

Directors' Profiles

JOSEPH M. MATALON,
C.D., B.Sc.

Chairman since July 30, 2020,
Vice Chairman (January 22, 2015 - July 30, 2020)
Appointed Director October 1987

Mr. Matalon is Chairman of ICD Group Holdings and a Director of a number of its related companies including British Caribbean Insurance Company (BCIC) and West Indies Home Contractors (WIHCON). Having been a Director of Radio Jamaica Limited since 2016, he was appointed Chairman of that Company in July 2019.

Mr. Matalon served three terms as President of the Private Sector Organization of Jamaica (PSOJ), and was inducted into its Hall of Fame in 2018. Mr. Matalon also served as Chairman of the Development Bank of Jamaica (DBJ) between 2007 and 2016 and as Chairman of the Office of Utilities Regulation (OUR) between 2016 and 2019.

In 2010, Mr. Matalon was awarded the Order of Distinction in the rank of Commander (CD).

Mr. Matalon is a member of the Audit Committee of the Board.

HON. DOUGLAS R. ORANE,
C.D., J. P., B.Sc., M.B.A., LLD. (Hon)

Vice Chairman since July 30, 2020,
Appointed Director May1998

Mr. Orane is a former Chairman and Managing Director of Grace Kennedy Limited. He is currently a Director of Radio Jamaica Limited and also serves on other boards. Mr. Orane served as President of the Private Sector Organization of Jamaica (PSOJ) from December 1992 to December 1994 and as Vice President from December 2001 to February 2003. Mr. Orane was inducted into the PSOJ Hall of Fame in 2003.

Mr. Orane also served as an Independent Senator in the Senate from 1998 to 2002 and was appointed a member of the Governor General's Privy Council in 2009. In 2002, Mr. Orane was awarded the Order of Distinction in the rank of Commander (CD).

Mr. Orane is the Chairman of the Corporate Governance Committee and a member of the Audit Committee of the Board.

CAROL D. ARCHER,
B.A., M.A., MURP, MPhil, Ph.D.

Appointed Director December 2001

Professor Archer is currently Associate Professor and Projects Coordinator of the Faculty of The Built Environment at the University of Technology. Prior to her appointment as Associate Professor, she served as Dean of that faculty from 2006 to 2015, as Head of the School of Building and Land Management from July 2004 to 2005 and as Programme Director for the Urban and Regional Planning Programme from February 2000 to June 2004.

Professor Archer currently serves or has served on boards including Radio Jamaica Limited (since 2016), National Housing Trust Technical Sub Committee, Scotia Jamaica Building Society, University Council of Jamaica, Town & Country Planning Authority, Natural Resource Conservation Authority (Deputy Chair), Urban Development Corporation Subcommittee on Planning and Development, South East Regional Health Authority (Deputy Chair), National Chest Hospital (Chair), Council for the University of Technology Jamaica, National Investment Bank of Jamaica and Water Resources Authority.

Professor Archer is a member of the Corporate Governance Committee of the Board.

CHRISTOPHER N. BARNES
J.P., B.Sc., M.B.A

Appointed Director February 2008 (Resigned October 30, 2020)

Mr. Barnes is the Chief Operating Officer of Radio Jamaica Limited and a director on all RJRGLEANER Communications Group subsidiaries. Mr. Barnes was the Managing Director of The Gleaner Company Limited (now 1834 Investments Limited) from February 2011 – April 2016).

Mr. Barnes also serves on boards including JN Life Insurance Company Limited and PanJam Investment Limited. He is the Chairman of PALS Jamaica Limited and the Media Association Jamaica Limited (MAJ), and the President of the Inter American Press Association (IAPA).

He has a Mechanical Engineering degree from Boston University and a graduate degree in Finance and International Business (M.B.A.) from McGill University.

LISA G. JOHNSTON,
B.A., M.A.

Appointed Director April 2000

Mrs. Johnston is the Corporate Affairs Manager at Jamaica Producers Group Limited and is the Honorary Consul for the Republic of Costa Rica. She serves as a director of Radio Jamaica Limited, the Jamaica Manufacturers' and Exporters' Association, and the Consular Corps of Jamaica. She is also a member of the Jamaica Trade Policy Advisory Group in the Ministry of Foreign Affairs and Foreign Trade, and the Technical Committee for Legislative Review in the Office of the Cabinet.

Mrs. Johnston is a former Galo Plaza Fellow at the Inter-American Dialogue in Washington D.C.

She is a member of the Corporate Governance Committee and the Audit Committee of the Board.

ELIZABETH (BETTY ANN) JONES,
C.D., FCA (Ja.), FCCA (UK), B.Sc.

Appointed Director November 2014

Ms. Jones is a retired Senior Partner of KPMG in Jamaica, former Head of the firm's Tax practice and past Chairman of KPMG CARICOM, a regional governance entity comprising KPMG member firms in Barbados, the Eastern Caribbean, Jamaica and Trinidad and Tobago. She is the Chairman of JN Fund Managers Limited, Deputy Chairman of JN Group Limited and a Director of JN Bank Limited and Radio Jamaica Limited.

Ms. Jones has served on several tax reform committees and was seconded to the Ministry of Finance between 1989 and 1992 as special advisor to the Minister. Ms. Jones has also served as Chairman of the Trade Board and Fiscal Services Limited and on the Committee to Review and Eliminate Waste in the Public Sector.

In 2015, Ms. Jones was awarded the Order of Distinction in the rank of Commander (CD).

Ms. Jones is the Chairman of the Audit Committee of the Board.

MONICA LADD,
B.A., J.D., L.E.C.

Appointed Director July 2020

Ms. Ladd is an independent Attorney-at-Law practicing in the areas of insurance law, international finance and general corporate and contract law. She previously worked with the law firm Myers Fletcher & Gordon for eighteen years, eleven of which she spent as a partner. Ms. Ladd has provided consulting services to USAID, JAMPRO and the PSOJ, and served in the U.S. Foreign Service for six years.

Ms. Ladd holds a B.A. degree from Brown University, a J.D. degree from Emory University and is qualified to practice law in both Jamaica and the United States of America. She was admitted to the Bar in Georgia (1988), Washington D.C. (1989), Jamaica (LEC 1989), New York (1990) and Florida (1990). Ms. Ladd is fluent in Spanish, French and German.

Ms. Ladd serves as a Director on various local and overseas boards including JN Fund Managers Limited and American Friends of Jamaica.

MORIN M. SEYMOUR,
CD, JP, BSc, MBA, FLMI

Appointed Director April 2000

Mr. Seymour is former Executive Director of Kingston Restoration Company Limited and a director of Kingston Restoration Foundation, Mona Social Services Company, UWI, Mona Campus and a member of other Boards, including PALS Jamaica Limited. He is Chairman of Central Branch All Age School and a Past President of the Jamaica American Friendship Association. In 1979, he obtained the designation of Fellow of the Life Management Institute from LOMA, USA. He is also the Chairman of the Jamaica Nominating Committee for The Anthony N. Sabga Caribbean Awards for Excellence.

In 1983, Mr. Seymour received a Certificate in Public Enterprise Policy for developing countries from Harvard University and in 1995, he was designated an Eisenhower Fellow. In 1999, Mr. Seymour received the Governor General's Achievement Award for Surrey, Jamaica; and in 2003, he was awarded the Prime Minister's Appreciation Award for Community Development and, appointed Honorary visiting Fellow of the Joseph C. Cornwall Centre for Metropolitan Studies at Rutgers, the State University of New Jersey. In 2004, he received the Prestigious Alumnus Award from the Graziadio School of Business and Management, Pepperdine University, California.

In 2011, Mr. Seymour was awarded the Order of Distinction in the rank of Commander (CD).

HON. JOHN J. ISSA,
OJ, CD, JP, BSC, HON. LLD

Appointed Director February, 1975 - June, 2003, Vice Chairman from July, 2003 – January 22, 2015 and Honorary Chairman since January 23, 2015

Mr. Issa serves as Chairman of SuperClubs International Limited and its subsidiaries. In 2005, he received the Trail Blazer Award from the Jamaica Tourist Board and in 2007, the Lifetime Achievement Award in Travel and Tourism - Caribbean World Awards.

He served as a member of the Senate (1983-1989) and as Chairman of the Jamaica Tourist Board (1984-1989). In 1999 and 2009, Mr. Issa was awarded the Honorary Degrees of Doctor of Laws (*Honoris Causa*) from the Northern Caribbean University and the University of the West Indies, respectively. Mr. Issa is also a trustee of the Bustamante Foundation.

In 1998, Mr. Issa was awarded the Order of Jamaica and in 1983, he received the Order of Distinction in the rank of Commander (CD).

Mr. Issa is a Justice of the Peace and the Honorary Consul of Serbia.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The following Management Discussion and Analysis (MD&A) is intended to help readers, shareholders and customers understand the operations and present business environment of 1834 Investments Limited. The MD&A provides supplemental information to the Chairman's report and should be read in conjunction with the financial statements and accompanying notes contained therein.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS

The management of 1834 Investments Limited is responsible for the integrity and objectivity of the information contained in the MD&A. The information presented herein was reviewed by the Board of Directors. Management believes the information presented herein represents an objective review of the Group's performance over the past 12 months and short-term prospects.

THE BUSINESS

1834 Investments Limited is an investment management company. The Company's main activity is the management of its real estate, bond and equity portfolios, and the management of its joint venture and subsidiary companies. For the financial year under review, your company generated revenue from interest and dividends paid on its fixed income and equity holdings, rent on commercial real estate assets, loans and other income-generating contracts. 1834 Investments Limited evolved as a result of the March 2016 merger of the media operations of the former Gleaner Company Limited with Radio Jamaica Limited (RJR). The Gleaner Company Limited officially changed its name to 1834 Investments Limited on March 10, 2016.

THE ENVIRONMENT

For the greater part of FY 2019/20 the local and international investment environment was bullish albeit interspersed with periods of volatility, associated with persistent investor concerns over a potential global economic slowdown, geopolitical tensions and a perception that asset valuations were inflated and due

for correction. While several stock indices worldwide closed on 2019 in double digits and investors looked forward to a promising 2020, it was a virus in the end, that caused the feared fallout in capital markets and triggered a global economic slowdown. Within days of the March 11, 2020 World Health Organisation's declaration of the coronavirus COVID-19 pandemic, several stock markets worldwide had shed up to a quarter of their values[1], as investors reacted to evolving virus containment uncertainties and the anticipated adverse global economic impact.

Local

After 20 consecutive quarters of economic growth Jamaica closed fiscal 2019/20 with a 2.4% contraction in GDP[2], driven by the adverse effects of the pandemic. The outcome resulted mainly from declines recorded in the hotels & restaurants, mining, transportation and construction industries due to strict measures put in place in March 2020 to stem the spread of the virus. Prior to the sudden disruptions to economic activity brought on by the pandemic, the 2019/20 year was characterised by continued macroeconomic stability with the Government of Jamaica (GOJ) having successfully exited its 36-month International Monetary Fund (IMF) Precautionary Stand-By Arrangement in November 2019[3], the second of two consecutive IMF economic reform programmes spanning six and a half years altogether. Inflation rates continued to be low trending between 4% - 6%[4], and interest rates declined further (in August 2019 the BOJ reduced, and has since maintained, a policy rate of 0.5%[5] down from 1.25% at the start of FY2019/20). Two-way foreign exchange movement prevailed with the JMD depreciating 8.6%[6] to J$134.57:US$ for the twelve months to March 31, 2020.

Since March 2020 the GOJ has sought to mitigate the adverse economic impact of the pandemic with fiscal stimulus measures (the GOJ announced a $25 billion support package)[7]. Integral to Jamaica's recovery however, is the recovery of its

[1] The following stock indices recorded declines year-to-date as at March 31 2020 as follows: DJIA (US) down 23%, S&P 500 (US) down 20%, Shanghai Composite (China) down 10%, JSE Combined Market (Jamaica) down 26%, FTSE 200 (UK) down 26% (Source: www.Bloomberg.com)
[2] 2.4% year over year contraction in Gross Domestic Product at Constant Prices, Seasonally Unadjusted (Source: www.statin.com)
[3] Source: www.imf.org
[4] All Jamaica Consumer Price Index (CPI) was 4.8% point to point March 2020 (Source: www.STATIN.com)
[5] Source: www.boj.org.jm
[6] The 10-day moving average buying rate at March 31, 2020 was J$134.57:US$ (March 31, 2019: J$123.96:US$) Source: www.boj.org.jm
[7] Source: www.mof.gov.jm

close trading partners and therefore due to the open-ended nature of the pandemic's trajectory and the varied experiences of other countries, the timing and extent of the economic impact on Jamaica remains uncertain.

A range of economic and growth forecasts incorporating the impact of COVID-19 on Jamaica has been issued by various international agencies. Despite the differences projected for the timing of a recovery and the expected levels of GDP contraction/growth in years to come, the international credit rating agencies have largely reaffirmed Jamaica's credit ratings[8] and suggest that Jamaica has more policy space and fiscal resources to support a rebound from the COVID-19 pandemic than in the past, given the country's moderate COVID-19 experience thus far, reduced debt/GDP[9], healthy NIR levels[10] and access to emergency fiscal support (a US$520M IMF Rapid Financing Programme backup facility[11] was secured by the GOJ).

International

Overseas, capital markets performed well in 2019 led by the US where the DJIA gained 22% and the S&P 500 gained 29% for the twelve months to December 31 2019[12]. Despite geopolitical headwinds and lingering recession fears investors remained bullish pushing bond prices upwards and some stock indices to record highs. Capital market conditions were generally supportive with the Federal Reserve cutting interest rates 3 times in 2019[13]. The conditions reversed dramatically by the end of March however when international stock markets were thrown into negative territory after the declaration of the COVID19 pandemic. The US Federal Reserve responded with 2 interest rate cuts in March 2020, and announced unlimited quantitative easing. Governments around the world responded similarly with accommodative monetary policy and stimulus programmes in varied forms. The European Central Bank responded with measures to boost liquidity and stabilise the financial markets. In Latin American and the Caribbean many countries already struggling with high debt, high unemployment and weak

[8] Moody's long term local and foreign currency sovereign credit rating B2, Stable - August 2020 (Source: www.Moodys.com)
Standard & Poor's long term local and foreign currency sovereign credit rating B+, Stable – September 2020 (Source: www.standardandpoors.com)
[9] Deb to GDP 91.5% (projected FY 2019/20) Source: GOJ Medium Term Debt Management Strategy Feb 2020 www.mof.gov.jm
[10] Net International Reserves (NIR) US$3.2 billion at March 2020 (Source: www.boj.gov.jm)
[11] Source: www.imf.org
[12] Source: www.bloomberg.com
[13] The US Federal Reserve cut rates three times in 2019 from 2.00% - 2.25% (August 2019) to 1.50% - 1.75% (October 2019). Two further interest rate cuts were made in March 2020 to 0% - 0.25% Source: www.federalreserve.gov

social and infrastructural investment, responded with stimulus measures although challenged with more limited fiscal space.

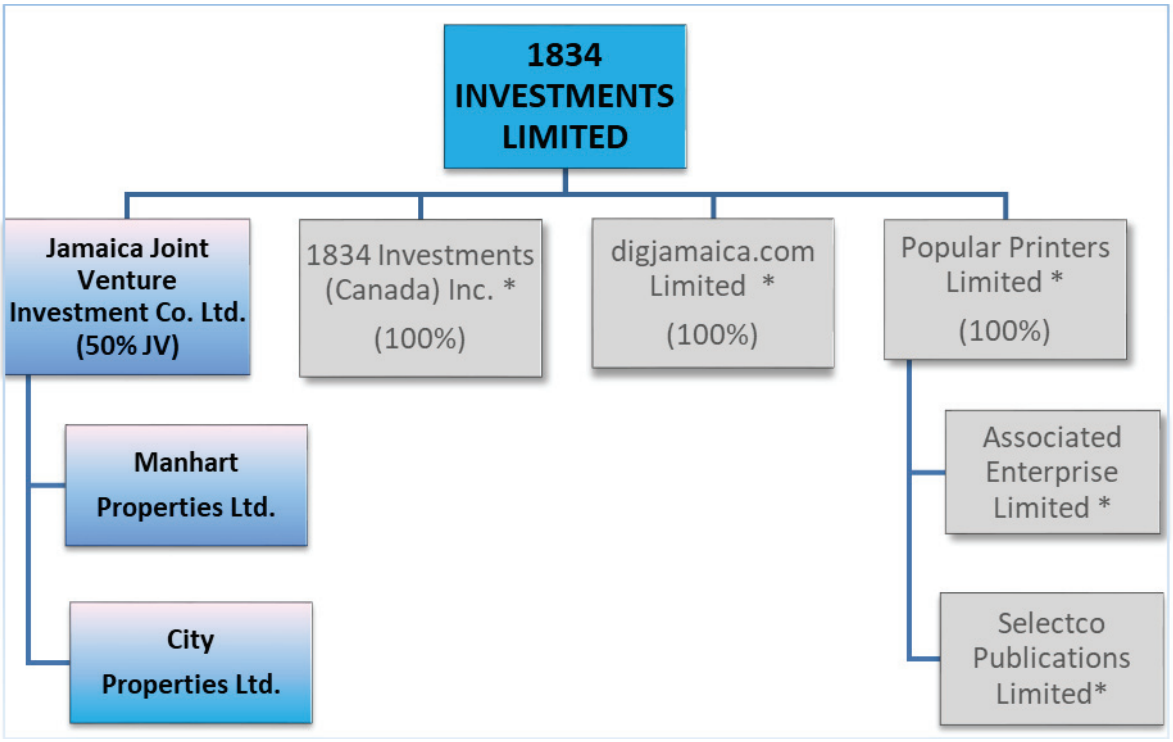
Despite the ongoing uncertainties, international equity markets have regained COVID related losses in part and are showing an upward trajectory, fuelled by confidence in measures to control the outbreak, expedited vaccine development, and monetary policy and fiscal stimulus programmes implemented by governments worldwide to combat pandemic fallout.

OPERATIONS

1834 maintains a lean operational structure with various functions outsourced where feasible. Your Company has a shared services arrangement in place with former subsidiary company, The Gleaner Company (Media) Limited, whereby professional support services are accessed from that company for a monthly fee. These services include legal and company secretarial support, information technology services and administrative support. Investment advisory, property management and accounting services are provided by external firms.

During the year, 1834 advanced its mandate to streamline the corporate structure, reduce costs and align the portfolio of investments for future opportunities. Accordingly, your company applied for the wind-up of its last remaining dormant subsidiary Selectco Publications Limited in FY 2019/20 (subsequently approved by The Companies Office of Jamaica July 2020). This subsidiary previously operated in media ahead of your Company's 2016 media amalgamation with RJR, and had been non-operational for some time. Without the former media assets this subsidiary had no core operations, but required resources to maintain it. This cost and inefficiency was eliminated by the wind-up.

As at March 31, 2020 your Company's organisational structure was as follows:



* Subsidiary dissolved: 1834 Investments (Canada) Inc. (dissolved 2018)
digjamaica.com Limited (dissolved 2019)
Popular Printers Limited (dissolved 2019)
Associated Enterprise Limited (dissolved 2019)
Selectco Publications Limited (dissolved 2020)

The wind-up of Selectco Publications Limited brings the number of dissolved subsidiaries to five. These dissolved subsidiaries were non-operational, consequent upon their media assets being divested to a subsidiary of Radio Jamaica Limited in 2016.

1834 Investments Limited continues to hold a 50% share in associated company Jamaica Joint Venture Investment Company Limited. Jamaica Joint Venture Investment Company Limited (JJVI) is the holding company for two commercial real estate investments at 34 and 40 Duke Street, Kingston. Your Company is a 50% joint venture partner in this real estate holding company.

JJVI's subsidiary companies City Properties Limited and Manhart Properties Limited, own and manage the activities of these properties with the oversight of a property management company.

COVID-19 Response

Your Company has been closely monitoring the COVID-19 pandemic and the related developments in Jamaica, and overseas. In accordance with guidance from the Ministry of Health and Wellness, Jamaica and the World Health Organization, 1834 adopted precautionary measures in March 2020 to protect staff including health monitoring, physical distancing and enhanced sanitization of the workplace. Work from home and flexible work arrangements have also been implemented to minimize exposure. These measures continue to the present time.

1834 also took steps to safeguard its operations by re-assessing the risks to its investment portfolio, ensuring adequate liquidity and monitoring the resilience of its suppliers. In consultation with its advisors, 1834 continues to monitor business and capital market conditions locally and overseas. In general, 1834's business resilience and ability to withstand COVID-19 related shocks has been high, given the following:

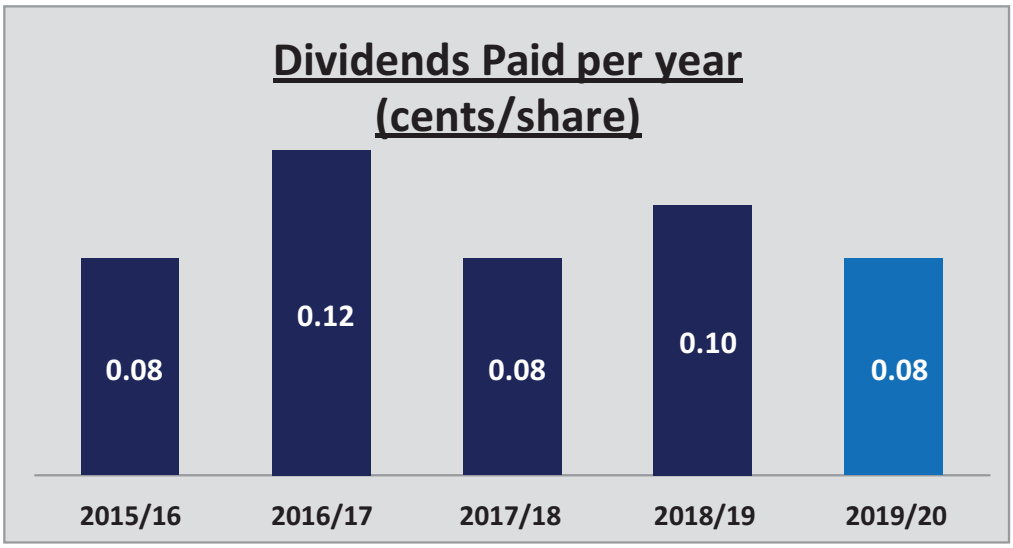
1. Limited disruption to operations: Your company relies heavily on technology and the use of electronic files and communication in the usual course of business. This enabled a smooth transition to a virtual operation with limited disruption when needed. Delays however, arising from the general restrictions on movement within Jamaica and overseas, and as a result of workflow, connectivity and hours of business adjustments implemented by various partners, have in turn impacted 1834's timelines. We are fortunate that there have been no staff infections/downtime to date.

2. Stable financial performance: Ahead of the pandemic, your Company maintained a conservative financial position of high liquidity, low debt and a low-moderate risk asset profile. These factors have contributed your Company's ability to weather the extreme local and international business uncertainty associated with the pandemic, with minimal financial disruption.

SHAREHOLDER RETURN

An interim capital distribution of 8 cents per stock unit was paid on October 4, 2019 to shareholders on record at the close of business on September 13, 2019.

No final dividend was recommended in respect of the year ended March 31, 2020.

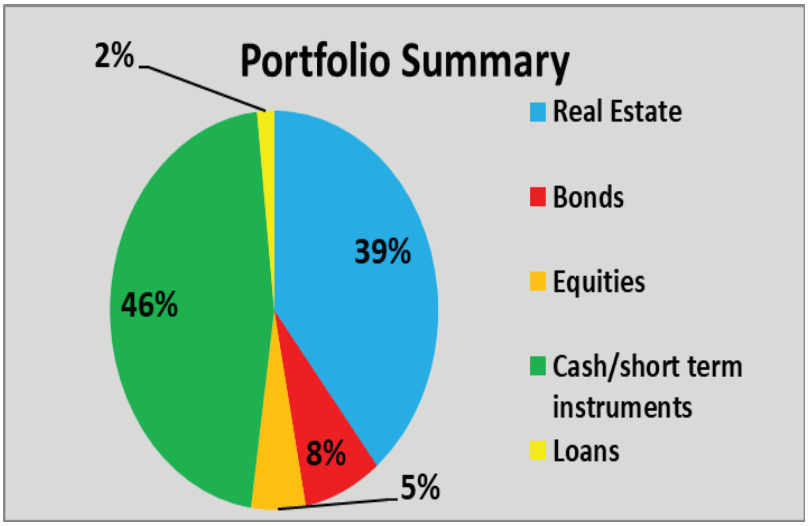


Terry Peyrefitte, General Manager of 1834 Investments Limited, collecting an award on behalf of the Company on the occasion of the Jamaica Stock Exchange's 50th Anniversary. 1834 Investments Limited has been listed on the Jamaica Stock Exchange since its inception.

INVESTMENTS

Your Company engages various local and overseas based investment advisors to actively monitor the foreign markets and to make recommendations which ensure optimal risk/return. As at March 31, 2020 investments were allocated as follows:

Portfolio Summary	2020	
	J$ '000	%
Cash/short term instruments	513,434	46%
Real Estate	437,097	39%
Bonds	85,734	8%
Equities	59,843	5%
Loans	18,658	2%
Total	**1,114,766**	**100%**



Direct investments totalled $1,115 million (2019: $1,098) at the end of March 2020. The portfolio was heavily weighted towards cash/short term instruments and real estate which accounted for $950 million or 85% of investments at the financial year-end.

Cash and short-term instruments comprised US dollar repurchase contracts, interest bearing cash deposits and unit trusts.

Properties held as at the March 31, 2020, year-end were as follows:

Property Type	Location
Commercial offices	7 North Street, Kingston
Commercial lots	101A, 103, 105 East Street & 66C, 66D John's Lane, Kingston

The commercial property (land and building) located at 7 North Street, as well as the five vacant lots situated at 101A, 103 & 105 East Street and 66C & 66D John's Lane which are utilised for parking are subject to a long-term lease arrangement with Radio Jamaica Limited (expires 2030).

During the year, your Company was successful in disposing of a commercial property in St. James as follows:

1. #9 King Street, Montego Bay, St James (sold August 2019)

The proceeds were distributed in part to shareholders in October 2019, as a capital distribution, while other proceeds were re-invested.

Bond assets comprised 8% or $86 million of total investments. The bond portfolio returned income of 9% (USD bonds) and 19% (JMD bonds) on a weighted average cash yield basis, and maintained satisfactory credit quality. Forty-eight percent (48%) of the USD bonds (by value) were investment grade issuers at year-end. The bond portfolio contained a wide mix of local and foreign corporate issuers of notes with maturities 1 – 12 years out.

The equity portfolio comprised 5% or $60 million of total investments. Equity holdings represented a widely diversified mix of the stocks of high-quality local and overseas companies in North America, U.K., Europe and Asia.

Loans represented 2% or $19 million of the portfolio, and returned income of 4% on USD balances extended.

While some asset valuations saw significant declines late March 2020 in line with global asset selloffs triggered by the pandemic, the adverse impact was confined to less than 15% of 1834's investment portfolio, namely quoted USD equities and bonds. These asset classes declined between 5-24% in value in the March 2020 quarter, and have subsequently seen a partial recovery.

The "Gleaner" Building located at 7 North Street

FINANCIAL RESULTS:

The Group financial highlights and comparatives below are for the twelve months to March 31, 2020:

FINANCIAL HIGHLIGHTS:	2020	2019
Profit attributable to shareholders	$41 million	$6 million
Earnings per share	3.35 cents/share	0.46 cents/share
Total Revenue	$96 million	$55 million
Total Equity	$1,438 million	$1,492 million
Book value	$1.19/share	$1.23/share
Closing Share price (March 31)	$0.93	$1.05
Dividends paid	$0.08/share	$0.10/share
Dividend yield	9% p.a.	10% p.a.

ACCOUNTING POLICY CHANGES

Your Company adopted International Financial Reporting Standard ("IFRS") 16 "Leases" as at April 1, 2019. IFRS 16 reclassifies finance and operating leases to an on-balance sheet accounting model, within certain parameters. The application of IFRS 16 has not given rise to any material change in 1834's assets and liabilities.

INCOME STATEMENTS

Your Company recorded group profits of $41 million after tax from its consolidated operations in real estate and investments over the 12 months to March 31, 2020 (2019: $6 million). Earnings of 3.35 cents/share (2019: $0.46 cents/share) were driven by interest income, gains on the disposal of some investments, revaluation gains on investment property, and share of profit from the Company's interest in its Associate.

REVENUE

The Group generated revenues of $96 million for the 12 months to March 31, 2020 (2019: $55 million) an increase of $40 million or 73% over the prior year.

OPERATING INCOME

Operating income of $23 million (2019: $28 million) was down $5 million or 16% due to a $2.9 million reduction in rental and lease income arising from the disposal of a tenanted property during the period. Interest and investment income also declined $1.6 million impacted by lower interest rates on local and international instruments.

FAIR VALUE GAIN ON INVESTMENT PROPERTY

During the year investment property (North Street, Kingston) was revalued by independent appraisers for $437 million (2019: $414 million). The associated gains were reflected in income as a fair value gain on investment property.

OTHER INCOME

Other income of $49 million (2019: $27 million) increased $22 million or 82% year-over-year due to one-off gains of $25 million on the disposal of investments and property (King Street, Montego Bay).

EXPENSES

Group expenses of $88 million (2019: $107 million) decreased $19 million year-over-year. Aside from a non-recurring charge of $31 million in the prior year, the Company was successful in reducing (or holding constant/eliminating) most categories of expenses.

ADMINISTRATION EXPENSES

Administration expenses of $20 million (2019: $24 million) reduced $5 million or 19% due to lower Directors fees, Professional fees and Depreciation charges.

OTHER OPERATING EXPENSES

Other Operating Expenses of $64 million (2019: $46 million) increased $18 million or 38%. The increase was largely driven by a non-recurring tax provision of $12 million made in the period and irrecoverable GCT charges of $4 million. Most other categories of expenses recorded reductions or were flat year-over year.

SHARE OF PROFIT FROM INTEREST IN ASSOCIATE

The Group recognised a share of profit from interest in associate (before taxes) of $47 million (2019: $10 million), an increase of $37 million or 370%. The increase was due to higher profitability in the associate for the 27-months period recognised (a 27-month compilation of the associate's accounts was done to bring the associate's accounts up to date and in line with the group's March 31 year-end), and included adjustments attributable to the Group's share of net assets consequent on ownership adjustments in prior years.

TAXATION

The taxation charge for the year amounted to $11 million. In 2016, your Company was assessed an additional $63 million in PAYE and income taxes as a result of a Tax Administration Jamaica ("TAJ") audit of the 2010 financial year. Your Company subsequently filed an objection with the TAJ and a revised assessment of $51 million was communicated by the TAJ in May 2020. Having evaluated the revised assessment, your Company believes it can defend its objection further, and has filed an appeal with the Revenue Appeals Division. We expect a favourable response to our objection and have accounted for the matter as an uncertain tax position pursuant to IFRIC 23: Uncertainty over Income Tax Treatments.

GROUP STATEMENT OF FINANCIAL POSITION

ASSETS

Total assets of $1,498 million (2019: $1,549 million) were largely (>70%) comprised of real estate and liquid investments.

NON-CURRENT ASSETS

Non-current assets of $1,082 million (2019: $1,039 million) increased $43 million or 4% year-over-year. The increase was driven by the re-valuation of North Street commercial property which added $23 million to the carrying value of investment properties, as well as an increase of $39 million in the Group's interest in associate representing net profits in associated company JJVI for the 27-month period to March 31, 2020. The increases were offset in part by a $4 million reduction in long term receivables (loans extended by the Group were paid down as scheduled), and

by reduced investment asset valuations as at March 31 2020 totalling $12 million, brought on by the widespread selloffs in US equity and bond markets late March triggered by investors' pandemic related fears. These investments have since recovered in part.

CURRENT ASSETS

Current assets of $416 million (2019: $510 million) decreased $93 million or 18%. Commercial property in Montego Bay which was sold in the period resulted in "assets held for sale" being adjusted to nil (2019: $96 million). Pension Fund receivable also reduced to nil at year end (2019: $82 million) due to the disposal of the last two assets remaining in the Fund during the financial period. The pension fund receivable arose as a result of the discontinuation of the defined benefit Gleaner Superannuation Fund ("Fund") in 2010. This Fund has no members and having fully liquidated the receivable, will allow for the final winding up of the Fund.

LIABILITIES AND EQUITY

Total liabilities of $60 million (2019: $57 million) represented 4% of the group's total liabilities and equity. Current liabilities increased during the year as a result of higher accounts payable, which included balances for unclaimed dividends of $25 million. This increase was offset by a $13 million reduction in non-current liabilities due to lower deferred tax liabilities.

SHAREHOLDERS EQUITY

Total equity attributable to the equity holders of 1834 was $1,438 million at year-end (2019: $1,492 million). The reduction of $54 million or 4% was largely due to shareholder distributions of $95 million paid out in the period.

RISK MANAGEMENT

Your Company is exposed to various business and financial risks including market risks such as interest rate risk, currency risk, credit risk and liquidity risk, as well as legal and regulatory risk, fiduciary or disclosure breaches, technology failure, financial crime, cyber security threats and environmental risks.

Your Company, however, has a well-established governance structure which satisfactorily protected against the various financial and operational risks during the period. The risk management framework and mitigation strategies employed during the year were considered effective in assessing and managing the Group's risk exposure, and continue to be employed.

Your Company manages the risk profile of its investments by conducting regular reviews of its investment portfolio to identify and quantify the various risks and to set appropriate limits and make adjustments as necessary. Your Company also reviews its operations to assess other risks and to ensure effective policies to mitigate any adverse outcomes are in place.

Looking Forward

Until the global health crisis is contained in a sustainable manner COVID 19 is likely to shape the pattern of economic activity for the next few years, until a vaccine becomes widely accessible. Until then it is anticipated that governments around the world will employ accommodative monetary policy and stimulus measures to help mitigate the economic impacts on the hardest hit industries and the most vulnerable groups. In addition, the pace of Jamaica's economic recovery will be tied to that of its main trading partners, especially for the return of the travel and tourism industries to pre-COVID levels.

Your Company remains well positioned operationally and financially to navigate the ongoing uncertainties brought on by the pandemic. Looking ahead we believe the shifts in business activity caused by the COVID-19 pandemic will create new opportunities for investment. Your Board will be focussing its efforts on safeguarding your current investments, and on taking advantage of new opportunities that arise, which maximize returns to you, our shareholders.

CORPORATE GOVERNANCE

The Board of Directors is collectively responsible for promoting the success of the Company by directing and overseeing the Company's affairs.

BOARD RESPONSIBILITIES:

The Board is responsible for:

I. Providing leadership by setting the corporate policies and strategic aims of the Company and monitoring the achievement of same.

II. Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives.

III. Setting the Company's values and standards and ensuring that its obligations to its shareholders and other stakeholders are understood and met.

IV. Scrutinizing the performance of management with regards to meeting agreed goals and objectives, and monitoring the reporting of performance.

V. Deciding on and approving matters to include:

   i. Major funding proposals, investments, acquisitions and divestments including the Group's commitments in terms of capital and other resources;

   ii. Annual budgets and financial plans of the Company;

   iii. Internal controls and risk management strategies and execution; and

   iv. Appointment of directors, including the Managing Director.

BOARD COMPOSITION

As at March 31, 2020, the Board comprised eight (8) Directors and was chaired by the Hon. Oliver F. Clarke, OJ (now deceased). Subsequent to the Hon. Oliver F. Clarke's passing in May 2020, Joseph M. Matalon, CD was appointed Chairman and Hon. Douglas R. Orane, CD the Vice-Chairman. The Hon. John J. Issa, OJ, CD continued to serve in the role of Honorary Chairman. All eight (8) Directors were non-executive Directors and five (5) were considered independent.

In determining whether a Board member is independent, the Board considers whether there are circumstances which are likely to affect, or could appear to affect, the member's judgment and thereby independence. A director is not considered independent if the director:

- has been employed to the Company within the last three years;
- has, or has had, within the last three years, a material business relationship with the Company either directly, or as a partner, major shareholder, director or senior executive of a body that has had such a relationship with the Company;
- has direct family ties with any of the Company's directors, senior executive, or any of the Company's advisors;
- has participated or participates in the Company's share option, or any of the Company's performance-related pay schemes within the last three years;
- has received or receives from the Company, remuneration additional to a director's fee; or
- represents a significant shareholder in the Company.

BOARD SUCCESSION

All directors are subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals in keeping with the

Company's articles. Subject to re-election/election, directors appointed to the Board may serve on the Board until he or she attains the age of seventy-five (75) years.

BOARD COMPENSATION

The shareholders determine the remuneration of the non-executive Directors within the guidelines set out in the Articles of Incorporation. Executive Directors receive no remuneration.

The level of compensation of Directors aims to reflect the time, commitment and responsibilities of the role and consists of a package appropriate to attract, retain and motivate directors of the quality required.

BOARD EVALUATION

The Group completed a Board Evaluation in 2019/20 in the form of a written survey. The exercise was internally driven by the Corporate Governance Committee and the results indicated general satisfaction with the Board's performance. The findings were shared with the Board and recommendations to strengthen Board performance were discussed and implemented.

BOARD AND COMMITTEE MEETINGS

Five Directors' meetings were held from April 1, 2019 to March 31, 2020, as follows:
2019: June 10, August 22, October 30 and November 25.
2020: February 24.

The meeting attendance by the Directors and the Honorary Chairman is reflected in the Table below.

ATTENDANCE RECORD FOR
1834 BOARD and COMMITTEE MEETINGS April 2019 to March 2020

Name	Board (5)	Corporate Governance (2)	Audit (3)
Hon. Oliver F. Clarke, OJ (Chairman)	4	-	-
Joseph M. Matalon, CD (Vice-Chairman)	4	-	3
Professor Carol D. Archer	3	2	-
Christopher N. Barnes	2	-	-
Lisa G. Johnston	4	2	3
Elizabeth A. Jones, CD	4	-	3
Hon. Douglas R. Orane, CD	4	2	3
Morin M. Seymour, CD	5	-	-
Hon. John J. Issa, OJ, CD (Honorary Chairman)	4	-	-

COMMITTEES OF THE BOARD

To ensure that specific issues are subject to in-depth and timely review, certain functions have been delegated to various Board committees, which submit their recommendations or decisions to the Board. The committees constituted by the Board include: the Corporate Governance and Nomination Committee, and the Audit Committee, both of which are described briefly below:

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

The purpose of this committee is to strive to achieve global corporate governance best practice standards. The members of the committee as at March 31, 2020 were:

Hon. Douglas R. Orane, CD (Chair)
Professor Carol D. Archer
Lisa G. Johnston

The committee assists the Board with:

- Organizing and executing the annual review of the Board's performance and the performance of individual directors.

- Establishing, monitoring, reviewing and recommending to the Board, the corporate governance policies and procedures by which the Company and the Board shall be guided.

- The promotion of high standards of corporate governance based on the principles of openness, integrity and accountability, taking into account any existing legal and regulatory framework to which the Company may be accountable.

- Keeping up to date on corporate governance developments so as to ensure the Group's governance practices are in line with best practices.

- Monitoring and reviewing issues regarding the Company's conduct of its business as a responsible corporate citizen and to this end, review and revise

(and where necessary, create) existing ethical standards, rules, codes of the Company for compliance with best practices, for the approval of the Board.

- Reviewing the composition, operation and effectiveness of the Board committees and to this end, make recommendations to the Board to enhance performance and effectiveness.

- Seeing to the development and implementation of a Board induction process which includes ensuring the orientation of new Directors and appropriate training for all Directors.

- Ensuring systems are in place to bring possible conflicts of interest of Directors and related party transactions to the attention of the Board, and in addition, to make relevant proposals to the Board in accordance with the Company's corporate governance code.

- The nomination of new Directors and review of the existing Directors.

- Reviewing, at regular intervals and at least once a year, the Company's succession plan in respect of senior executive positions within the Group.

CORPORATE GOVERNANCE CODE

The Corporate Governance Code can be found on the Company's website at:

http://1834investments.com/pdf/1834investments-corporate-governance-code.pdf

AUDIT COMMITTEE

The Audit Committee of the board reviews financial performance and budgets, assesses operational risk and mitigation plans, and makes recommendations to the board for its decision.

The members of the committee as at March 31, 2020 were:

Elizabeth A. Jones, CD (Chair)
Lisa G. Johnston
Joseph M. Matalon, CD
Hon. Douglas R. Orane, CD

The roles and responsibilities of the Audit Committee include:

- Monitoring the financial objectives of the Company and Company's financial performance.
- Ensuring that the Company is compliant with the relevant reporting standards.
- Making formal financial announcements relating to the Company's financial performance.
- Reviewing and monitoring the external auditors' independence, objectivity and effectiveness of the audit process, taking into account relevant Jamaican and International professional and regulatory requirements.
- Monitoring and reviewing the effectiveness of the Company's internal audit functions.
- Considering, approving and recommending to the Board, the Group's annual operating and capital budgets.

KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 1834 Investments Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 46 to 101 which comprise the group's and the company's statements of financial position as at March 31, 2020, the group's and the company's income statements, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at March 31, 2020, and of the group's and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa
Cynthia L. Lawrence Nigel R. Chambers Wilbert A. Spence
Rajan Trehan Nyssa A. Johnson Rochelle N. Stephenson
Norman O. Rainford W. Gihan C. de Mel Sandra A. Edwards

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

1. *Valuation of investment properties*

Key audit matter	*How the matter was addressed in our audit*
The valuation of the group's investment properties requires significant estimation, which is affected by uncertainty of market factors, pricing assumptions and general business and economic conditions. See note 5 of the financial statements.	Our audit procedures in this area included the following: • Evaluating the reasonableness of the valuation methodologies employed by management, including management experts and the fair value conclusions for a sample of properties at the valuation date. • Inspecting a sample of investment properties to evaluate their physical condition and considered evidence of damage or impairment that might affect the fair value measurements. • Assessing the adequacy and appropriateness of the group's investment property disclosures, including the valuation techniques and significant unobservable inputs in accordance with IFRS 13, *Fair Value Measurement*.

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

2. *Valuation of investments*

Key audit matter	*How the matter was addressed in our audit*
The group's investments measured at fair value include corporate and municipal bonds classified as fair value through other comprehensive income and categorised as Level 2 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these instruments although based on observable inputs, involves the exercise of judgement and the use of assumptions. Management used valuation techniques which required inputs such as market yields obtained from established yield curves. The risk is that these valuations may be misstated. See note 23 (d) of the financial statements.	Our audit procedures in this area included the following: • Challenging the reasonableness of yields/prices by comparison to independent third-party pricing sources. • Assessing the reasonableness of significant assumptions used by such third-party pricing sources; • Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these to those used by management; and • Assessing the adequacy of disclosures including the degree of estimation involved in determining fair values.

3. Expected credit loss on financial assets

Key audit matter	*How the matter was addressed in our audit*
The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates. We therefore determined that the impairment of other receivables and investments has a high degree of estimation uncertainty.	Our audit procedures in this area included the following: • Obtaining an understanding of the models used by the group for the calculation of expected credit losses, including governance over the determination of key judgements.

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

3. Expected credit loss on financial assets (continued)

Key audit matters	*How the matter was addressed in our audit*
The key areas requiring greater management judgement include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information. Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement. These estimates involve increased judgment as a result of the economic impact of Covid-19 on the Group's financial assets. Management considered the following: • Qualitative factors that create COVID-19-related changes to SICR. • Increased uncertainty about potential future economic scenarios and their impact on credit losses. See note 23 (a) of the financial statements.	Our audit procedures in this area included the following: • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of: - the group's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default; and - the group's methodology for determining the economic scenarios used and the probability weightings applied to them. We also tested to external sources, a sample of economic variables used. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended March 31, 2020, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 and the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 44 - 45, forms part of our auditors' report.

Report on additional matters 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 maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is R. Tarun Handa.

KPMG

Chartered Accountants
Kingston, Jamaica

July 14, 2020

KPMG

INDEPENDENT AUDITORS' REPORT (Continued)

To the Members of
1834 INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report

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 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 company's/group'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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

To the Members of
1834 INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report (continued)

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

- 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

1834 INVESTMENTS LIMITED
MARCH 31, 2020

Statements of Financial Position

	NOTES	GROUP		COMPANY	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Assets					
Property, plant and equipment	4	2,139	6,061	2,139	6,061
Investment properties	5	437,097	414,350	437,097	414,350
Long-term receivables	6	18,658	22,452	18,658	22,452
Interest in associate	7	344,623	305,461	53,235	53,235
Investments	8	279,154	290,678	279,154	290,678
Total non-current assets		1,081,671	1,039,002	790,283	786,776
Cash and cash equivalents	11	110,576	90,247	104,183	86,547
Securities purchased under resale agreements	12	269,281	193,229	269,281	193,229
Other receivables	13	24,650	23,381	37,750	37,700
Taxation recoverable		11,920	25,419	11,920	22,962
Assets held for sale	14	-	95,813	-	95,813
Pension fund receivable	9	-	81,792	-	81,792
Total current assets		416,427	509,881	423,134	518,043
Total assets		1,498,098	1,548,883	1,213,417	1,304,819
Equity					
Share capital	15	605,622	605,622	605,622	605,622
Reserves	16	832,317	886,691	545,721	641,435
Total equity attributable to equity holders of parent		1,437,939	1,492,313	1,151,343	1,247,057
Liabilities					
Deferred tax liability, **being total non-current liability**	10	4,245	17,495	4,245	17,495
Accounts payable, **being total current liability**	17	55,914	39,075	57,829	40,267
Total current liabilities		55,914	39,075	57,829	40,267
Total liabilities		60,159	56,570	62,074	57,762
Total equity and liabilities		1,498,098	1,548,883	1,213,417	1,304,819

The financial statements on pages 46-101 were approved for issue by the Board of Directors on July 14, 2020 and signed on its behalf by:

Chairman (Acting)
Joseph M. Matalon, C.D.

Director
Elizabeth A. Jones, C.D.

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

1834 INVESTMENTS LIMITED
MARCH 31, 2020

Income Statements

	NOTES	GROUP		COMPANY	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue					
Operating income	18(a)	23,321	27,867	23,321	27,867
Fair value gain on investment property	5	22,747	-	22,747	-
Other income	18(b)	49,455	27,220	49,455	27,220
		95,523	55,087	95,523	55,087
Administration expenses		(19,623)	(24,359)	(19,623)	(24,359)
Other operating expenses		(63,573)	(46,031)	(59,318)	(44,737)
Impairment loss		(5,097)	(5,208)	(5,097)	(5,208)
Fair value loss on investment properties	5,14	-	(31,408)	-	(31,408)
	19	(88,293)	(107,006)	(84,038)	(105,712)
Profit/(loss) from operations		**7,230**	**(51,919)**	**11,485**	**(50,625)**
Finance costs		(373)	(98)	(340)	(98)
Profit/(loss) from operations before other income		**6,857**	**(52,017)**	**11,145**	**(50,723)**
(Loss)/gain on liquidation of subsidiaries	24	(1,896)	58,786	(5,604)	43,724
Share of profit from interest in associate	7	46,561	9,914	-	-
Profit/(loss) from operations before taxation		**51,522**	**16,683**	**5,541**	**(6,999)**
Taxation charge	20	(10,932)	(11,137)	(3,533)	(8,563)
Profit/(loss) for the year		**40,590**	**5,546**	**2,008**	**(15,562)**
Dealt with in the financial statements of:					
Parent company		2,008	(15,562)		
Subsidiaries		(580)	13,768		
Associate	7	39,162	7,340		
		40,590	**5,546**		
Earnings per stock unit:					
Based on stock units in issue	21	3.35¢	0.46¢		
Excluding stock units in GCLEIT	21	3.45¢	0.47¢		

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

1834 INVESTMENTS LIMITED
MARCH 31, 2020

Statements of Profit or Loss and Other Comprehensive Income

	NOTES	GROUP		COMPANY	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Profit/(loss) for the year		**40,590**	**5,546**	**2,008**	**(15,562)**
Other comprehensive income (OCI):					
Item that will never be reclassified to profit or loss					
Net losses on investments in equity securities designated at fair value through OCI (FVOCI)		(11,481)	(2,062)	(11,481)	(2,062)
Items that may be reclassified to profit or loss					
Fair value adjustments on debt securities at fair value through OCI (FVOCI)		10,659	(16,574)	10,659	(16,574)
Other comprehensive loss for the year, net of taxation		(822)	(18,636)	(822)	(18,636)
Total comprehensive profit/(loss) for the year		**39,768**	**(13,090)**	**1,186**	**(34,198)**
Dealt with in the financial statements of:					
The company		1,186	(34,198)		
Subsidiaries		(580)	13,768		
Associate	7	39,162	7,340		
		39,768	**(13,090)**		

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

1834 INVESTMENTS LIMITED
MARCH 31, 2020

Group Statement of Changes in Equity

	Share capital $'000	Capital reserves $'000	Fair value reserves $'000	Reserve for own shares $'000	Retained profits $'000	Total equity $'000
Balances as at March 31, 2018	605,622	1,033,139	23,276	(149,157)	191,173	1,704,053
Adjustment on the initial application of IFRS 9	-	-	1,725	-	(1,758)	(33)
Adjusted balances at April 1, 2018	605,622	1,033,139	25,001	(149,157)	189,415	1,704,020
Total comprehensive income for the year						
Profit for the year	-	-	-	-	5,546	5,546
Other comprehensive loss for the year:						
Fair value adjustments on debt securities at FVOCI	-	-	(16,574)	-	-	(16,574)
Net losses on investments in equity securities designated at fair value through OCI	-	-	(2,062)	-	-	(2,062)
Total other comprehensive loss for the year, net of taxation	-	-	(18,636)	-	-	(18,636)
Total comprehensive loss for the year, net of taxation	-	-	(18,636)	-	5,546	(13,090)
Transfer on liquidation of wholly owned subsidiaries		(128,247)	(1,540)	-	48,876	(80,911)
Other transfers [note 16(iii)]	-	(217,394)	-	-	217,394	-
Transfer of own shares sold in previous years	-	(29,548)	-	114,284	(84,736)	-
	-	(375,189)	(1,540)	114,284	181,534	(80,911)
Transactions with owners, recorded directly in equity:						
Total distributions to owners (note 22)	-	(117,706)	-	-	-	(117,706)
Balances as at March 31, 2019	605,622	540,244	4,825	(34,873)	376,495	1,492,313
Total comprehensive income for the year						
Profit for the year	-	-	-	-	40,590	40,590
Other comprehensive loss for the year:						
Fair value adjustments on debt securities at FVOCI	-	-	10,659	-	-	10,659
Net losses on investments in equity securities designated at fair value through OCI	-	-	(11,481)	-	-	(11,481)
Total other comprehensive profit/(loss) for the year, net of taxation	-	-	(822)	-	-	(822)
Total comprehensive profit for the year, net of taxation	-	-	(822)	-	40,590	39,768
Transfer on liquidation of wholly owned subsidiaries	-	(157)	-	-	157	-
Transfers [note 16(iii)]	-	(18,002)	-	-	18,002	-
	-	(18,159)	-	-	18,159	-
Transactions with owners, recorded directly in equity:						
Total distributions to owners (note 22)	-	(94,142)	-	-	-	(94,142)
Balances as at March 31, 2020	605,622	427,943	4,003	(34,873)	435,244	1,437,939

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

1834 INVESTMENTS LIMITED
MARCH 31, 2020

Company Statement of Changes in Equity

	Share capital $'000	Capital reserves $'000	Fair value reserves $'000	Retained profits $'000	Total equity $'000
Balances at March 31, 2018	605,622	699,748	21,736	76,595	1,403,701
Adjustment on the initial application of IFRS 9	-	-	1,725	(3,047)	(1,322)
Adjusted balances at April 1, 2018	605,622	699,748	23,461	73,548	1,402,379
Total comprehensive income for the year					
Loss for the year	-	-	-	(15,562)	(15,562)
Other comprehensive loss:					
Fair value adjustments on debt securities at FVOCI	-	-	(16,574)	-	(16,574)
Net losses on investments in equity securities designated at fair value through OCI	-	-	(2,062)	-	(2,062)
Total other comprehensive loss for the year, net of taxation	-	-	(18,636)	-	(18,636)
Total comprehensive loss for the year, net of taxation	-	-	(18,636)	(15,562)	(34,198)
Other transfers [note 16(iv)]	-	(38,380)	-	38,380	-
Transactions with owners, recorded directly in equity					
Total distributions to owners (note 22)	-	(121,124)	-	-	(121,124)
Balances at March 31, 2019	605,622	540,244	4,825	96,366	1,247,057
Total comprehensive income for the year					
Profit for the year	-	-	-	2,008	2,008
Other comprehensive loss:					
Fair value adjustments on debt securities at FVOCI	-	-	10,659	-	10,659
Net losses on investments in equity securities designated at fair value through OCI	-	-	(11,481)	-	(11,481)
Total other comprehensive loss for the year, net of taxation	-	-	(822)	-	(822)
Total comprehensive profit for the year, net of taxation	-	-	(822)	2,008	1,186
Transfers [note 16(iv)]	-	(15,244)	-	15,244	-
Transactions with owners, recorded directly in equity					
Total distributions to owners (note 22)	-	(96,900)	-	-	(96,900)
Balances at March 31, 2020	605,622	428,100	4,003	113,618	1,151,343

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

1834 INVESTMENTS LIMITED
MARCH 31, 2020

Statements of Cash Flows

	NOTES	Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash flows from operating activities					
Profit/(loss) for the year		40,590	5,546	2,008	(15,562)
Adjustments to reconcile profit/(loss) to net cash provided/(used)by operating activities:					
Depreciation	4	3,961	4,793	3,961	4,793
Income tax	20(a)	24,182	8,974	16,783	8,974
Deferred taxation	20(a)	(13,250)	(411)	(13,250)	(411)
Interest income	18(a)	(18,908)	(20,525)	(18,908)	(20,525)
Interest expense		373	98	340	98
Decrease in fair value of asset held-for-sale		-	16,519	-	16,519
Increase in fair value of investment properties		(22,747)	14,889	(22,747)	14,889
Impairment loss	19	5,097	5,208	5,097	5,208
Share of profit of associate, net of tax	7	(39,162)	(7,340)	-	-
Gain on disposal of assets held for sale		(5,999)	2,674	(5,999)	2,674
Loss/(gain) on sale of bond		2,852	-	2,852	-
Gain on sale of pension assets		(19,466)	-	(19,466)	-
Loss on liquidation of subsidiaries		1,896	(58,786)	5,604	(43,724)
Increase in the fair value of units		(369)	(102)	(369)	(102)
		(40,950)	(28,463)	(44,094)	(27,169)
Tax paid		(13,140)	(32,101)	(5,741)	(32,101)
Interest paid		(373)	(98)	(340)	(98)
Trade and other receivables		(2,839)	(5,563)	(7,082)	5,062
Securities purchased under agreements for resale		(76,052)	(184,597)	(76,052)	(184,597)
Accounts payable		17,542	14,047	17,561	(38,506)
Pension fund receivable		-	(7,470)	-	(7,470)
Net cash used in operating activities		(115,812)	(244,245)	(115,748)	(284,879)
Cash flows from investing activities					
Interest received		17,787	24,296	17,787	24,296
Additions to property, plant and equipment		(39)	-	(39)	-
Proceeds from sale of assets held for sale		101,812	201,639	101,812	201,639
Proceeds from sale of bonds		68,233	-	68,233	-
Proceeds from settlement of pension units		59,173	-	59,173	-
Distribution from liquidated subsidiaries		-	-	-	45,137
Investments, net		(19,766)	154,195	(19,765)	155,747
Long-term receivable		3,083	4,439	3,083	4,439
Net cash provided by investing activities		230,283	384,569	230,284	431,258
Cash flows from financing activity					
Distributions, being net cash used by financing activity	22	(94,142)	(117,706)	(96,900)	(121,124)
Net cash used by financing activities		(94,142)	(117,706)	(96,900)	(121,124)
Net increase in cash and cash equivalents		20,329	22,618	17,636	25,252
Cash and cash equivalents at beginning of the year		90,247	67,629	86,547	61,295
Cash and cash equivalents at end of the year		110,576	90,247	104,183	86,547

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

1834 INVESTMENTS LIMITED

Notes to the Financial Statements
March 31, 2020

1. Identification

1834 Investments Limited, formerly The Gleaner Company Limited ("company" or "parent company"), is incorporated under the laws of, and is domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange and has its registered office at 7 North Street, Kingston.

The group's principal activities are the management of real estate and other investments.

Group refers collectively to the company and its associates, which are as follows:

	Principal activity	Country of incorporation	% Ownership by Group
Associate:			
Jamaica Joint Venture Investment Company Limited (JJVI)	Real Estate Investment	Jamaica	50% Joint Venture

JJVI has a 100% shareholding in Manhart Properties Limited and City Properties Limited both of which own commercial properties (see also note 7).

In November 2019, the company petitioned to strike off its only remaining subsidiary, Selectco Publications Limited. Its profit or loss has been included in the consolidated statements up to the date of disposal. In the prior year, four (4) subsidiaries were also either legally dissolved or petitioned for striking off the company register. These included 1834 Investments (Canada) Inc., digjamaica.com Limited, Popular Printers Limited and Associated Enterprise Limited (see also note 24).

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act (Act).

The preparation of the financial statements in accordance with IFRS assumes that the company will continue for the foreseeable future. This means, in part, that the statement of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis. Companies are required to assess and disclose material uncertainties related to events or conditions that may cast significant doubt on their ability to continue as a going concern. In addition, disclosure is required when management concludes that there are no material uncertainties but reaching that conclusion involved significant judgement.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements
March 31, 2020

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

The Covid-19 outbreak is evolving rapidly, having already seen a number of significant developments within a relatively short timeframe. These developments have significant business implications for many entities, as well as related financial statement effects. Because the spread of Covid-19 has triggered a series of events rather than a one-off event, the assessment of the severity of the effects on an entity can vary significantly depending on the sector and markets that an entity operates in, as well as the specific conditions at the time when the assessment is made. As indicated in note 23(a)(ii), management has considered the impact of the Covid-19 outbreak on its financial assets. These estimates involve increased judgment as a result of the economic impacts of Covid-19 on the group's financial assets. Inter alia, management considered qualitative factors that create Covid-19 related changes to significant increase in credit risk (SICR) and increased uncertainty about potential future economic scenarios and their impact on credit losses. Management, supported by its external valuator, also considered the impact of Covid-19 related economic scenarios on its investment properties and concluded that the going concern basis continues to be appropriate in the preparation of the financial statements.

Details of the group's accounting policies, including changes during the year are included in notes 27 and 28.

The application of IFRS 16, *Leases* had no material impact on the financial statements.

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis, except for the following:

(i) Investment properties that are carried at fair value (note 5).

(ii) Assets held for sale which are measured at the lower of their carrying amount and fair value less cost to sell (note 14).

(iii) Debt instruments at fair value through other comprehensive income (FVOCI) measured at fair value (2019: FVOCI).

(iv) Certain debt instruments mandatorily classified at fair value through profit or loss.

(v) Certain equity securities designated as FVOCI are measured at fair value.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

2. Statement of compliance and basis of preparation (continued)

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the group. Financial information presented is shown in thousands of Jamaica dollars, unless otherwise stated.

(d) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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

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

(i) Critical accounting judgements in applying the group's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(ii) Key assumptions and other sources of estimation uncertainty

(1) Impairment of financial assets:

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- 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 financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the group in the above areas is set out in note 23.

(2) Determination of fair values:

The group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – Inputs that are quoted market prices (unadjusted) in an active market for an identical asset or liability.
- Level 2 – Inputs that are other quoted prices included within level 1 that are observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(ii) Key assumptions and other sources of estimation uncertainty (continued)

(2) Determination of fair values (continued):

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(3) Investment properties:

Investment properties reflect fair value amounts, based on market information, including valuations done by independent valuators in the current year and by the directors in the prior year. On the instructions of management, the valuators have used valuation techniques such as the direct sales comparison approach, income approach and cost approach to determine fair value as detailed in note 5.

(4) Income taxes:

In the ordinary course of the group's business, it undertakes transactions, and is subject to events, the tax effects of which are uncertain. In the face of such uncertainty, the group makes estimates and judgements in determining the provision for income taxes.

The final tax outcome attributable to matters subject to such estimates and judgements may be materially different from that which is initially recognised. Any such difference will impact the current and deferred income tax provisions in the period in which such determination is made.

3. Role of auditors

The external auditors have been appointed by the stockholders pursuant to the Articles of Incorporation and the Act to conduct an independent and objective audit of the financial statements of the group and the company and in accordance with International Standards on Auditing, and report thereon to the stockholders. The auditors' report outlines the scope of their audit and their opinion.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

4. Property, plant and equipment

	Group and Company		
	Machinery and equipment	Fixtures and fittings	Total
	$'000	$'000	$'000
Cost			
Balances as at March 31, 2018 and 2019	59,271	-	59,271
Additions	-	39	39
Balances as at March 31, 2020	59,271	39	59,310
Depreciation			
Balances at March 31, 2018	48,417	-	48,417
Charge for the year	4,793	-	4,793
Balances at March 31, 2019	53,210	-	53,210
Charge for the year	3,958	3	3,961
Balances at March 31, 2020	57,168	3	57,171
Carrying amounts			
March 31, 2020	2,103	36	2,139
March 31, 2019	6,061	-	6,061

5. Investment properties

	Group and Company	
	2020	2019
	$'000	$'000
Balance at beginning of the year	414,350	549,239
Disposals during the year	-	(120,000)
Increase/(decrease) in fair value	22,747	(14,889)
Balance at end of the year	437,097	414,350

During the year, investment properties generated income and incurred expenses as follows:

	Group and Company	
	2020	2019
	$'000	$'000
Income earned from investment properties	4,413	7,342
Expenses incurred on investment properties	968	939

Investment properties with a value of $437,000,000 (2019: $414,350,000) are based on fair values as at March 31, 2020 as determined by professional independent valuators, Allison, Pitter & Company, who have an appropriate recognised professional qualification and recent experience in vocation and categories of properties being valued.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

5. Investment properties (continued)

As at March 31, 2020, the properties were revalued on a fair value market value basis by the Directors with reference to a review opinion provided by Allison, Pitter & Company.

The fair value of land and buildings is categorised as level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market based approach: The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable assuming no cost delay in making the substitution. The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.	• Details of the sales of comparable properties. • Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower).

6. Long-term receivables

	Group and Company	
	2020	2019
	$'000	$'000
Loan receivable [US$179,583 (2019: US$214,583)]	24,057	26,827
Less: Current portion [see other receivables (note 13)]	(4,688)	(4,375)
Less: Allowance for impairment losses	(711)	-
	18,658	22,452

Loan receivable represents the balance on a loan due to the company. This loan, which bears interest of 4% per annum, is secured by real estate. Under the repayment arrangement, the final payment is due in August 2021.

7. Interest in associate

The Group has a 50% interest in a real estate investment company, Jamaica Joint Venture Investment Company Limited (JJVI). The 50% share of profit which is recognised in the current period is based on the associate's latest available audited financial statements for the year ended December 31, 2017, updated for significant transactions to March 31, 2020.

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Shares at cost	53,235	53,235	53,235	53,235
Group's share of reserves	291,388	252,226	-	-
	344,623	305,461	53,235	53,235

Associate company results recorded in the year ended March 31, 2020, related to the twenty-seven month period commencing January 1, 2018, to March 31, 2020 (2019: Twelve month period ended December 31, 2017). This included adjustments attributable to the group's share of net assets consequent on ownership adjustments in prior years.

The following table summarises the financial information of the associate (JJVI), as included in its own financial statements, after elimination of differences in accounting policies and intercompany transactions.

	Group	
	2020 $'000	2019 $'000
Percentage ownership interest	**50%**	**50%**
Non-current assets:		
Property, plant and equipment	1,771	2,668
Investment properties	266,800	545,500
Goodwill on consolidation	711	711
Due from related parties	3,009	3,009
Deferred tax asset	548	565
Loan receivable	3,569	3,323
Total non-current assets	276,408	555,776
Current assets:		
Trade and other receivables	113,590	56,091
Taxation recoverable	617	3,372
Assets held for sale	235,000	-
Cash and cash equivalents	81,607	90,165
Total current assets	430,814	149,628
Non-current liabilities:		
Long term loans	(1,746)	(1,746)
Total non-current liabilities	(1,746)	(1,746)
Current liabilities:		
Due to ultimate holding company	(23)	(43)
Trade and other payables	(12,041)	(15,417)
Taxation payable	(4,165)	(492)
Total current liabilities	(16,229)	(15,952)
Net assets	689,247	687,706
Group share of net assets (50%)	344,623	343,853

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Notes to the Financial Statements (Continued)
March 31, 2020

7. Interest in associate (continued)

	Group	
	27 months	12 months
	$'000	$'000
Revenue from operations, being total revenue	204,173	92,304
Fair value adjustment	33,084	-
Depreciation and amortisation	(897)	(758)
Administrative expense	(140,387)	(69,827)
Interest expense	(2,851)	(1,892)
Profit before taxation	93,122	19,827
Group share of profit before taxation (50%)	46,561	9,914
Income tax charge	(14,797)	(5,148)
Group share of income tax charge (50%) (see note 20)	(7,399)	(2,574)
Net profit	39,162	7,340
Group's share of reserves:		
Balance as at April 1	252,226	244,886
Group's share of current year profit	39,162	7,340
Balance at March 31	291,388	252,226

8. Investments

	Group and Company	
	2020	2019
	$'000	$'000
FVOCI:		
Quoted equities	53,793	62,429
Unquoted equities	6,050	6,053
Corporate bonds	41,972	133,959
10.179% Barclays Bank PLC investment note	43,762	37,506
	145,577	239,947
Amortised cost:		
Certificates of deposit	52,735	42,188
Investments at fair value through profit or loss:		
Units in unit trust	80,842	8,543
	279,154	290,678

9. Pension fund receivable

The amount represents surplus due to the company arising from the discontinuation of the defined-benefit pension fund on July 15, 2010. The total outstanding was received during the year.

	Group and Company	
	2020	2019
	$'000	$'000
Balance at beginning of the year	81,792	74,322
Net received during the year	(81,792)	-
Income earned during the year	-	7,470
Balance at end of year	-	81,792

10. Deferred taxation

Deferred taxation is attributable to the following:

(a) **Group and Company:**

	2020	2019
	$'000	$'000
Investments	602	1,605
Unrealised foreign exchange gain	(3,417)	3,620
Property, plant and equipment	(114)	(1,092)
Pension fund receivables	-	(20,448)
Other receivables	(1,316)	(1,180)
Net liability	(4,245)	(17,495)

(i) Movement in net temporary differences during the year are as follows:

	Group and Company		
	2020		
	Balance at April 1, 2019	Recognised in profit or loss [note 20(a)(ii)]	Balance at March 31, 2020
	$'000	$'000	$'000
Investments	1,605	(1,003)	602
Unrealised foreign exchange gain	3,620	(7,037)	(3,417)
Property, plant and equipment	(1,092)	978	(114)
Pension fund receivable	(20,448)	20,448	-
Other receivables	(1,180)	(136)	(1,316)
	(17,495)	13,250	(4,245)

10. Deferred taxation (continued)

Deferred taxation is attributable to the following (continued):

(a) **Group and company (continued):**

(i) Movement in net temporary differences during the year are as follows (continued):

	Group and Company			
	2019			
	Balance at April 1, 2018	Recognised in profit or loss [note 20(a)(ii)]	Recognised in other comprehensive income	Balance at March 31, 2019
	$'000	$'000	$'000	$'000
Investments	3,600	(1,995)	-	1,605
Unrealised foreign exchange gain	1,357	2,263	-	3,620
Inventories	(4)	-	4	-
Property, plant and equipment	(1,574)	1,100	(618)	(1,092)
Pension fund receivable	(18,580)	(1,868)	-	(20,448)
Other receivables	(2,091)	911	-	(1,180)
	(17,292)	411	(614)	(17,495)

11. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Bank and cash balances	110,576	90,247	104,183	86,547

12. Securities purchased under resale agreements

The group and the company invest in securities purchased under resale agreements. At the reporting date the securities had a carrying amount of $269,281,084 (2019: $193,229,000), net of impairment allowance of $1,240,000 (2019: $647,000).

At the reporting date, the fair value of the underlying securities held as collateral for the resale agreements was $270,520,639 (2019: $193,875,000) for the group and the company.

13. Other receivables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Due from related parties	-	-	14,308	15,637
Other receivables [see (a) below]	22,510	19,006	21,302	18,977
Current portion of long term receivable (see note 6)	4,688	4,375	4,688	4,375
Less: Allowance for impairment losses	(2,548)	-	(2,548)	(1,289)
	24,650	23,381	37,750	37,700

13. Other receivables (continued)

(a) Other receivables is comprised as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
General Consumption Tax (GCT) recoverable	8,409	8,398	8,409	8,398
Interest receivable	5,714	4,593	5,714	4,593
Other receivables and prepayments	8,387	6,015	7,179	5,986
	22,510	19,006	21,302	18,977

14. Assets held for sale

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at beginning of the year	95,813	196,645	95,813	196,645
Disposals during the year	(95,813)	(84,313)	(95,813)	(84,313)
Decrease in fair value	-	(16,519)	-	(16,519)
Balance at end of the year	-	95,813	-	95,813

Management sold some of its investment properties during the prior and current year. Accordingly, the properties were presented as assets held for sale in the prior year. The assets were sold during the current year.

The valuation techniques used in measuring the fair value of the asset, as well as the significant unobservable inputs used are described in note 5. This is classified as level 3 in the fair value hierarchy.

15. Share capital

	2020	2019
	$'000	$'000
Share capital issued and fully paid:		
1,211,243,827 stock units of no par value	605,622	605,622

At March 31, 2020, the authorised share capital comprised 1,216,000,000 ordinary stock units (2019: 1,216,000,000). All issued stock units are fully paid. The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the company.

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March 31, 2020

16. Reserves

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Capital				
Realised:				
Share premium (i)	4,353	4,353	4,353	4,353
Gain on sale of loan (ii)	1,334	1,334	1,334	1,334
	5,687	5,687	5,687	5,687
Unrealised:				
Revaluation of land and buildings (iii)	422,413	534,557	422,413	534,557
Loss on the disposal of subsidiaries	(157)	-	-	-
	422,256	534,557	422,413	534,557
Total capital reserves	**427,943**	**540,244**	**428,100**	**540,244**
Reserve for own shares (iv)	(34,873)	(34,873)	-	-
Fair value reserve (ii)	4,003	4,825	4,003	4,825
Revenue				
Retained profits	435,244	376,495	113,618	96,366
	832,317	886,691	545,721	641,435

(i) Share premium is retained in accordance with the provisions of Section 39(7) of the Jamaican Companies Act.

(ii) Fair value reserve represents unrealised gains arising on changes in fair value of debt and equity investment securities measured at FVOCI. Realised gains on sale of loans were also transferred to realised capital reserves in prior years.

(iii) During the year, $18,002,000 (2019: $217,394,000) for the group and $15,244,000 (2019: $38,380,000) for the company was transferred from capital reserves to retained earnings. This includes appreciation in fair value of property, plant and equipment sold in the current and previous years, reserves arising from consolidation of subsidiaries in previous years and other gains that were realised in prior years now being transferred to retained earnings.

(iv) Reserve for own shares is included in the financial statements by consolidation of The Gleaner Company Limited Employee Investment Trust (GCLEIT) as it is regarded as a special purpose entity and is required to be consolidated under IFRS 10. The reserve comprises the cost of the company's stock units held by the group through the GCLEIT. At March 31, 2020, GCLEIT held 34,873,148 (2019: 34,873,148) of the company's stock units (note 21) at a market value of $32,432,028 (2019: $36,616,805.40).

17. Accounts payable

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Due to related parties	16,042	7,148	16,042	7,148
Unclaimed dividends	24,951	25,472	24,951	25,472
Other payables	14,921	6,455	16,836	7,647
	55,914	39,075	57,829	40,267

18. Revenue

(a) Operating income:

	Group and Company	
	2020 $'000	2019 $'000
Interest income, calculated using the effective interest method	18,908	20,525
Rental income	4,413	7,342
	23,321	27,867

(b) Other income:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Fair value gain on units in unit trust	369	102	369	102
Gain on disposal of pension units	19,466	-	19,466	-
Gain on disposal of assets held for sale	5,999	-	5,999	-
Dividends received	1,754	1,815	1,754	1,815
Unrealised foreign exchange gain	16,718	17,274	16,718	17,274
Other	5,149	8,029	5,149	8,029
	49,455	27,220	49,455	27,220

19. Administration and other operating expenses

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Directors' emoluments:				
Fees	1,281	3,750	1,281	3,750
Management remuneration	4,064	5,383	4,064	5,383
Auditors' remuneration	4,500	5,750	4,500	5,750
Shared services	3,768	3,768	3,768	3,768
Depreciation	3,961	4,793	3,961	4,790
Loss on sale of assets held for sale	-	2,675	-	2,675
Insurance	2,427	3,287	2,427	3,287
Professional, legal, accounting and support fees	25,232	26,095	25,232	26,095
Utilities and telephone	1,229	1,216	1,229	1,216
Office expenses	271	112	271	41
Building maintenance	805	387	805	387
Registrar services	3,586	3,357	3,586	3,357
Jamaica Stock Exchange (JSE) fees	2,569	1,850	2,569	1,850
Impairment losses	5,097	5,208	5,097	5,208
Loss on disposal of bonds	2,852	-	2,852	-
Fair value loss on investment properties	-	31,408	-	31,408
Irrecoverable G.C.T.	3,770	-	3,770	-
Other expenses and provisions	22,881	7,967	18,626	6,747
	88,293	107,006	84,038	105,712

20. Taxation

(a) Taxation is based on the profit for the year as adjusted for tax purposes and is made up as follows:

		Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
(i)	Current tax expense:				
	Income tax at 25%	19,803	3,020	19,803	3,020
	Income tax in associate (see note 7)	7,399	2,574	-	-
	Prior year (over)/under provision	(3,020)	5,954	(3,020)	5,954
		24,182	11,548	16,783	8,974
(ii)	Deferred tax credit:				
	Origination and reversal of timing differences [note 10(a)(i)]	(13,250)	(411)	(13,250)	(411)
	Total taxation charge recognised	10,932	11,137	3,533	8,563

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Notes to the Financial Statements (Continued)
March 31, 2020

20. Taxation (continued)

(b) The tax effect of differences between treatment of items for financial statements and taxation purposes are as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Profit/(loss)/from operations before taxation	51,522	16,683	5,541	(6,999)
Income tax at 25%	12,881	4,171	1,385	(1,750)
Difference between depreciation and tax capital allowances	658	3,267	774	3,267
Disallowed expenses and other capital adjustments, net	413	(2,255)	4,394	1,092
Actual tax charge	13,952	5,183	6,553	2,609
Prior year (over)/under provision	(3,020)	5,954	(3,020)	5,954
Tax charge	10,932	11,137	3,533	8,563

(c) Uncertainty over income tax treatments:

The company received an Income Tax and PAYE assessment from Tax Administration Jamaica (TAJ) for the 2010 year of assessment amounting to $62.81 million. This $62.81 million was broken down to be $40.55 million for corporate income tax (CIT) and $22.26 million for pay-as-you-earn (PAYE).

On April 29, 2016, an objection was filed by the company with TAJ to the CIT and PAYE assessments. The objection decision, dated May 6, 2020, reduced the total assessment to $50.89 million.

After evaluating the probabilities of successfully defending its tax treatments, the company proposes to challenge the TAJ within the allowed timelines for doing so. Consequent on its evaluation, management has made a general provision of $13.77 million in the accounts as at March 31, 2020, and the remainder amount of $37.12 million has not been recognized in these consolidated financial statements because management believes it is probable that it will successfully defend the tax treatments underlying this amount with the tax authorities.

21. Earnings per stock unit

The calculation of earnings per stock unit is arrived at by dividing profit after taxation attributable to stockholders of the company of $40,590,000 (2019: $5,546,000) by 1,211,243,827, being the number of stock units in issue at March 31, 2020 (2019: 1,211,243,827) as well as by 1,176,370,679 (2019: 1,176,370,679), being stock units in issue less those held by the GCLEIT [see note 16(iv)].

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Notes to the Financial Statements (Continued)
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22. Dividends paid (gross)

An interim capital distribution of 8 cents (2019: ordinary dividends of 10 cents) per stock unit was paid on October 4, 2019 (2019: December 19, 2018), to stockholders on record at close of business on September 13, 2019 (2019: December 3, 2018).

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Distributions:				
First interim paid in respect of				
2020: 8¢ (2019: 10¢) per stock unit - gross	96,900	121,124	96,900	121,124
Allocated to GCLEIT	(2,758)	(3,418)	-	-
	94,142	117,706	96,900	121,124

23. Financial risk management

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Group Audit Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Group Audit Committee undertakes both regular and ad hoc reviews of risk management controls and procedures.

(a) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables, investments, pension receivable, securities purchased under resale agreements and cash and cash equivalents.

(i) Maximum exposure to credit risk

The maximum credit exposure, that is, the total amount of loss the company would suffer if every counterparty to the group's financial assets were to default at once, is represented by the carrying amount of financial assets.

23. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Management of credit risk

The group manages the credit risk on items exposed to such risk as follows:

- Cash and cash equivalents:

  These are held with reputable regulated financial institutions; collateral is not required for such accounts as management regards the institutions as strong and financially sound.

- Securities purchased under resale agreements:

  Agreements are made only with reputable, regulated counterparties management regards as strong and financially sound.

  Collateral is held for all resale agreements in amounts that cover the principal advanced and interest expected to be earned over the term of the agreement.

- Investment securities, loans and other receivables:

  The maximum credit exposure, the total amount of loss the Group would suffer if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets exposed to credit risk. Exposure to credit risk is managed by regular analysis of the ability of counterparties to meet repayment obligations.

  The COVID-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The downgrading of credit ratings and/ or outlooks for investment securities held has resulted in an increase in the credit risk of some debt instruments, loan and other receivables.

(iii) Concentration of credit risk

There is no significant concentration of credit risk.

(iv) Collateral

The fair value of collateral held for financial assets exposed to credit risk is set out in note 23(d).

23. Financial risk management (continued)

(a) Credit risk (continued):

(v) Credit quality analysis

Investments and long-term receivables

Credit risk is the single largest risk for the group's business. Credit risk management and control is delegated to the group's Audit Committee. The Committee is responsible for oversight of credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, and limiting concentration of exposure to counterparties.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

The management of credit risk exposure to the group's financial assets is as follows:

Maximum exposure to credit risk and credit quality analysis

The following table sets out information about the maximum exposure to credit risk and the credit quality of financial assets measured at amortised cost and FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

- Debt securities and other financial assets:

	Group and Company	
	2020 $'000	**2019 $'000**
Amortised cost:		
Non-investment grade	270,521	236,064
Loss allowance	(1,240)	(647)
	269,281	235,417
Fair value through OCI:		
Investment grade	101,815	171,465
Non-investment grade	43,762	68,482
	145,577	239,947
Loss allowance	(1,887)	(642)

23. Financial risk management (continued)

(a) Credit risk (continued):

(v) Credit quality analysis (continued)

Maximum exposure to credit risk and credit quality analysis (continued)

- Long term receivable at amortised cost:

	Group and Company			
	2020		2019	
	Stage 1	Total	Stage 1	Total
	$'000	$'000	$'000	$'000
Performing	19,369	19,369	22,452	22,452
Loss allowance	(711)	(711)	-	-
Carrying amount	18,658	18,658	22,452	22,452

The key judgements and assumptions adopted by the Group in addressing the requirements of IFRS 9 are discussed below:

Credit risk grades

The group uses external credit ratings provided by rating agencies to assess the probability of default of individual counterparties.

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The group does not apply the low credit risk exemption to any other financial instruments.

Determining whether credit risk has been increased significantly

The group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on the credit rating of an investment where investments that are transitioned from investment grade to non-investment grade;
- qualitative indicators; and
- a backstop of 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

23. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

Determining whether credit risk has been increased significantly (continued)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a financial asset have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Definition of default (Stage 3):

In assessing whether a borrower is in default, the company uses the following indicators:

- Bankruptcies and liquidations: Failure to pay interest/principal on an interest-bearing bond or loan, miss payment (principle, interest, or both), past the grace period.

- Distressed restructuring: difference between the net present values of cash flows before and after restructuring arrangements exceeds a certain threshold the exposure should be classified as defaulted.

- Government bail-out: For banks and financial institutions.

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the group’s Finance team on an annual basis and provide the best and worst estimate view of the economy.

23. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

Incorporation of forward-looking information (continued)

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and compared historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the group considers other possible scenarios and scenario weightings. At April 1, 2019, and March 31, 2020, the group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP). Appropriate consideration to the impact of the Covid-19 pandemic was accorded.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Measurement of ECL

Historical recovery rate data was compared to a variety of factors in order to determine correlations between these factors and the amount recovered (as defined above). These correlations were then used to determine the coefficients in a non-linear factor model which is used for projecting recovery rates and losses prospectively. The output from this model can be used either on a stand-alone basis to estimate recovery by specific liability class upon default, or as inputs to a more comprehensive portfolio credit risk management system.

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Notes to the Financial Statements (Continued)
March 31, 2020

23. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

Measurement of ECL (continued)

EAD represents the expected exposure in the event of a default. In preparing the full lifetime ECL calculation, the EAD is calculated at annual intervals from the reporting date out to maturity. The reporting date, transaction date and transaction price are used to calculate the accounting exposure at default. If not provided, an accounting effective interest rate is calculated using the transaction date and price (see section below for more) and is applied to the future cash flows of the particular instrument to discount these cash flows. This is done on an annual basis from reporting date out until maturity.

Loss allowance

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

- Long-term loan receivable and resale agreements:

	Group and Company 2020 Stage 1 $'000
Balance at March 31, 2019	647
Net re-measurement of loss allowance	1,304
Balance at March 31, 2020	1,951

- Other receivable:

	Group and Company 2020 Stage 1 $'000
Balance at March 31, 2019	-
Net re-measurement of loss allowance	2,548
Balance at March 31, 2020	2,548

23. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis (continued)

Loss allowance (continued)

- Debt securities at FVOCI:

	Group and Company 2020 Stage 1 $'000
Balance at March 31, 2019	642
Net re-measurement of loss allowance	1,245
Balance at March 31, 2020	1,887

(b) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically, the group ensures that it has sufficient cash on demand and marketable securities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The group's financial liabilities comprise accounts payable that are repayable within one year at the carrying amount reflected on the statement of financial position.

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

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the group's and company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. There has been no change to the group's exposure to market risk or the manner in which it measures and manages this risk.

23. Financial risk management (continued)

(c) Market risk (continued):

(i) Foreign currency risk:

Foreign currency risk is that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The company is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. The main currencies giving rise to this risk are the United States dollar (US$) and Canadian dollars ($). The company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable, except where it undertakes a gapping strategy in pursuit of exchange rate gains. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

The group's and the company's exposure to foreign currency risk are materially denominated in United States dollars (US$) and are as follows:

	Group and Company	
	2020	2019
	US$ ('000)	US$ ('000)
Investments	1,964	2,215
Cash and cash equivalents	300	80
Securities purchased under resale agreements	2,019	1,463
Long term and other receivables	180	215
Net foreign currency denominated assets	4,463	3,973

Sensitivity analysis

A strengthening/weakening of the Jamaica dollar against the United States dollar at March 31, 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

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Notes to the Financial Statements (Continued)
March 31, 2020

23. Financial risk management (continued)

(c) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity analysis (continued)

Group and Company 2020				
		Increase		Decrease
Currency	% weakening	Effect on profit or loss $'000	% strengthening	Effect on profit or loss $'000
US$	6	35,867	2	(11,956)

Group and Company 2019				
		Increase		Decrease
Currency	% weakening	Effect on profit or loss $'000	% strengthening	Effect on profit or loss $'000
US$	4	18,742	2	(9,934)

(ii) Interest rate risk:

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

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

The 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-earning financial assets and interest-bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by management and the Audit Committee.

23. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

The table below summarises the group's exposure to interest rate risk. Included in the tables are the carrying amounts of the group's financial instruments, categorised by the earlier of contractual repricing and maturity dates.

	Group 2020					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	110,576	110,576
Securities purchased under resale agreements	202,305	66,976	-	-	-	269,281
Investments	-	-	138,469	-	140,685	279,154
Other receivables	-	-	-	-	24,650	24,650
Long-term receivable	-	-	18,658	-	-	18,658
Total financial assets	202,305	66,976	157,127	-	275,911	702,319
Liabilities						
Accounts payable	-	-	-	-	55,914	55,914
Total financial liabilities	-	-	-	-	55,914	55,914
Interest rate sensitivity gap	202,305	66,976	157,127	-	219,997	646,405
Cumulative interest sensitivity gap	202,305	269,281	426,408	426,408	646,405	-

	Group 2019					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	90,247	90,247
Securities purchased under resale agreements	193,229	-	-	-	-	193,229
Investments	-	-	115,616	98,037	77,025	290,678
Other receivables	-	-	-	-	23,381	23,381
Long-term receivable	-	-	22,452	-	-	22,452
Pension receivable	-	-	-	42,091	39,701	81,792
Total financial assets	193,229	-	138,068	140,128	230,354	701,779
Liabilities						
Accounts payable	-	-	-	-	39,075	39,075
Total financial liabilities	-	-	-	-	39,075	39,075
Interest rate sensitivity gap	193,229	-	138,068	140,128	191,279	662,704
Cumulative interest sensitivity gap	193,229	193,229	331,297	471,425	662,704	-

23. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

	Company 2020					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	104,183	104,183
Securities purchased under resale agreements	202,305	66,976	-	-	-	269,281
Investments	-	-	138,469	-	140,685	279,154
Other receivables	-	-	-	-	37,750	37,750
Long-term receivable	-	-	18,658	-	-	18,658
Total financial assets	202,305	66,976	157,127	-	282,618	709,026
Liabilities						
Accounts payable	-	-	-	-	57,829	57,829
Total financial liabilities	-	-	-	-	57,829	57,829
Interest rate sensitivity gap	202,305	66,976	157,127	-	224,789	651,197
Cumulative interest sensitivity gap	202,305	269,281	427,408	427,408	651,197	-

	Company 2019					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	86,547	86,547
Securities purchased under resale agreements	193,229	-	-	-	-	193,229
Investments	-	-	115,616	98,037	77,025	290,678
Other receivables	-	-	-	-	37,700	37,700
Long-term receivable	-	-	22,452	-	-	22,452
Pension receivable	-	-	-	42,091	39,701	81,792
Total financial assets	193,229	-	138,068	140,128	240,973	712,398
Liabilities						
Accounts payable	-	-	-	-	57,829	57,829
Total financial liabilities	-	-	-	-	57,829	57,829
Interest rate sensitivity gap	193,229	-	138,068	140,128	224,789	651,197
Cumulative interest sensitivity gap	193,229	193,229	331,297	471,425	651,197	-

23. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

The table below summarises the weighted average interest rate by major currencies for interest-bearing financial instruments of the group at the reporting date:

	Group and Company	
	2020	2019
	US$	US$
	%	%
Assets		
Securities purchased under resale agreements	2.57	1.63
Investments	7.98	6.56
Long-term loan receivable	4.00	4.00
Pension receivable	-	17.06

The group minimises interest rate risk by investing mainly in fixed rate securities and contracting liabilities at fixed rates, where possible. There are no variable rate instruments.

Profile

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Financial assets	406,130	448,973	406,130	448,973

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

An increase of 100 or decrease of 100 (2019: An increase of 100 or decrease of 100) basis points in interest rates at the reporting date would have increased/decreased equity by $4,061,000 for the group and company (2019: increased/decreased equity by $3,330,000 for the group and company). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

23. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

Equity price risk

The Board monitors the mix of debt and equity securities in its investment portfolio based on market expectations. This risk is managed by the monitoring of the market value of the securities on the Jamaica Stock Exchange (JSE) and other foreign stock exchanges and the respective companies' quarterly financial performance.

Sensitivity analysis – equity price risk

Most of the group's equity investments are listed on foreign market stock exchanges. A 5% or (10%) (2019: 10%) increase or decline in the relevant indexes at the reporting date would have increased of $5,379,000 or a decrease of $2,689,000 for the group and company (2019: $6,243,000 for the group and company).

(d) Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is best evidenced by a quoted market price, if one exists.

The fair value of financial instruments is based on their quoted market price at the reporting date without any deduction for transaction costs. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flows or a generally accepted alternative method.

FVOCI financial assets include Government of Jamaica instruments, corporate bonds, quoted equities and unquoted equities.

The fair values of current financial assets and liabilities are assumed to approximate to their carrying amounts shown in the statement of financial position due to their short-term nature.

The fair value of non-current receivables and liabilities are assumed to approximate to their carrying values as no loss on realisation or discount on settlement is anticipated.

Basis for determining fair values

Quoted equities are valued using the quoted market bid prices listed on the Jamaica Stock Exchange and other foreign stock exchanges at the reporting date.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

23. Financial risk management (continued)

(d) Fair values (continued):

Basis for determining fair values (continued)

Government of Jamaica securities and the investment notes are valued using a pricing input and yields from an acceptable broker yield curve.

The fair value of investments, pension fund receivable, cash and cash equivalents, securities purchased under resale agreements, trade and other receivable and trade payables are assessed to approximate their carrying values due to their relatively short-term nature.

No items were reclassified from one level to another.

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Group and Company 2020							
	Carrying amounts				Fair values			
	Amortised cost	FVOCI	FVTPL	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value:								
Investments	-	145,577	80,842	226,419	53,793	172,626	-	226,419
Financial assets measured not at fair value:								
Investments	52,735	-	-	52,735	-	52,735	-	52,735
Securities purchased under resale agreement	269,281	-	-	269,281	-	270,521	-	270,521
	322,016	-	-	322,016	-	323,256	-	323,256

	Group and Company 2019							
	Carrying amounts				Fair values			
	Amortised cost	FVOCI	FVTPL	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value:								
Investments	-	239,947	8,543	248,490	62,429	186,061	-	248,490
Financial assets measured not at fair value:								
Investments	42,188	-	-	42,188	-	42,188	-	42,188
Securities purchased under resale agreement	193,229	-	-	193,229	-	193,875	-	193,875
	235,417	-	-	235,417	-	236,063	-	236,063

23. Financial risk management (continued)

(e) Capital management:

The group's objective is to maintain a strong capital base so as to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for stockholders and benefits for other stakeholders.

The Board of Directors monitors the return on capital which the group defines as share capital, capital reserves, fair value reserves and retained profits. The group may adjust or maintain the capital structure by adjusting the amount of dividends paid to stockholders.

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

24. Disposal of subsidiaries

During the year, the company petitioned to strike off Selectco Publications Limited from the company register. In the prior year, similar actions were taken for four (4) subsidiaries (see note 1). Formal gazetting for all striking off is pending.

The effect of the liquidation is as follows:

	Group	
	2020	2019
	$'000	$'000
Investments	-	1,552
Deferred tax assets/liability	-	614
Trade receivables	110	6,183
Other receivables	-	8,842
Taxation recoverable	2,457	7,339
Cash and cash equivalent	32	-
Trade payables	(703)	(2,405)
Net assets liquidated	1,896	22,125
Currency translation differences realised on liquidation	-	(80,911)
Loss/(gain) on liquidations and strike-offs of subsidiaries	1,896	(58,786)

	Company	
	2020	2019
	$'000	$'000
Interest in subsidiaries	-	1,413
Distribution including write off of related party balances	5,604	(45,137)
Loss/(gain) on liquidations and strike-offs of subsidiaries	5,604	(43,724)

25. Related parties

(a) Identity of related parties:

The group has a related party relationship with its subsidiaries, associates and with its directors and executive officers in the ordinary course of business.

(b) Transactions with key management personnel:

In addition to salaries, the group provides non-cash benefits to executive officers.

The key management personnel compensation is as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Short-term benefits	12,501	16,559	12,501	16,559

(c) The statement of financial position includes balances arising in the ordinary course of business, with subsidiaries and associated companies as follows:

	Company	
	2020	2019
	$'000	$'000
Trade and other receivables:		
Subsidiaries, net of provision	-	4,613
Associated companies	-	-
Accounts payable:		
Associated companies	3,570	4,263
Other related entities	12,472	2,885

26. Operating leases - Lessor

Pursuant to the March 24, 2016, scheme of arrangement between Radio Jamaica Limited (collectively "RJR Gleaner") and 1834 Investments Limited, the building at 7 North Street and parking lots at East Street and John's Lane, being investment properties, were leased to RJR Gleaner.

(a) Future minimum lease payments:

	Company	
	$	$
Less than one year	100,000	100,000
Between one and five years	500,000	500,000
More than five years	500,000	600,000

(b) All property rental and maintenance expenses are borne by the lessee.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

27. Changes in accounting policies

Except for changes below, the group has consistently applied the accounting policies set out in note 28 to all periods presented in these consolidated financial statements.

The details, nature and effects of the changes are as follows:

IFRS 16 *Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

- The Group has determined that the application of IFRS 16 as at January 1, 2019 has not given rise to any material change in the Group's assets and liabilities.
- The Group leases out its investment property and has no leases as lessee. The Group is therefore not required to make any adjustments on transition to IFRS 16, *Leases* in which it acts as a lessor.

28. Significant accounting policies

Except for the changes described in note 27, the group has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

(a) Basis of consolidation:

(i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued):

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries:

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

These consolidated financial statements comprise the financial results of the company and its subsidiaries. The principal operating subsidiaries are listed in note 24 and are referred to as "subsidiaries" or "subsidiary". The company and its subsidiaries and its associates (note 7) are collectively referred to as the "group".

(i) Loss of control:

On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

28. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(ii) Associate:

The group's interest in equity-accounted investees comprise interest in associate.

An associate is an entity in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of the entity.

Interest in associate is accounted for using the equity method. It is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss of the associate, until the date on which significant influence or joint control ceases.

(iv) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transaction, are eliminated. Unrealised gains arising from transaction with equity-accounted investee are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. The group applies book value (carry-over basis) accounting for business combinations for entities under common control in the consolidated financial statements on the basis that the investment has been moved from one part of the group to another.

(b) Property, plant and equipment:

(i) Owned assets:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets.

The cost of self-constructed assets includes the cost of materials and direct labour, plus related borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the group and its costs can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(b) Property, plant and equipment (continued):

(ii) Leased assets:

Leases, under the terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leasing arrangements are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and any impairment losses.

(iii) Depreciation:

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Machinery & equipment	-	10%, 12½%, 20% and 25%
Computer equipment	-	25%

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

(c) Financial instruments:

(a) Financial instruments – Classification, recognition, derecognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements:

- Financial assets comprise cash and cash equivalents, securities purchased under resale agreements, investments and other receivables.
- Financial liabilities comprise accounts payable.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

(i) Recognition and initial measurement

The group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The group initially recognises other receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(c) Financial instruments:

(i) Recognition and initial measurement (continued)

At initial recognition, the group measures a financial asset or financial liability at its fair value, plus or minus; the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement

(ii) Classification and subsequent remeasurement

The group has applied IFRS 9 and classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

Financial assets

The classification requirements for debt and equity instruments are described below:

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

28. Significant accounting policies (continued)

(c) Financial instruments (continued):

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

The classification requirements for debt and equity instruments are described below (continued):

(a) Debt instruments (continued)

Classification and subsequent measurement of debt instruments depend on:

- the group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at (vi). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL are measured at fair value through other comprehensive income (FVOCI).

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within operating income' in the period in which it arises. Interest income from these financial assets is included in 'operating income' using the effective interest method.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(c) Financial instruments (continued):

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

Business model: the business model reflects how the group manages the assets in order to generate cash flows. That is, whether the group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the group in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through 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.

28. Significant accounting policies (continued)

(c) Financial instruments (continued):

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

The group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The group subsequently measures all equity investments at fair value through profit or loss, except where the group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

(iii) Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in profit or loss.

Any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the group is recognised as a separate asset or liability.

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

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(c) Financial instruments (continued):

(iv) Financial instruments - other

(1) Cash and cash equivalents:

Cash and cash equivalents, which comprise cash and bank balances and include short-term deposits, with maturities ranging between one and three months of acquisition date, are measured at amortised cost. For the purpose of the statement of cash flows, bank overdraft is included as a component of cash and cash equivalents.

(2) Securities purchased under resale agreements:

Securities purchased under resale agreements ("reverse repurchase or resale agreements") are accounted for as short-term collateralised lending and are classified as amortised cost.

On initial recognition they are measured at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income over the life of the contract using the effective interest method.

(3) Other receivables:

These are measured at amortised cost, less impairment losses.

(4) Accounts payable and provisions:

Accounts payable, including provisions, are measured at amortised cost. A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(v) Impairment:

The group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- lease receivables.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(c) Financial instruments (continued):

(v) Impairment (continued):

The group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The group considers a debt investment to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

28. Significant accounting policies (continued)

(c) Financial instruments (continued):

(v) Impairment (continued):

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised costs are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the group on terms that the company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired.

28. Significant accounting policies (continued)

(c) Financial instruments (continued):

(v) Impairment (continued):

In making an assessment of whether an investment in sovereign debt is credit-impaired, the group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

An impairment loss is reversed, if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(d) Taxation:

(i) Income tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case, it is recognised in other comprehensive income.

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

(ii) Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, differences relating to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future and investment property held inside a realisation-from-sale business model.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted as at the reporting date. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A specific measurement requirement applies to a deferred tax asset or liability that arises from investment property measured at fair value. This requirement establishes a rebuttable presumption that the carrying amount of investment property measured at fair value will be recovered through sale. Therefore, unless the presumption is rebutted, the measurement of a deferred tax asset or liability pertaining to the investment property reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale.

28. Significant accounting policies (continued)

(d) Taxation:

(ii) Deferred tax (continued):

The presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, then the normal requirements of measuring deferred tax assets or liabilities are applicable.

(e) Revenue recognition:

Revenue is income that arises in the course of the ordinary activities of the group. Accordingly, revenue comprises interest income, rental income, dividend income and other investment returns.

(i) Interest income Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

(ii) Rental income is recognised as the related services are consumed.

(iii) Dividend income is recognised on the date the group's right to receive payment is established.

(f) Foreign currencies:

Foreign currency balances outstanding at the reporting date are translated at the rates of exchange ruling on that date [US$1 = J$133.96 (2019: J$125.02)]. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in profit or loss. For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(g) Impairment of non-financial assets:

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised, if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(h) Investment properties:

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income during the financial period in which they are incurred.

28. Significant accounting policies (continued)

(i) Assets held for sale:

Non-current assets are classified as held for sale if it is highly probable they will be recovered primarily through sale, rather than continuing use. Such assets are generally measured at the lower of their carrying amount and fair values less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

(j) New and amended standards and interpretations not yet effective:

(i) Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

(ii) Amendments to IFRS 3 *Business Combinations,* applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:

(a) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.

(b) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

(iii) Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2020

28. Significant accounting policies (continued)

(j) New and amended standards and interpretations not yet effective (continued):

(iv) Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures,* effective for annual accounting periods beginning on or after January 1, 2020, address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The amendments apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The entity is required to:

- Assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable.
- Assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark is not altered as a result of IBOR reform.
- Not discontinue a hedging relationship during the period of uncertainty arising from IBOR reform solely because the actual results of the hedge are outside the range of 80-125 per cent.
- Apply the separately identifiable requirement only at the inception of the hedging relationship.
- Prospectively cease applying the exceptions at the earlier of:
  - (a) when the uncertainty regarding the timing and the amount of interest rate benchmark based cash flows is no longer present; and
  - (b) the discontinuation of the hedging relationship (or reclassification of all amounts from the cash flow hedge reserve).

Additional disclosures will be required for hedging relationships directly affected by IBOR reform.

The Group does not expect the amendments to have a significant impact on its 2021 financial statements.

1834 INVESTMENTS LIMITED

Financial Summary 2016 – 2020

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 * $'000
Turnover	95,523	55,087	161,396	199,024	3,963,896
Group profit/(loss) before taxation	51,522	16,683	97,174	102,232	(12,194)
Taxation (charge)/credit	(10,932)	(11,137)	(15,242)	(89,885)	18,930
Profit attributable to 1834's stockholders	40,590	5,546	81,932	12,347	6,736
Ordinary stockholders' funds:					
Share capital	605,622	605,622	605,622	605,622	605,622
Reserves	832,317	886,691	1,098,431	1,171,724	1,209,113
	1,437,939	1,492,313	1,704,053	1,777,346	1,814,735
Deferred tax liabilities	4,245	17,495	17,910	29,400	165,706
Total funds employed	1,442,184	1,509,808	1,721,963	1,806,746	1,980,441
Represented by:					
Long-term receivables	18,658	22,452	26,891	32,055	52,780
Other non-current assets and investments	1,063,013	1,016,550	1,328,385	1,405,613	1,868,731
Working capital	360,513	470,806	366,687	369,078	58,930
	1,442,184	1,509,808	1,721,963	1,806,746	1,980,441
Stock units in issue at year end ('000)	1,211,244	1,211,244	1,211,244	1,211,244	1,211,244
Earnings per stock unit [see note (i) below]	3.35¢	0.46¢	6.76¢	1.02¢	0.56¢
Stockholders' funds per stock unit [see note (i) below]	122.24¢	126.85¢	144.77¢	146.73¢	154.74¢
Distributions per stock unit [see note (ii) below]	8¢	10¢	8¢	12¢	8¢
Exchange rates ruling at the reporting date were:					
UK £1 to J$1	165.49	164.56	176.80	158.72	172.73
US$1 to J$1	133.96	125.02	125.32	128.22	121.70
Can$1 to J$1	93.78	92.98	96.61	96.45	91.46

(i) The calculation of earnings per stock unit and stockholders' funds per stock unit is based on profit after taxation attributable to the company's stockholders and ordinary stockholder's funds, respectively, divided by the stock units in issue at year-end.

(ii) The calculation of distributions per ordinary stock unit is based on the actual distributions (whether capital or ordinary dividends) for each year divided by the stock units in issue, less stock units held by GCLEIT. The number of units at the end of the reporting year was 1,176,370,000 (2019: 1,176,370,000).

* Represents fifteen-month period from January 1, 2015 to March 31, 2016 and includes the financial performance of the media business for the period then ended.

DECLARATION OF NUMBER OF STOCK UNITS OWNED BY DIRECTORS, OFFICERS & CONNECTED PERSONS AS AT MARCH 31, 2020:

NAMES	PERSONAL SHAREHOLDINGS	SHAREHOLDINGS OF CONNECTED PARTIES
DIRECTORS		
Oliver F. Clarke - Chairman	65,317,720	369,239,880
Joseph M. Matalon - Vice Chairman	23,572,020	70,056,104
Carol D. Archer	58,320	-
Christopher N. Barnes	5,308,834	-
Elizabeth A. Jones	-	-
Lisa G. Johnston	3,732	21,296
Douglas R. Orane	823,381	230,172
Morin M. Seymour	50,000	-
John J. Issa - Honorary Chairman	-	23,374,832
SENIOR MANAGERS		
Terry A. Peyrefitte	1,834	-

LIST OF (10) LARGEST BLOCKS OF STOCK UNITS AS AT MARCH 31, 2020:

	SHAREHOLDER	SHARES	PERCENTAGE OWNERSHIP
1	Financial & Advisory Services Limited	369,239,880	30.48%
2	MF&G Trust & Finance Ltd - A/C57	89,520,000	7.39%
3	Kaytak Investments Limited	68,669,862	5.67%
4	Oliver F. Clarke	65,317,720	5.39%
5	JN Bank Limited	46,425,529	3.83%
6	Gleaner Co Ltd Employees Investment Trust	35,177,342	2.90%
7	National Insurance Fund	32,883,010	2.71%
8	The Gleaner Company Ltd Pension Scheme	30,000,000	2.48%
9	Sagicor Pooled Equity Fund	25,000,000	2.06%
10	Jason Carl Carby	25,000,000	2.06%
	TOTAL	**787,233,343**	**64.99%**

1834 INVESTMENTS LIMITED
(FORMERLY THE GLEANER COMPANY LIMITED)
FORM OF PROXY

I/We.....

of ….....

being a member/members of the above-named company, hereby appoint

.....

of…….....

or failing him/her then .....….....….....

of…….....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the **18th** day of **December, 2020 at 10:30 a.m.** at the registered office of the Company, 7 North Street, Kingston, and at any adjournment thereof.

I/We desire this form to be used for/against the resolutions as indicated below.

Signature(s).....….....….....

Signed this ..... day of 2020

RESOLUTIONS	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		
RESOLUTION 9		

(Please refer to Notice of Meeting for text of resolutions)

NOTES:

(1) A Proxy need not be a member of the Company.
(2) If the appointee is a Corporation this form must be under its Common Seal or under the hand of an officer of the Corporation duly authorised on its behalf.
(3) In the case of joint holders the vote of the senior shall be accepted to the exclusion of the votes of the joint holders. Seniority shall be determined by the order in which the names stand in the register of members.
(4) To be valid this form must be completed and deposited with the Secretary, 1834 Investments Limited, 7 North Street, Kingston at least 48 hours before the time appointed for the meeting or adjourned meeting.
(5) An adhesive stamp of $125.00 must be affixed to the form and cancelled.

NOTES:

1834 INVESTMENTS LIMITED
P.O. Box 40, 7 North Street
Kingston, Jamaica
(876) 922-1834