PANJAM
INVESTMENT LIMITED

Audited

Consolidated Financial Statements

31 December 2021

Report to Stockholders
December 31, 2021

On behalf of the Board of Directors, we present the audited consolidated financial statements of PanJam Investment Limited ("PanJam") for the year ended 31 December 2021.

Highlights

- Net profit attributable to Shareholders of $7.2 billion (2020: $3.5 billion)
- Earnings per stock unit of $6.78 (2020: $3.31)
- Book value per stock unit of $48.83 at 31 December 2021 (31 December 2020: $44.47)

Overview

PanJam's results for 2021 showed a remarkable turnaround from 2020, which were badly affected by the COVID-19 pandemic. Particularly noteworthy were the performance of our investments, with income of $2.1 billion compared to a prior year loss of $523.3 million, and of our 30.2%-owned associated company Sagicor Group Jamaica Limited ("Sagicor"), with contribution of $5.2 billion (2020: $4.1 billion) to our net profit.

We remain confident that our strategy of maintaining significant positions in Jamaican assets remains appropriate and relevant. We believe that we are seeing a measured reopening of the economy and, in particular, our tourism sector. This augurs well for our Hilton-branded ROK Hotel in Downtown Kingston, which we expect to open in the first half of this year, as well as for our other investments in this sector.

Income Statement

Net profit attributable to Shareholders for the year ended 31 December 2021 amounted to $7.2 billion (2020: $3.5 billion), more than doubling on a year-over-year basis. Earnings per stock unit were $6.78 (2020: $3.31), up 105 per cent. The previous year's results were heavily influenced by unrealized losses in our securities portfolio as well as the pandemic's negative impact on our tourism and hospitality-related investments. This year's results highlight solid performance across our operations and investments, in line with the measured rebound in local and global economies.

Investment income of $2.1 billion (2020: loss of $523.3 million) was driven primarily by unrealized gains in our portfolio of local and overseas securities.

Property income remained relatively flat at $2.1 billion (2020: $2.1 billion), reflecting marginally improved rental income of $1.8 billion (2020: $1.8 billion), which was offset by lower property revaluation gains of $254.4 million (2020: $323.8 million).

Other income totaled $140.6 million, in line with the historic average. The $439.6 million in other income seen in 2020 was supported by gains from the sale of our Bamboo Avenue property in Kingston.

Total operating expenses amounted to $1.9 billion (2020: $1.7 billion), an increase of 9 per cent due to the reinstatement of some administrative expenses that were reduced in 2020. Finance costs increased to $914.4 million (2020: $835.9 million) due to relatively stable average interest rates on a marginally larger debt portfolio.

Associated Companies

PanJam's associated companies include our 30.2% investment in Sagicor. We also hold minority positions in a number of diverse private entities across the adventure tourism, business process outsourcing, hospitality, consumer products, micro-lending and office rental sectors.

Our share of results of associated companies increased by $1.6 billion, or 41 per cent, driven by improved results from all of our investees. In particular, Sagicor Group Jamaica, Outsourcing Management (trading as itel) and New Castle Company exceeded expectations.

Balance Sheet

Total assets at 31 December 2021 amounted to $67.8 billion (2020: $62.6 billion). Shareholders' equity increased to $52.0 billion at 31 December 2021 (2020: $47.2 billion), which equates to a book value per stock unit of $48.83 (2019: $44.47).

Outlook

Recent market volatility has only emphasized the importance of a long-term view and the importance of patience when deploying capital. PanJam's liquidity remains strong, with cash and cash equivalents of $2.5 billion at December 31 2021 along with additional borrowing capacity given our conservative leverage.

Our shareholders have shown great patience and trust through the Company's time of restraint and resilience, for which we are grateful. In keeping with PanJam's improved profitability, the Board of Directors has declared a special dividend of $0.35 per share, representing the final dividend paid based on our 2021 earnings. We have also declared a dividend of $0.285 per share, the first dividend for 2022.

Looking ahead, we are optimistic but expect some level of uncertainty to continue as concerns about the pandemic are replaced by geopolitical unrest and increasing levels of global inflation. Locally, the economic recovery has begun but we believe it will be tempered by the Bank of Jamaica's steps to control inflation and currency devaluation through higher interest rates. In the United States, the investment climate is similar, with the Federal Reserve tightening its monetary policy. We are prepared to participate in the economic environments to come.

We would like to thank our team for their unwavering commitment to our success, and our Board of Directors for their continued encouragement and wise counsel.

Stephen B. Facey
Executive Chairman

Joanna A. Banks
Chief Executive Officer

PanJam Investment Limited

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Independent auditor's report

To the Members of PanJam Investment Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of PanJam Investment Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2021, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2021;
- the company income statement for the year then ended;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

We determined the scope of our audit by first considering the internal organisation of the Group and identifying the components of the audit that have the most significant impact on the consolidated financial statements. The Group is comprised of thirty-one components representing subsidiaries and associated companies. Full scope audit procedures were performed on three components while audits of one or more financial statement line items were performed for fifteen components. For components not scoped as either a full scope audit or an audit of one or more financial statement line items, detailed substantive analytical procedures were performed on the financial information. The audit procedures covered 99.7% of total assets and 97% of total revenue of the Group and were all performed by PwC Jamaica.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (Group) *See notes 2 (j), 3 (v) and 16 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* Investment properties represented $10,025 million or 14.8% of total assets for the Group as at the end of the reporting period. The determination of the fair value of investment properties requires significant judgement and, as such, was an area of focus for the audit. Management, through an independent valuation expert, used three methods to value investment properties namely: comparable sales approach, discounted cash flow approach and the direct capitalisation approach. We focused in particular on the direct capitalisation approach and the discounted cash flow approach, the methods used to value the majority of the properties, which take into consideration a number of factors that require estimation and judgement. The key factors include: • estimation of rental income; • determination of a capitalisation factor; • estimation of vacancy factor; and • determination of the discount rate. Changes in these assumptions may have a significant impact on the carrying value of investment properties.	In order to address the matter, we performed the following procedures, amongst others: • Met with the property valuators engaged by management, updated our understanding of the valuation process and obtained information on significant developments within the industry. • Assessed the competence and objectivity of the property valuators in order to determine whether they were appropriately qualified and whether there was any affiliation to the Group. • Assessed the appropriateness of the valuation methodology used in order to evaluate whether it was suitable for determining market value in accordance with the financial reporting framework. • Challenged the capitalisation and vacancy factors used by the property valuators by benchmarking the assumptions used to relevant market evidence which included performing comparisons to similar properties located in the same area. Agreed the inputs used in estimating the rental income by the property valuators to supporting documentation. • Assessed the reasonableness of the discount rate with the assistance of our property valuation expert. • Developed a point estimate based on the information obtained from performing the above procedures. Based on the procedures performed, management's valuations were found to be consistent with our point estimate.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments classified as fair value through profit or loss and classified as level 3 in the fair value hierarchy (Group and Company) *See notes 2 (i), 3 (ii), 15 and 35 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.*	
The fair values of financial instruments that are not quoted on an exchange, and for which one or more of the significant inputs are not based on observable market data, are classified as level 3 in the fair value hierarchy. In these instances, management determines the unobservable inputs using the best information available in the circumstances taking into account all information that is reasonably available. The lack of available observable market data resulted in greater estimation uncertainty and subjectivity which therefore led us to focus our attention on this area. Investments for which observable market data was limited and were classified as level 3 investments totaled $3,203 million (4.7% of total assets) for the Group and $1,271 million (4.9% of total assets) for the Company as at the reporting date. These investments related primarily to investments in three funds and a loan advanced to an associated company as follows: • The first fund investment itself invests primarily in other companies.	In order to test the fair value of the investments in these underlying funds and the loan to associated company, we performed the following procedures, amongst others: • For the first fund, verified the ownership of the companies in which the fund had an investment and used historical data, including audited financial statements, to assess the reliability of the fund manager's estimate of fair value. • For the second fund, assessed the valuation report submitted by management's expert with the assistance of our valuation expert. Further evaluated management's conclusion that the previously determined market value of the hotel continues to represent fair value at the reporting date which included reviewing the current year financial performance of the hotel. • For the third fund, with the assistance of our valuation expert, assessed the method used by management to determine fair value including whether it was appropriate based on the information available in the circumstances. Checked the inputs used in the valuation by agreeing the rental income and direct expenses to underlying supporting documents and used our valuation expert to assist us in assessing the capitalisation rate.

Key audit matter	How our audit addressed the key audit matter
• For the second fund, the significant underlying asset is a hotel. The fair value of this asset was determined by management's expert using the discounted cash flow method. Management relied on the estimate of market value performed by the property valuer in the previous year and determined that there has been no significant change in the previously determined market value as the performance of the hotel is consistent with the previous year. • Similar in set up to the second fund, the third fund's significant underlying asset is a shopping centre. A small portion of the asset was undeveloped at the reporting date. Management performed a valuation of the property using the direct capitalisation method for the completed portion of the property while the undeveloped portion of the property was measured at cost. • The loan to the associated company is mandatorily convertible to ordinary shares of the associated company and it is this conversion feature that increases the level of estimation involved in determining the fair value of the loan. The key components used by management in determining the fair value of the loan is the estimation of EBITDA of the associated company and the probability of achieving this EBITDA.	• Confirmed the net asset value and the number of units held in the funds with the fund managers. • For the loan to associated company, reviewed the loan agreement and obtained an understanding of the key terms. Reviewed the latest audited financial statements of the associated company and performed analytical procedures on the financial information used to determine EBITDA. Further obtained and evaluated management's analysis of the probability of achieving the determined EBITDA. • Confirmed the loan amount with the associated company. Based on the procedures performed, management's valuation of these level 3 investments was within an acceptable range of our estimation of fair value.

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
1 March 2022
Kingston, Jamaica

PanJam Investment Limited

Consolidated Income Statement

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Income			
Investments	5	2,059,131	(523,250)
Property	6	2,098,671	2,138,113
Other	7	140,595	439,603
		4,298,397	2,054,466
Operating expenses	8	(1,855,509)	(1,700,948)
Net impairment recovery/(losses) on financial assets		53,602	(38,438)
Operating Profit		2,496,490	315,080
Finance costs	10	(914,415)	(835,909)
Share of results of associated companies	17	5,455,180	3,866,414
Gains on disposal of shares in associated companies	11	193,892	-
Profit before Taxation		7,231,147	3,345,585
Taxation	12	20,570	188,725
NET PROFIT		7,251,717	3,534,310
Attributable to:			
Owners of the parent		7,202,801	3,504,520
Non-controlling interests		48,916	29,790
		7,251,717	3,534,310
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	13	$6.78	$3.31

PanJam Investment Limited

Consolidated Statement of Comprehensive Income
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Net Profit for the year	7,251,717	3,534,310
Other Comprehensive Income, net of taxes		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity instruments at fair value through other comprehensive income	23,682	(81,905)
Re-measurement of post-employment benefit obligations, net of taxation	(26,933)	(39,794)
Share of other comprehensive income of associated company, net of taxation	(56,908)	(590,666)
	(60,159)	(712,365)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	11,416	8,744
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of taxation	(21,229)	7,137
Share of other comprehensive income of associated company, net of taxation	(1,272,949)	1,973,140
	(1,282,762)	1,989,021
TOTAL COMPREHENSIVE INCOME	5,908,796	4,810,966
Attributable to:		
Owners of the parent	5,859,880	4,781,176
Non-controlling interests	48,916	29,790
	5,908,796	4,810,966

PanJam Investment Limited

Consolidated Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Cash and Bank Balances	14	272,856	125,149
Investments			
Deposits	14	994,776	694,275
Investment securities:			
Financial assets at fair value through other comprehensive income	15	1,145,479	1,219,231
Financial assets at fair value through profit or loss	15	9,372,316	7,584,640
Financial assets at amortised cost	15	305,457	3,646,796
		10,823,252	12,450,667
Securities purchased under agreements to resell	14	1,269,367	868,712
Investment properties	16	10,024,752	9,531,152
Investment in associated companies	17	37,995,085	35,339,651
		61,107,232	58,884,457
Other assets			
Taxation recoverable		86,863	73,749
Prepayments and miscellaneous assets	19	1,841,415	1,557,217
Property, plant and equipment	20	3,446,578	1,880,236
Properties for development and sale	21	967,119	-
Intangibles	22	52,471	50,470
		6,394,446	3,561,672
		67,774,534	62,571,278

PanJam Investment Limited

Consolidated Statement of Financial Position (Continued)

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	28	2,141,985	2,141,985
Equity compensation reserve	29	124,734	116,594
Property revaluation reserve	30	5,438,654	5,211,785
Investment and other reserves	31	4,383,503	5,395,698
Retained earnings		40,009,447	34,692,918
Treasury stock		(135,900)	(372,609)
		51,962,423	47,186,371
Non-Controlling Interests		335,591	286,675
		52,298,014	47,473,046
Liabilities			
Bank overdrafts	14	14,986	11,378
Taxation payable		46,077	81,447
Loan liabilities	25	13,594,422	13,663,531
Lease liabilities	26	28,424	34,979
Deferred tax liabilities	18	255,934	314,399
Retirement benefit liabilities	23	654,518	510,477
Other liabilities	27	882,159	482,021
		15,476,520	15,098,232
		67,774,534	62,571,278

Approved for issue by the Board of Directors on 1 March 2022 and signed on its behalf by:

Stephen B. Facey — Chairman

Joanna A. Banks — Director

PanJam Investment Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	\---------------	-----------------	Attributable to Owners of the Parent	------------------	-------------	---------------\		
		Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and Other Reserves	Retained Earnings	Treasury Stock	Non-controlling Interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020		2,141,985	89,376	4,897,207	4,029,178	31,911,597	(326,142)	342,385	43,085,586
Comprehensive income									
Net profit		-	-	-	-	3,504,520	-	29,790	3,534,310
Other comprehensive income		-	-	-	1,282,607	(5,951)	-	-	1,276,656
Total comprehensive income for the year		-	-	-	1,282,607	3,498,569	-	29,790	4,810,966
Dividend paid to non-controlling interest		-	-	-	-	-	-	(85,500)	(85,500)
Transactions with owners									
Employee share incentive scheme value of services provided	29	-	68,590	-	-	-	-	-	68,590
Employee share grants issued/options exercised	29	-	(41,372)	-	57,014	-	27,098	-	42,740
Dividends paid to equity holders of the company	32	-	-	-	-	(402,670)	-	-	(402,670)
Share purchase plan		-	-	-	2,023	-	4,085	-	6,108
Acquisition of treasury stock		-	-	-	-	-	(77,650)	-	(77,650)
Change in reserves of associated company		-	-	-	24,876	-	-	-	24,876
Total transactions with owners		-	27,218	-	83,913	(402,670)	(46,467)	-	(338,006)
Transfer of unrealized property revaluation gains		-	-	314,578	-	(314,578)	-	-	-
Balance at 31 December 2020		2,141,985	116,594	5,211,785	5,395,698	34,692,918	(372,609)	286,675	47,473,046

PanJam Investment Limited
Consolidated Statement of Changes in Equity (Continued)
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

		-----------------------------Attributable to Owners of the Parent--------------------------\							
		Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and Other Reserves	Retained Earnings	Treasury Stock	Non-controlling Interests	Total
	Note	**$’000**	**$’000**	**$’000**	**$’000**	**$’000**	**$’000**	**$'000**	**$'000**
Balance at 1 January 2021		2,141,985	116,594	5,211,785	5,395,698	34,692,918	(372,609)	286,675	47,473,046
Comprehensive income						7,202,801		48,916	7,251,717
Net profit									
Other comprehensive income		-	-	-	(746,752)	(596,169)	-	-	(1,342,921)
Total comprehensive income for the year		-	-	-	(746,752)	6,606,632	-	48,916	5,908,796
Transactions with owners									
Employee share incentive scheme value of services provided	29	-	54,660	-	-	-	-	-	54,660
Employee share grants issued/options exercised	29	-	(46,520)	-	(187,120)	-	286,887	-	53,247
Dividends paid to equity holders of the company	32	-	-	-	-	(1,063,234)	-	-	(1,063,234)
Share purchase plan		-	-	-	(11,315)	-	31,056	-	19,741
Acquisition of treasury stock		-	-	-	-	-	(81,234)	-	(81,234)
Change in reserves of associated company		-	-	-	(67,008)	-	-	-	(67,008)
Total transactions with owners		-	8,140	-	(265,443)	(1,063,234)	236,709	-	(1,083,828)
Transfer of unrealized property revaluation gains		-	-	226,869	-	(226,869)	-	-	-
Balance at 31 December 2021		2,141,985	124,734	5,438,654	4,383,503	40,009,447	(135,900)	335,591	52,298,014

PanJam Investment Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities	33	1,138,263	964,620
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	20	(2,214,917)	(1,372,428)
Proceeds from disposal of property, plant and equipment		2,798	29
Expenditure on properties for development and sale	21	(454,922)	-
Proceeds from disposal of land held for development		-	650,000
Acquisition of intangible asset	22	(5,435)	(6,964)
Improvements to investment properties	16	-	(51,009)
Proceeds from disposal of shares in associated companies	11	266,491	-
Investments in associated companies	17	(178,735)	(62,075)
Dividends from associated companies	17	1,374,390	76,167
Disposal/(acquisition) of investment securities, net		2,653,190	(3,085,844)
Advances on future developments		(16,705)	(18,392)
Net cash provided by/(used in) investing activities		1,426,155	(3,870,516)
Cash Flows from Financing Activities			
Loans received		-	6,495,000
Loans repaid	33b	(99,130)	(2,099,469)
Interest paid	33b	(884,393)	(882,314)
Lease repayments		(6,555)	(5,525)
Acquisition of treasury stock		(81,234)	(77,650)
Disposal of treasury stock		72,988	31,183
Dividends paid to non-controlling interests		-	(85,500)
Dividends paid to equity holders		(759,942)	(668,503)
Net cash (used in)/provided by financing activities		(1,758,266)	2,707,222
Net increase/(decrease) in cash and cash equivalents		806,152	(198,674)
Effect of exchange rate changes on cash and cash equivalents		116,952	94,282
Cash and cash equivalents at beginning of year		1,580,197	1,684,589
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	2,503,301	1,580,197

PanJam Investment Limited

Company Income Statement

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Income			
Investments	5	3,017,185	721,209
Other	7	56,333	49,099
		3,073,518	770,308
Expenses			
Operating expenses	8	(418,583)	(761,657)
Net impairment recovery/(losses) on financial assets		42,421	(9,250)
Finance costs	10	(862,819)	(778,498)
Gain on disposal of shares in associated company	11	29,685	-
Profit/(Loss) before Taxation		1,864,222	(779,097)
Taxation	12	47,574	288,017
NET PROFIT /(LOSS)		1,911,796	(491,080)

PanJam Investment Limited

Company Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Net Profit/ (Loss) for the year	1,911,796	(491,080)
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	23,682	(81,905)
Re-measurement of post-employment benefit obligations, net of taxation	32,546	(49,841)
	56,228	(131,746)
Items that may be subsequently reclassified to profit or loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of taxation	(15,357)	12,204
	(15,357)	12,204
TOTAL COMPREHENSIVE INCOME	1,952,667	(610,622)

PanJam Investment Limited

Company Statement of Financial Position

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Cash and Bank Balances	14	118,802	62,915
Investments			
Deposits	14	844,983	497,185
Investment securities:			
Financial assets at fair value through other comprehensive income	15	1,084,723	1,157,656
Financial assets at fair value through profit or loss	15	6,541,815	5,590,419
Financial assets at amortised cost	15	652,022	3,985,564
		8,278,560	10,733,639
Securities purchased under agreements to resell	14	1,144,459	703,231
Investment in subsidiaries	17	1,128,119	1,128,119
Investment in associated companies	17	7,600,639	7,601,617
		18,996,760	20,663,791
Other Assets			
Due from related parties	24	6,206,125	3,421,565
Taxation recoverable		80,173	68,423
Prepayments and miscellaneous assets	19	152,496	156,928
Property, plant and equipment	20	89,533	88,377
Intangibles	22	3,434	6,868
Retirement benefit assets	23	240,780	201,359
		6,772,541	3,943,520
		25,888,103	24,670,226

PanJam Investment Limited
Company Statement of Financial Position (Continued)
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	28	2,141,985	2,141,985
Equity compensation reserve	29	56,698	49,752
Investment and other reserves	31	1,237,765	1,229,440
Retained earnings		8,586,920	7,708,738
		12,023,368	11,129,915
Liabilities			
Bank overdraft	14	14,985	11,377
Due to related parties	24	59,116	17,831
Loan liabilities	25	13,005,731	13,008,237
Lease liabilities	26	56,647	64,315
Deferred tax liability	18	145,101	193,522
Retirement benefit liabilities	24	60,736	61,092
Other liabilities	27	522,419	183,937
		13,864,735	13,540,311
		25,888,103	24,670,226

Approved for issue by the Board of Directors on 1 March 2022 signed on its behalf by:

Stephen B. Facey Chairman	Joanna A. Banks Director

PanJam Investment Limited

Company Statement of Changes in Equity

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Compensation Reserve	Investment and Other Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020		2,141,985	34,688	1,299,141	8,654,799	12,130,613
Comprehensive income						
Net loss		-	-	-	(491,080)	(491,080)
Other comprehensive income:		-	-	(69,701)	(49,841)	(119,542)
Total comprehensive income		-	-	(69,701)	(540,921)	(610,622)
Transactions with owners						
Employee share incentive scheme value of services provided	29	-	46,235	-	-	46,235
Employee share grants issued/options exercised	29	-	(31,171)	-	-	(31,171)
Dividends paid	32	-	-	-	(405,140)	(405,140)
Total transactions with owners		-	15,064	-	(405,140)	(390,076)
Balance at 1 January 2021		2,141,985	49,752	1,229,440	7,708,738	11,129,915
Comprehensive income						
Net profit		-	-	-	1,911,796	1,911,796
Other comprehensive income:		-	-	8,325	32,546	40,871
Total comprehensive income		-	-	8,325	1,944,342	1,952,667
Transactions with owners						
Employee share incentive scheme value of services provided	29	-	34,285	-	-	34,285
Employee share grants issued/option exercised	29	-	(27,339)	-	-	(27,339)
Dividends paid	32	-	-	-	(1,066,160)	(1,066,160)
Total transactions with owners		-	6,946	-	(1,066,160)	(1,059,214)
Balance at 31 December 2021		2,141,985	56,698	1,237,765	8,586,920	12,023,368

PanJam Investment Limited
Company Statement of Cash Flows
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities	33	2,448,666	525,847
Cash Flows from Investing Activities			
Investment in associated companies	17	-	(62,075)
Acquisition of property, plant and equipment	20	(10,193)	(1,087)
Proceeds from disposal of shares in associated company	11	30,663	-
Disposal/(acquisition) of investment securities, net		2,747,934	(2,768,024)
Net cash provided by/(used in) investing activities		2,768,404	(2,831,186)
Cash Flows from Financing Activities			
Increase in amount due from related parties		(2,743,275)	(752,717)
Loans received		-	6,495,000
Loans repaid		(32,527)	(2,032,242)
Interest paid		(831,056)	(823,801)
Lease liabilities		(9,410)	(8,435)
Dividends paid to shareholders	32	(762,303)	(671,682)
Net cash (used in)/provided by financing activities		(4,378,571)	2,206,123
Net increase/(decrease) cash and cash equivalents		838,499	(99,216)
Effect of exchange rate changes on cash and cash equivalents		78,807	59,118
Cash and cash equivalents at beginning of year		1,163,155	1,203,253
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	2,080,461	1,163,155

PanJam Investment Limited

Notes to the Financial Statements
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

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

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

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

PanJam Investment Limited
Notes to the Financial Statements
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(c) continued

	Principal Activities	Proportion of Issued Equity Capital Held by Company	Proportion of Issued Equity Capital Held by Subsidiaries
Associated Companies			
Sagicor Group Jamaica Limited	Life and Health Insurance, Pension Management, Investment and Banking	30.21%	-
New Castle Company Limited (Incorporated in St. Lucia)	Consumer Products	33.33%	-
Chukka Caribbean Adventures Limited (Incorporated in St. Lucia)	Tourism	18%	-
Caribe Hospitality Jamaica Limited	Hotel Management	35%	-
Downing Street Realty Fund VII (Incorporated in Canada)	Property Developers	-	30.63%
Downing Street Realty Fund XI (Incorporated in Canada)	Property Developers		20.87%
Downing Street Realty Fund XIV (Incorporated in Canada)	Property Developers	-	30.77%
Downing Street Realty Fund XV (Incorporated in Canada)	Property Developers	-	6.67%
Williams Offices (Caribbean) Limited (Incorporated in Barbados)	Office Rental	25%	-
Term Finance Jamaica Limited	Loan Financing	20%	-
Outsourcing Management Limited (Incorporated in St. Lucia)	Business Process Outsourcing	15%	-
International CX Limited (Incorporated in St. Lucia)	Business Process Outsourcing	15%	
Other Consolidated Entity			
The PanJam Share Trust	Employees Share Ownership Plan	100%	-

During the year the group:

(a) disposed of its holding in Downing Street Realty Fund II;
(b) acquired shares in Downing Street Realty Funds XIV and XV; and
(c) entered into a contractual agreement with International CX Limited, a start up, for the acquisition of 15% of its shareholding. International CX Limited is incorporated in St. Lucia and provides business process outsourcing services.

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

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

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

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

- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9** (effective for annual periods beginning on or after 1 January 2021). These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023. The adoption of the amendments did not have any significant impact on the group and company.

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2** (effective for annual periods beginning on or after 1 January 2021). The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments could affect companies in all industries. The amendments are effective from 1 January 2021. This publication provides guidance on how to apply the Phase 2 amendments to various contracts and hedge accounting relationships, including the interaction with the Phase 1 reliefs for hedge accounting. The adoption of the amendments did not have any material impact on the financial statements of the group and company.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the group's accounting periods beginning on or after 1 January 2022 or later periods but were not effective at the statement of financial position date. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions** (effective for annual periods beginning on or after 1 June 2020). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The adoption of the amendments did not have any significant impact on the group and company

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities** (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means where it refers to the 'settlement' of a liability. The adoption of the amendments is not expected to have any material impact on the financial statements of the group and company.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction** (effective for annual periods beginning on or after 1 January 2023). In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The adoption of the amendments is not expected to have any material impact on the financial statements of the group and company.

PanJam Investment Limited

Notes to the Financial Statements
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **Narrow scope amendments to IAS 1, Presentation of financial statements', Practice statement 2 and IAS 8** (effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of the amendments is not expected to have any material impact on the financial statements of the group and company.

- **Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16** (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases'. The adoption of the amendments is not expected to have any material impact on the financial statement of the group and company.

- **IFRS 17, 'Insurance contracts'** (effective for annual periods beginning on or after 1 January 2023). It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:
  - Discounted probability-weighted cash flows;
  - An explicit risk adjustment;, and
  - A contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

  The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. An assessment is being done on the impact of the standard on the group.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

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

(ii) Transactions and non-controlling interests

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

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

PanJam Investment Limited

Notes to the Financial Statements
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

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

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

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

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

(c) Income recognition

(i) Interest income and expenses
Interest income from financial assets at fair value through profit or loss (FVPL) is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income (FVOCI) is recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments.

(ii) Dividend income
Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognized in the income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

2. Significant Accounting Policies (Continued)

(c) Income recognition (continued)

(iii) Property income
Revenue comprises the invoiced value of rental and maintenance charges net of General Consumption Tax. Rental income from operating leases is recognised on a straight-line basis over the lease term. The Group currently does not provide incentives to its tenants.

The group assesses the individual elements of the lease agreements and assesses whether these individual elements are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price is allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. These selling prices are predominantly fixed price per the agreements where the tenant pays the fixed amount based on a payment schedule. If the services rendered should exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is measured at the transaction price agreed under the contract. The group currently does not have arrangements that include deferred payment terms.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

PanJam Investment Limited
Notes to the Financial Statements
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

2. Significant Accounting Policies (Continued)

(e) Taxation

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

(i) Current taxation

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

(ii) Deferred income taxes

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

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

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

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

(f) Financial instruments

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

Financial assets

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

Financial liabilities

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

The fair values of the group's and the company's financial instruments are discussed in Note 35.

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2. Significant Accounting Policies (Continued)

(g) Accounts receivable

Trade and managed properties receivables

Trade receivables are amounts due from tenants and customers for rent and maintenance during the accounting period. Managed properties receivables are due from customers for expenses incurred during the accounting period for the management of properties owned by these customers. Trade and managed properties receivables are generally due for settlement within 30 days and therefore are all classified as current. They are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade and managed properties receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Due to the short-term nature of the trade and managed properties receivables, their carrying amount is considered to be the same as their fair value. The group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 34(b) for further details.

Other miscellaneous assets

The group classifies other miscellaneous assets at amortised cost when both of the following criteria are met:

- the asset is held within a business model where the objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Due to the short-term nature of the other miscellaneous assets excluding land awaiting development, their carrying amount is considered to be the same as their fair value. Land awaiting development at year end was $745,917,000 (2020 – $869,977,000) representing purchase consideration and associated costs capitalised.

(h) Cash and cash equivalents

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

2. Significant Accounting Policies (Continued)

(i) Investments

(i) Classification

The group classifies its financial assets in the following measurement categories:

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

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

2. Significant Accounting Policies (Continued)

(i) Investments (continued)

(iii) Measurement (continued)

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

- FVPL - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on a debt investment that is subsequently measured at FVPL are recognised in profit or loss and presented net within investment income in the period in which they arise.

Equity instruments

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

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

(iv) Impairment

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

2. Significant Accounting Policies (Continued)

(j) Investment property

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

All leases that meet the definition of investment property are classified as investment property and measured at fair value. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Investment property that is obtained through a lease is measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the group expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods, such as recent prices on less active markets, discounted cash flow projections or the sales approach. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.
These valuations form the basis for the carrying amounts in the consolidated financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

2. Significant Accounting Policies (Continued)

(k) Leases

The group acting as lessee, recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

Assets and liabilities arising from the lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance the fixed payments), less any lease incentives receivable
- Variable lease payments that are based on the index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the group under residual value guarantees
- The exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing; and
- makes adjustments specific to the lease, example term, currency and security.

The group is exposed to potential future increase in variable lease payments based on index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments are based on an index or rate effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs (as applicable).

2. Significant Accounting Policies (Continued)

(k) Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If and where the group is reasonably certain to exercise the purchase option, the right-of-use asset is depreciated over the underlying asset useful life. Right of use assets are not revalued.

Payments associated with short-term leases of equipment and all leases of low value are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

Variable lease payments

Some leases contain variable payment terms that are linked to rental income generated from property. These variable payments are recognised in the income statement in the period in which the condition that triggers those payments occurs.

Extension and termination options

Where extension and termination options are included, these are used to maximise the operational flexibility in terms of managing assets used in the group's operations. The options held are exercisable only by the group and not by the respective lessor.

Residual value guarantees

The group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of a lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the group does not expect to pay anything under the guarantees.

2. Significant Accounting Policies (Continued)

(l) Property, plant and equipment

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

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

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

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

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

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

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

(m) Properties for development and sale

Properties under construction that are intended for sale are classified as properties for development and sale. The properties are carried at the lower of cost and net realizable values. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses. Impairment losses on properties for development and sale and profit on the sale of the properties are recognized in the income statement.

2. Significant Accounting Policies (Continued)

(n) Inventories

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

(o) Employee benefits

(i) Pension obligations

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

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

2. Significant Accounting Policies (Continued)

(o) Employee benefits (continued)

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

Past-service costs are recognised immediately in expenses.

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(o) Employee benefits (continued)

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

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

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

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

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

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

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

2. Significant Accounting Policies (Continued)

(r) Provisions

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

(s) Dividends

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

(t) Share capital

Ordinary shares are classified as equity.

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

(u) Segment reporting

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

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

(iii) Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanations of the inputs, assumptions and estimation techniques used in measuring the ECL is further detailed in Note 34 which also sets out key sensitivities of the ECL to changes in these elements.

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

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

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

(iv) Pension plan assets and post-employment obligations

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

(v) Investment properties

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

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

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

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4. Segmental Financial Information

The group is organised into two main business segments:

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

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

(c) Other services – This incorporates captive insurance and other companies.

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

	2021				
	Property Management & Rental	**Investments**	**Other Services**	**Eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	2,198,457	2,039,458	60,482	-	4,298,397
Inter-group revenue	38,997	360,415	-	(399,412)	-
Total revenue	2,237,454	2,399,873	60,482	(399,412)	4,298,397
Operating profit/(loss)	806,784	1,699,451	(9,745)	-	2,496,490
Finance costs	(278,619)	(861,078)	-	225,282	(914,415)
	528,165	838,373	(9,745)	225,282	1,582,075
Gains on disposal of shares in Associated companies	-	193,892	-	-	193,892
Share of results of associated companies	-	5,455,180	-	-	5,455,180
Profit before taxation	528,165	6,487,445	(9,745)	225,282	7,231,147
Taxation	4,329	16,895	(654)	-	20,570
Net profit	532,494	6,504,340	(10,399)	225,282	7,251,717
Segment assets	15,754,424	18,100,591	667,707	(4,743,273)	29,779,449
Investment in associated companies	-	37,995,085	-	-	37,995,085
Total assets	15,754,424	56,095,676	667,707	(4,743,273)	67,774,534
Segment liabilities	6,052,297	13,572,180	595,316	(4,743,273)	15,476,520
Other segment items:					
Capital expenditure	2,106,055	10,194	98,668	-	2,214,917
Depreciation	29,707	7,057	-	-	36,764

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4. Segmental Financial Information (Continued)

	2020				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External operating revenue	2,567,728	(575,696)	62,434	-	2,054,466
Inter-group revenue	24,670	256,452	-	(281,122)	-
Total revenue	2,592,398	(319,244)	62,434	(281,122)	2,054,466
Operating profit	1,236,361	(964,115)	42,834	-	315,080
Finance costs	(172,703)	(777,388)	-	114,182	(835,909)
	1,063,658	(1,741,503)	42,834	114,182	(520,829)
Share of results of associated companies	-	3,866,414	-	-	3,866,414
Profit before taxation	1,063,658	2,124,911	42,834	114,182	3,345,585
Taxation	(119,631)	309,647	(1,291)	-	188,725
Net profit	944,027	2,434,558	41,543	114,182	3,534,310
Segment assets	12,837,464	16,080,782	402,669	(2,089,288)	27,231,627
Investment in associated companies	-	35,339,651	-	-	35,339,651
Total assets	12,837,464	51,420,433	402,669	(2,089,288)	62,571,278
Segment liabilities	3,577,380	13,335,291	274,850	(2,089,288)	15,098,233
Other segment items:					
Capital expenditure	1,422,350	1,087	-	-	1,423,437
Depreciation	30,720	7,097	-	-	37,817

Revenue is recognised by each segment on the accrual basis.

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5. Investment Income

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Income				
Interest income -				
Financial assets at fair value through profit or loss	38,868	2,183	38,868	-
Fair value through other comprehensive income	53,773	41,959	49,310	37,760
Amortised cost	97,129	160,154	459,209	405,282
Securities purchased under agreement to resell and deposits	53,892	43,875	49,682	32,728
Realised gains on disposal of investments, net	132,281	10,139	70,153	11,322
Fair value gains/(losses) on financial assets				
at fair value through profit or loss	1,390,841	(1,113,319)	604,339	(1,295,828)
Foreign exchange gains	196,276	164,305	279,290	220,360
Dividends	107,425	177,982	1,473,630	1,313,175
Other	698	453	408	250
	2,071,183	(512,269)	3,024,889	725,049
Direct expenses				
Investment expense	(12,052)	(10,981)	(7,704)	(3,840)
	2,059,131	(523,250)	3,017,185	721,209

6. Property Income

	The Group	
	2021	**2020**
	$'000	**$'000**
Rental income (Note 16)	1,844,227	1,814,298
Fair value gains on property valuation (Note16)	254,444	323,815
	2,098,671	2,138,113

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7. Other Income

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Management fees	68,453	55,332	54,613	49,087
Gain on disposal of property held for development	-	326,180	-	-
Insurance recovery	2,450	-	-	-
Reinsurance commissions	59,469	54,140	-	-
Miscellaneous income	10,223	3,951	1,720	12
	140,595	439,603	56,333	49,099

8. Operating Expenses by Nature

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Direct cost of property management (Note 16)	869,501	828,413	-	-
Staff costs (Note 9)	601,495	481,063	202,045	174,997
Directors' fees	21,507	19,020	17,550	17,613
Professional fees	101,115	81,404	72,357	63,298
Auditors' remuneration	34,003	30,426	12,731	11,736
Information technology services	30,937	29,381	6,485	6,344
Office expense & subscriptions	14,787	14,654	26,998	23,167
Donations	35,956	70,486	21,456	52,286
Depreciation	36,764	37,817	9,037	9,078
Amortisation	3,434	5,211	3,434	3,435
Irrecoverable GCT	20,886	22,381	15,512	17,027
Commission	10,358	9,141	-	-
Write-off	1,425	-	-	345,855
Other	73,341	71,551	30,978	36,821
	1,855,509	1,700,948	418,583	761,657

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9. Staff Costs

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Wages and salaries	370,517	253,526	140,355	99,126
Statutory contributions	24,486	25,276	9,608	13,513
Pension – funded (Note 23(a))	66,285	55,769	(1,030)	(2,659)
Pension – unfunded (Note 23(b))	28	26	28	26
Other post-employment benefits (Note 23(c))	50,033	38,886	7,679	6,075
Stock compensation expense (Note 29)	54,660	68,590	34,285	46,235
Other	35,486	38,990	11,120	12,681
	601,495	481,063	202,045	174,997

10. Finance Costs

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest expense	911,447	830,931	859,851	773,520
Commitment fees	2,968	4,978	2,968	4,978
	914,415	835,909	862,819	778,498

11. Gains on Disposal of Shares in Associated Companies

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited				
Proceeds	30,663	-	30,663	-
Carrying value at disposal (Note 17)	(5,133)	-	(978)	-
Gain on disposal	25,530	-	29,685	-

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11. Gains on Disposal of Shares in Associated Company (Continued)

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance carried forward	25,530	-	29,685	-
Downing Street Realty Funds				
Consideration	370,453	-	-	-
Carrying value at disposal (Note 17)	(202,091)	-	-	-
Gain on disposal	168,362	-	-	-
Gain on disposal	193,892	-	29,685	-

12. Taxation

(a) Composition of tax credit

The taxation credit for the year is comprised of:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	89,206	121,416	11,696	2,615
Prior year over accrual	(60,288)	-	-	-
Deferred income taxes (Note 18)	(49,488)	(310,141)	(59,270)	(290,632)
	(20,570)	(188,725)	(47,574)	(288,017)

Subject to agreement with the Tax Administration Jamaica, the group has losses available for offset against future taxable profits amounting to approximately $1,421,000,000 (2020 - $1,352,099,000).

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12. Taxation (Continued)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Profit/(loss) before tax	7,231,147	3,345,585	1,864,222	(779,097)
Tax at 25%	1,807,787	836,396	466,055	(194,774)
Adjusted for the effects of:				
Income not subject to tax	(95,164)	(117,649)	(75,634)	(43,774)
Adjustment for income taxed at a different rate	(135,893)	(4,621)	(334,911)	(277,154)
Disposal of shares in associated companies	(48,835)	-	(7,421)	-
Share of associates' profit included net of tax	(1,363,795)	(966,603)	-	-
Expenses not deductible for tax purposes	66,787	100,832	62,281	178,369
Tax losses previously not recognised	(164,580)	47,205	(164,580)	47,205
Allowable incentives	(16,823)	(90,548)	-	-
Prior year over accrual	(60,288)	-	-	-
Other charges and credits	(9,766)	6,263	6,636	2,111
Income tax credit	(20,570)	(188,725)	(47,574)	(288,017)

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

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12. Taxation (Continued)

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

	The Group			The Company		
At 31 December 2021	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	11,416	-	11,416	-	-	-
Fair value gains on financial assets, FVOCI	2,453	-	2,453	8,325	-	8,325
Re-measurement of post-employment benefit obligation	(35,910)	8,977	(26,933)	43,395	(10,849)	32,546
Share of other comprehensive income of associated company	(1,329,857)	-	(1,329,857)	-	-	-
Other comprehensive income	(1,351,898)	8,977	(1,342,921)	51,720	(10,849)	40,871
Deferred income tax (Note 18)		8,977			(10,849)	

	The Group			The Company		
At 31 December 2020	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	8,744	-	8,744	-	-	-
Fair value gains on financial assets, FVOCI	(74,768)	-	(74,768)	(69,701)	-	(69,701)
Re-measurement of post-employment benefit obligation	(53,059)	13,265	(39,794)	(66,455)	16,614	(49,841)
Share of other comprehensive income of associated company	1,382,474	-	1,382,474	-		-
Other comprehensive income	1,263,391	13,265	1,276,656	(136,156)	16,614	(119,542)
Deferred income tax (Note 18)		13,265			16,614	

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

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to owners of the parent and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the group and held as treasury stock. For the financial year the group had a weighted average of 4,046,512 (2020 – 6,053,345) treasury stock units.

For fully diluted EPS, the weighted average number of stock units in issue is adjusted to assume conversion of all potentially dilutive ordinary stock units. The net profit is also adjusted to reflect the after-tax effect of income arising from the conversion of such potential ordinary stock units. There were no dilutive ordinary stock units. For 2021 and 2020 the calculation of fully diluted earnings per stock unit is the same as basic earnings per stock unit.

	2021	2020
Net profit attributable to stockholders ($'000)	7,202,801	3,504,520
Weighted average number of stock units in issue (thousands)	1,062,113	1,060,107
Basic and fully diluted earnings per stock unit ($)	$6.78	$3.31

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

	2021	2020
	$'000	$'000
Net Profit		
The company	1,911,796	(491,080)
Associated companies	4,080,793	2,791,560
Subsidiaries	1,259,128	1,233,830
	7,251,717	3,534,310

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

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14. Cash and Cash Equivalents

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	272,856	125,149	118,802	62,915
Deposits	996,355	695,277	846,331	498,018
Securities purchased under agreements to resell	1,273,800	871,509	1,147,903	705,591
Bank overdraft	(14,986)	(11,378)	(14,985)	(11,377)
	2,528,025	1,680,557	2,098,051	1,255,147
Deposits with maturity exceeding 90 days	(24,724)	(100,360)	(17,590)	(91,992)
Cash and cash equivalents	2,503,301	1,580,197	2,080,461	1,163,155
Expected credit loss provision	(6,012)	(3,799)	(4,792)	(3,193)
	2,497,289	1,576,398	2,075,669	1,159,962

Security for the bank overdraft includes certain specific investments. The effective rate on the overdraft facility - was – 14.65% (2020 – 14.65%).

Deposits and securities purchased under agreements to resell net of expected credit loss provision are – $994,776,000 and $844,983,000 (2020 - $694,275,000 and $497,185,000) for deposits and $1,269,367,000 and $1,144,459,000 (2020 – $868,712,000 and $703,231,000) for securities purchased under agreements to resell for the group and company respectively.

The group has entered into collateralised reverse repurchase agreements (securities purchased under agreements to resell), which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. All amounts were due within 12 months. The balance listed is carried gross of provision for expected credit losses amounting to $4,433,000 and $3,444,000 (2020 - $2,797,000 and $2,360,000) for the group and company respectively.

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15. Investment Securities

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at fair value through other comprehensive income:				
Debt securities -				
Government of Jamaica	524,233	607,707	516,058	599,478
Other Government	100,756	99,355	61,720	58,778
Corporate	301,066	316,427	277,521	293,658
Equity securities	219,424	195,742	229,424	205,742
	1,145,479	1,219,231	1,084,723	1,157,656
Financial assets at fair value through profit or loss:				
Equity securities	8,353,741	7,584,640	5,523,240	5,590,419
Debt securities	1,018,575	-	1,018,575	-
	9,372,316	7,584,640	6,541,815	5,590,419
Financial assets at amortised cost:				
Debt securities -				
Government of Jamaica	-	259,872	-	259,872
Corporate bonds	263,909	2,261,177	263,909	2,261,177
Loans and receivables	41,548	1,125,747	388,113	1,464,515
	305,457	3,646,796	652,022	3,985,564

15. Investment Securities (Continued)

Included in the financial assets at fair value through other comprehensive income above is interest receivable amounting to $6,434,000 and $7,347,000 (2020 - $12,549,000 and $11,702,000) for the group and the company respectively.

The financial assets at fair value through profit or loss consist of equities held for trading, as well as non-trading equities and convertible notes. Non trading equities total $2,184,137,000 and $241,932,000 (2020 - $1,455,192,000 and $184,420,000) for the group and company respectively.

The financial assets at amortised cost above are carried net of an expected credit loss provision. The provision for bonds is $4,430,000 (2020 - $13,888,000) for the group and company and for loans and receivable $315,000 for the group and company. Included in the total for bonds is interest receivable amounting to $4,144,000 (2020 - $22,476,000) for the group and company and in loans nil (2020 - $6,016,000) for the group and $30,009,000 (2020 - $30,232,000) for the company.

The current portion of investment securities is $206,724,000 (2020 - $297,703,000) for the group and $235,820,000 (2020 - $296,856,000) for the company.

16. Investment Properties

	The Group	
	2021	2020
	$'000	$'000
At 1 January	9,531,152	9,026,597
Improvements	-	51,009
Transferred to development in progress and for sale	(128,929)	-
Transferred from capital work-in-progress (Note 20)	368,085	129,731
Fair value gains (Note 6)	254,444	323,815
At 31 December	10,024,752	9,531,152

Amounts recognised in income statement for investment properties includes:

	The Group	
	2021	2020
	$'000	$'000
Rental income (Note 6)	1,844,227	1,814,298
Direct costs (Note 8)	(869,501)	(828,413)
Fair value gains recognised in income (Note 6)	254,444	323,815

16. Investment Properties (Continued)

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

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

The assumptions to which the values are most sensitive are the occupancy levels, as reflected in the vacancy factor and the capitalisation factors. Vacancy factors and the capitalization rates or discount rate used, range from 4% to 16% (2020 – 2% to 16%) and 9% to 13% (2020 – 8% to 12%) respectively. Should the vacancy factor used increase/decrease by 0.25% the value of investment properties would decrease/increase by $84,000,000/$42,000,000 (2020 - $42,000,000/$1,000,000). Should the capitalization factor or the discount rate increase/decrease by 1.0% the value of investment properties would decrease/increase by $725,000,000/$736,000,000 (2020 - $643,000,000/$729,000,000).

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

Leasing arrangements
The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk the group may obtain bank guarantees for the term of the lease.

Minimum lease payments receivable on leases of investment properties are as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Within 1 year	833,530	912,980
Between 1 and 2 years	302,368	420,119
Between 2 to 3 years	252,020	258,721
Between 3 to 4 years	219,799	182,160
Between 4 to 5 years	95,104	146,861
Later than 5 years	39,775	155,344
	1,742,596	2,076,185

17. Investment in Subsidiaries and Associated Companies

Investment in subsidiaries

	The Company	
	2021	2020
	$'000	$'000
Subsidiary companies -		
Balance at 1 January and 31 December	1,128,119	1,128,119

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

Net profit attributable to non-controlling interest for the year was $48,916,000 (2020 - $29,790,000), of which loss of $172,000 (2020 – profit of $1,373,000) was attributable to Scott's Preserves Limited and $49,088,000 (2020 - $28,417,000) to Knutsford Holdings Limited.

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

Summarised statement of financial position

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Assets	115,480	101,065	16,633	17,115
Liabilities	(13,448)	(22,879)	(841)	(818)
Total current net assets	102,032	78,186	15,792	16,297
Non-current				
Assets	906,000	807,000	-	-
Financial liabilities	(95,020)	(96,521)	(3)	(2)
Total non-current assets/(liabilities)	810,980	710,479	(3)	(2)
Net assets	913,012	788,665	15,789	16,295

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in subsidiaries (continued)

Summarised statement of comprehensive income

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revenue	242,552	190,986		-
Investment income	4,706	5,925	205	5,915
Profit from continuing operations	140,287	90,891	(512)	5,399
Taxation expense	(17,569)	(19,441)	-	(1,291)
Post tax profit from continuing operations	122,718	71,450	(512)	4,108
Total comprehensive income allocated to non-controlling interest	49,088	28,417	(172)	1,373

Summarised cash flows

	Knutsford Holdings Limited		Scott's Preserves Limited	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash flows from operating activities				
Cash generated from operations	89,866	59,689	(689)	(1,488)
Interest paid	(16,084)	(16,084)	-	-
Income tax paid	(16,127)	(15,312)	(400)	-
Net cash provided by/(used in) operating activities	57,655	28,293	(1,089)	(1,488)
Net cash (used in)/provided by investing activities	(9,936)	(11,380)	-	2,011
Net cash (used in)/provided by financing activities	-	(120,000)	140	(76,067)
Net (decrease)/increase in cash and cash equivalents	47,719	(103,087)	(949)	(75,544)
Effect of exchange rate on cash and cash equivalent	3,145	3,081	-	3,989
Cash and cash equivalents at beginning of year	53,176	153,182	12,207	83,762
Cash and cash equivalents at end of year	104,040	53,176	11,258	12,207

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

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies

	Group		Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Opening balance	35,339,651	31,078,668	7,601,617	7,885,397
Additions	178,735	62,075	-	62,075
Disposal	(207,224)	-	(978)	-
Share of net profits	5,455,180	3,866,414	-	-
Dividends received/declared	(1,374,390)	(1,074,854)	-	-
Share of reserves	(1,396,867)	1,407,348	-	-
Write off	-	-	-	(345,855)
Closing balance	37,995,085	35,339,651	7,600,639	7,601,617

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Associated companies -				
Life and Health Insurance, Pension Management, Investment and Banking				
Balance at 1 January	33,260,218	28,723,353	6,378,507	6,378,507
Disposal	(5,133)	-	(978)	-
Share of net profit	5,218,831	4,128,204	-	-
Dividends received/declared	(1,308,701)	(998,687)	-	-
Share of reserves	(1,396,867)	1,407,348	-	-
	35,768,348	33,260,218	6,377,529	6,378,507
Consumer Products				
Balance at 1 January	629,612	510,102	310,306	310,306
Share of net profit	265,370	193,188	-	-
Dividends received	(65,689)	(73,678)	-	-
	829,293	629,612	310,306	310,306

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Associated companies -				
Tourism/Hospitality				
Balance at 1 January	153,410	614,502	193,665	539,520
Share of net loss	(73,350)	(458,603)	-	-
Write off	-	-	-	(345,855)
Dividends received	-	(2,489)	-	-
	80,060	153,410	193,665	193,665
Realty Funds				
Balance at 1 January	702,223	699,300	-	-
Additional investment	178,735	-	-	-
Share of net profit	32,002	2,923	-	-
Disposal	(202,091)	-	-	-
	710,869	702,223	-	-
Business Process Outsourcing				
Balance at 1 January	524,302	491,642	606,361	606,361
Share of net profit	41,391	32,660	-	-
	565,693	524,302	606,361	606,361
Other				
Balance at 1 January	69,886	39,769	112,778	50,703
Additional investment	-	62,075	-	62,075
Share of net loss	(29,064)	(31,958)	-	-
	40,822	69,886	112,778	112,778
Comprising:				
Share of net assets	36,146,610	33,288,858	-	-
Intangible assets (including goodwill)	1,848,475	2,050,793	-	-
	37,995,085	35,339,651	7,600,639	7,601,617

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

In 2020, the group's share of dividends from Sagicor Group Jamaica was converted into short term interest bearing promissory notes which were redeemed in full during the year ended 31 December 2021. A portion of the group's shareholding in Sagicor Group Jamaica Limited has been pledged as collateral for loan liabilities, as discussed in Note 25 of the financial statements.

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

	The Group			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	35,768,348	68,720,000	33,260,218	58,958,049

	The Company			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
Sagicor Group Jamaica Limited	6,377,529	68,720,000	6,378,507	58,958,049

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

The summarised information for associates that were accounted for using the equity method for the years ended 31 December 2021 and 2020 is as presented in the tables below. The summarized financial information reflects balances which are due to the equity holders of the companies.

Summarised statement of financial position

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2021						
Total assets	527,990,704	2,928,924	3,381,652	9,551,635	16,991,713	588,036
Total liabilities	(393,210,991)	(440,781)	(2,996,684)	(8,573,159)	(13,961,012)	(1,309,845)
Non-controlling interest	(19,956,091)	-	-	-	-	102,542
Net assets	114,823,622	2,488,143	384,968	978,476	3,030,701	(619,267)

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Total assets	490,694,573	2,253,238	7,393,405	4,249,917	7,314,410	600,130
Total liabilities	(363,847,574)	(364,216)	(6,934,007)	(3,383,566)	(4,877,579)	(1,156,222)
Non-controlling interest	(20,462,993)	-	(20,544)	-	(560,167)	74,053
Net assets	106,384,006	1,889,022	438,854	866,351	1,876,664	(482,039)

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

Summarised statement of comprehensive income (continued)

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2021						
Revenue	102,560,679	2,773,609	524,667	10,049,559	1,055,255	409,212
Depreciation and amortisation	2,719,286	57,338	117,377	660,793	-	19,400
Net investment/Interest income	27,961,643	-	3	-	-	17,045
Profit/(loss) from continuing operations	24,093,047	796,189	(206,620)	288,381	109,434	(115,964)
Taxation expense	(6,449,959)	-	-	(12,440)	-	1,613
Post tax profit/(loss) from continuing operations	17,643,088	796,189	(206,620)	275,941	109,434	(114,351)
Other comprehensive income	(4,497,187)	-	-	-	-	-
Non-controlling interest	(153,098)	-	-	-	-	-
Total comprehensive income	12,992,803	796,189	(206,620)	275,941	109,434	(114,351)
Dividends received from associate	1,308,701	65,689	-	-	-	-

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Revenue	84,572,822	2,615,849	1,858,302	6,779,240	209,355	371,756
Depreciation and amortisation	2,870,006	53,464	555,543	708,097	-	19,400
Net investment/Interest income	18,254,608		148,479	-	-	5,054
Profit/(loss) from continuing operations	10,178,307	579,622	(1,647,953)	217,732	1,612	(130,368)
Taxation expense	(5,693,527)	-	(3,221)	-	-	-
Post tax profit/(loss) from continuing operations	4,484,780	579,622	(1,651,174)	217,732	1,612	(130,368)
Other comprehensive income	13,869,931	-	-	-	-	-
Non-controlling interest	(8,942,839)	-	(6,645)	-	2,193	-
Total comprehensive income	9,411,872	579,622	(1,657,819)	217,732	3,805	(130,368)
Dividends received from associate	998,687	73,678	2,489	-	-	-

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

Reconciliation of summarised financial information

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

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2021						
Opening net assets at 1 January	106,384,006	1,889,022	438,854	866,351	1,876,664	(482,039)
Capital contribution		-	-	-	1,632,343	18,046
Profit or loss for the period	17,395,431	796,189	(206,620)	275,941	109,434	(114,351)
Other comprehensive income	(4,402,628)	-	-	-	-	-
Change in reserves	(221,838)	-	-	-	(26,003)	-
Adjustment	-	-	110,308	(228,895)	-	13,498
Dividends paid	(4,331,349)	(197,068)	-	-	-	-
Disposal	-	-	-	-	(718,114)	-
Translation gains/(losses)	-	-	42,426	65,079	156,377	(54,421)
Closing net assets at 31 December	114,823,622	2,488,143	384,968	978,476	3,030,701	(619,267)
Interest in associate (J$)	34,683,622	829,298	134,739	146,772	594,096	(157,848)
Additional investment	-	-	-	-	111,637	-
Adjustment for pre-acquisition goodwill	(200,041)	-	-	-		142,601
Other adjustments	(97,014)	(13,539)	(54,679)	20,850	(49,953)	56,070
Goodwill and intangible assets	1,381,781	13,534	-	398,071	55,089	-
Carrying value	35,768,348	829,293	80,060	565,693	710,869	40,822

See Note 1 for shareholding in associated companies.

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17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in associated companies (continued)

	Life and Health Insurance, Pension Management, Investment and Banking	Consumer Products	Tourism & Hospitality	Business Process Outsourcing	Realty Funds	Other
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Opening net assets at 1 January	91,251,554	1,489,852	2,172,170	617,091	1,846,150	(365,453)
Capital contribution	-	-	-	-	146,840	12,609
Return of capital contribution	-	-	-	-	(238,261)	-
Profit or loss for the period	13,780,163	579,622	(1,657,819)	217,732	3,805	(128,120)
Other comprehensive income	4,574,548	-	-	-	-	-
Change in reserves	82,299	-	-	-	-	-
Adjustment	-	40,604		-	-	(1,075)
Dividends paid	(3,304,558)	(221,056)	(13,830)	-	-	-
Translation gains/(losses)	-	-	(61,667)	31,528	118,130	-
Closing net assets at 31 December	106,384,006	1,889,022	438,854	866,351	1,876,664	(482,039)
Interest in associate (J$)	32,149,385	629,610	172,351	129,953	540,540	(125,769)
Additional investment	-	-	-	-	-	62,075
Adjustment for pre-acquisition goodwill	(200,041)	-	(53,538)	-	-	-
Other adjustments	(107,207)	(13,532)	(38,796)	(3,722)	83,177	(9,021)
Goodwill and intangible assets	1,418,081	13,534	73,393	398,071	78,506	142,601
Carrying value	33,260,218	629,612	153,410	524,302	702,223	69,886

18. Deferred Income Taxes

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

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax assets	655,899	416,846	422,585	213,571
Deferred tax liabilities	(911,833)	(731,245)	(567,686)	(407,093)
Net deferred tax liabilities	(255,934)	(314,399)	(145,101)	(193,522)

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at a 1 January	(314,399)	(637,805)	(193,522)	(500,768)
Tax credited to income statement (Note 12)	49,488	310,141	59,270	290,632
Tax credited/(charged) to components of other comprehensive income (Note 12)	8,977	13,265	(10,849)	16,614
Balance at 31 December	(255,934)	(314,399)	(145,101)	(193,522)

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18. Deferred Income Taxes (Continued)

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

	The Group					
	Pension and other post employment benefits $'000	**Interest payable $'000**	**Stock compensation provision $'000**	**Unutilised tax losses $'000**	**Other $'000**	**Total $'000**
Deferred income tax assets						
At 1 January 2020	168,216	14,221	27,798	121,825	8,913	340,973
Credited/(charged) to the income statement	23,834	(2,262)	8,721	47,897	(2,317)	75,873
At 31 December 2020	192,050	11,959	36,519	169,722	6,596	416,846
Credited to the income statement	26,040	3,866	8,870	186,247	14,030	239,053
At 31 December 2021	218,090	15,825	45,389	355,969	20,626	655,899

	The Group						
	Property, plant and equipment $'000	**Pension benefits $'000**	**Investment property $'000**	**Interest receivable $'000**	**Unrealised foreign exchange gains $'000**	**Investment securities $'000**	**Total $'000**
Deferred income tax liabilities							
At 1 January 2020	19,682	63,192	192,922	23,536	22,613	656,833	978,778
(Credited)/charged to the income statement	(1,818)	2,043	22,076	27,494	41,908	(325,971)	(234,268)
(Credited)charged to other comprehensive income	-	(13,265)	-	-	-	-	(13,265)
At 31 December 2020	17,864	51,970	214,998	51,030	64,521	330,862	731,245
(Credited)/charged to the income statement	(56)	(1,041)	5,769	58,821	58,847	67,225	189,565
Credited/ to other comprehensive income	-	(8,977)	-	-	-	-	(8,977)
At 31 December 2021	17,808	41,952	220,767	109,851	123,368	398,087	911,833

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18. Deferred Income Taxes (Continued)

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

	The Company					
	Pension and other post retirement benefits $'000	Interest payable $'000	Stock compensation provision $'000	Unutilised tax losses $'000	Other $'000	Total $'000
Deferred income tax assets						
At 1 January 2020	13,077	11,877	14,276	121,116	652	160,998
Credited/(charged) to income statement	2,197	(2,912)	5,683	47,897	(292)	52,573
At 31 December 2020	15,274	8,965	19,959	169,013	360	213,571
Credited/(charged) to income statement	(90)	11	8,571	186,247	14,275	209,014
At 31 December 2021	15,184	8,976	28,530	355,260	14,635	422,585

	The Company					
	Property, plant and equipment $'000	Retirement benefits $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Unrealised trading gains $'000	Total $'000
Deferred income tax liabilities						
At 1 January 2020	2,770	48,602	28,068	18,977	563,349	661,766
Credited/charged to income statement	(1,818)	2,043	22,613	41,284	(302,181)	(238,059)
Credited to other comprehensive income	-	(16,614)	-		-	(16,614)
At 31 December 2020	952	34,031	50,681	60,261	261,168	407,093
(Credited)/charged to income statement	(56)	(1,041)	29,357	59,073	62,411	149,744
Charged to other comprehensive income	-	10,849	-		-	10,849
At 31 December 2021	896	43,839	80,038	119,334	323,579	567,686

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

18. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax assets to be recovered after more than 12 months	263,479	228,569	43,714	44,558
Deferred tax assets to be recovered within 12 months	392,420	188,277	378,871	169,013
	655,899	416,846	422,585	213,571
Deferred tax liabilities to be settled after more than 12 months	(280,527)	(284,832)	(44,734)	(34,983)
Deferred tax liabilities to be settled within 12 months	(631,306)	(446,413)	(522,952)	(372,110)
	(911,833)	(731,245)	(567,686)	(407,093)
Net liabilities	(255,934)	(314,399)	(145,101)	(193,522)

19. Prepayments and Miscellaneous Assets

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables	33,193	38,808		-
Inventories	52,133	2,538		-
Managed properties receivables	113,200	113,146		-
Prepaid expenses	44,691	45,739	2,649	3,217
Reinsurance receivables	59,848	77,626	-	-
Premium receivable	33,460	55,464	-	-
Other receivables	415,182	345,483	145,947	145,275
Deposits	343,791	8,436	3,900	8,436
Land awaiting development	745,917	869,977	-	-
	1,841,415	1,557,217	152,496	156,928

The current portion of miscellaneous assets amounted to $1,100,002,000 (2020 - $687,240,000) for the group and $152,496,000 (2020 - $156,928,000) for the company.

Included in other receivables are amounts due from related parties totaling $276,630,000 (2020 - $142,004,000) for the group and $142,004,000 the company for 2021 and 2020.

Land awaiting development comprises properties owned by the group for which the group intends to either develop for owner occupancy or for sale and for which no decision has been taken on the design of development.

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20. Property, Plant and Equipment

		The Group					
	Note	Freehold Premises $'000	Leasehold Improvements $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles $'000	Capital Work in Progress $'000	Total $'000
At Cost -							
1 January 2020		65,964	14,325	370,322	115,998	371,301	937,910
Additions		-	-	3,487	5,800	1,363,141	1,372,428
Disposals		-	-	(206)	-	-	(206)
Transfers	16	-	-	-	-	(129,731)	(129,731)
31 December 2020		65,964	14,325	373,603	121,798	1,604,711	2,180,401
Additions		-	-	111,498	11,439	2,091,980	2,214,917
Disposals				(698)	(15,035)	-	(15,733)
Transfer to properties for development and sale		-	-	-	-	(242,503)	(242,503)
Transfer to investment properties	16	-	-	8,303	-	(376,388)	(368,085)
31 December 2021		65,964	14,325	492,706	118,202	3,077,800	3,768,997
Accumulated Depreciation -							
1 January 2020		14,975	10,046	153,454	84,079	-	262,554
Charged for year		723	67	21,137	15,890	-	37,817
Relieved on disposals		-	-	(206)	-	-	(206)
31 December 2020		15,698	10,113	174,385	99,969	-	300,165
Charged for year		723	67	21,352	14,622	-	36,764
Relieved on disposals		-	-	(698)	(13,812)	-	(14,510)
31 December 2021		16,421	10,180	195,039	100,779	-	322,419
Net Book Value -							
31 December 2021		49,543	4,145	297,667	17,423	3,077,800	3,446,578
31 December 2020		50,266	4,212	199,218	21,829	1,604,711	1,880,236

Included in motor vehicles is a right of use asset of nil (2020 - $4,471,000) and related lease liability of $3,322,000 (2020 - $7,655,000)

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20. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Property	Leasehold Improvements	Furniture & Fixtures	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
At Cost -					
1 January 2020	79,235	199	13,813	59,105	152,352
Additions	-	-	1,087	-	1,087
Disposal	-	-	(206)	-	(206)
31 December 2020	79,235	199	14,694	59,105	153,233
Additions	-	-	10,193	-	10,193
Disposal	-	-	(698)	-	(698)
31 December 2021	79,235	199	24,189	59,105	162,728
Accumulated Depreciation -					
1 January 2020	1,981	199	9,366	44,438	55,984
Charged for the year	1,981	-	935	6,162	9,078
Relieved on disposal	-	-	(206)	-	(206)
31 December 2020	3,962	199	10,095	50,600	64,856
Charged for the year	1,981	-	1,144	5,912	9,037
Relieved on disposal	-	-	(698)	-	(698)
31 December 2021	5,943	199	10,541	56,512	73,195
Net Book Value -					
31 December 2021	73,292	-	13,648	2,593	89,533
31 December 2020	75,273	-	4,599	8,505	88,377

As at 31 December 2021, the company recognised a right of use asset with a net book value of $73,292,000 (2020 - $75,273,000) and relating lease liability of $56,647,000 (2020 - $64,315,000).

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21. Properties for Development and Sale

	The Group	
	2021	**2020**
	$'000	**$'000**
At 1 January	-	-
Capital expenditure	454,922	-
Transferred from property, plant, and equipment (Note 20)	242,503	-
Transfer from investment properties (Note 16)	128,929	-
Transferred from land awaiting development	140,765	-
At 31 December	967,119	-

The above represents the cost of residential units under development for sale. These units are located in Norbrook, St Andrew and at the ROK Hotel & Residences in Downtown, Kingston.

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22. Intangibles

	The Group			The Company	
	Goodwill $’000	Computer Software $’000	Total $’000	Computer Software $’000	Total $’000
At Cost -					
1 January 2020	33,082	80,344	113,426	10,303	10,303
Additions	-	6,964	6,964	-	-
31 December 2020	33,082	87,308	120,390	10,303	10,303
Additions	-	5,435	5,435	-	-
31 December 2021	33,082	92,743	125,825	10,303	10,303
Accumulated Amortisation -					
1 January 2020	-	64,709	64,709	-	-
Amortisation	-	5,211	5,211	3,435	3,435
31 December 2020	-	69,920	69,920	3,435	3,435
Amortisation	-	3,434	3,434	3,434	3,434
31 December 2021	-	73,354	73,354	6,869	6,869
Net Book Value -					
31 December 2021	33,082	19,389	52,471	3,434	3,434
31 December 2020	33,082	17,388	50,470	6,868	6,868

Goodwill is allocated to Downing Street (Caribbean) Place Limited.

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23. Retirement Benefits

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

The latest actuarial valuations were carried out as at 31 December 2021.

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

The amounts recognised in the statement of financial position comprise:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
(Note 23(a))	-	-	240,780	201,359
Liabilities				
Funded pension obligations (Note 23(a))	285,519	166,939	-	-
Unfunded pension obligations (Note 23(b))	339	339	339	339
Other (Note 23(c))	368,660	343,199	60,397	60,753
	654,518	510,477	60,736	61,092

The expense recognised in the income statement comprises:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Pension obligations - funded (Note 23(a))	66,285	55,769	(1,030)	(2,659)
Pension obligations – unfunded (Note 23(b))	28	26	28	26
Other post-employment obligations:				
Medical and life insurance (Note 23(c))	50,033	38,886	7,679	6,075
	116,346	94,681	6,677	3,442

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23. Retirement Benefits (Continued)

(a) Funded pension obligations

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Balance at beginning of year	166,939	70,645	(201,359)	(259,643)
Benefit expense	66,285	55,769	(1,030)	(2,659)
Re-measurement recognised in OCI	53,082	41,291	(38,197)	61,161
Employer's contribution	(787)	(766)	(194)	(218)
Balance at end of year	285,519	166,939	(240,780)	(201,359)

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Present value of funded obligations	1,792,663	1,500,139	448,334	378,363
Fair value of plan assets	(1,657,660)	(1,571,398)	(839,630)	(817,920)
	135,003	(71,259)	(391,296)	(439,557)
Unrecognised asset due to asset ceiling	150,516	238,198	150,516	238,198
Liability/(asset) in the statement of financial position	285,519	166,939	(240,780)	(201,359)

Sagicor Group Jamaica Limited, an associated company which manages the group's pension fund assets, has invested through its pooled investment funds in 120,963,933 (2020 – 121,173,933) ordinary stock units of the company with a fair value of $8,165,065,000 (2020 – $8,238,616,000).

The company has submitted a windup proposal for one of its pension plans to the Financial Services Commission and is awaiting a ruling from the Supreme Court regarding the actuarially recommended distribution of the surplus.

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23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at beginning of year	1,500,139	1,521,099	378,363	343,005
Current service cost	46,377	50,512	11,402	12,347
Interest cost	124,710	105,280	24,268	17,691
	1,671,226	1,676,891	414,033	373,043
Re-measurements -				
Loss/(gain) from change in financial assumptions	232,396	(270,940)	39,365	(40,807)
Experience (gains)/losses	(100,465)	93,359	11,399	51,871
	131,931	(177,581)	50,764	11,064
Members' contributions	36,587	38,751	7,146	11,310
Benefits paid	(127,039)	(46,026)	(93,759)	(17,054)
Purchased annuities	79,958	8,104	70,150	-
Balance at end of year	1,792,663	1,500,139	448,334	378,363

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at beginning of year	1,571,398	1,761,766	817,920	913,960
Interest income	126,240	123,371	58,138	56,045
Re-measurements -				
Gain/(loss) from change in financial assumptions	3,868	919	915	(1,471)
Experience (losses)/gains	(34,139)	(316,253)	(21,074)	(145,088)
Members' contributions	36,587	38,751	7,146	11,310
Employer's contributions	787	766	194	218
Benefits paid	(127,039)	(46,026)	(93,759)	(17,054)
Purchased annuities	79,958	8,104	70,150	-
Balance at end of year	1,657,660	1,571,398	839,630	817,920

The actual return on plan assets for 2021 was $112,506,000 and $45,358,000 (2020 – losses amounting to $222,571,000 and $83,307,000) for the group and the company, respectively.

23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The expected employer and members contributions for the year 2022 are $39,456,000 for the group and $7,561,000 for the company.

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

	The Group and The Company	
	2021	**2020**
	$'000	**$'000**
Balance at beginning of year	238,198	311,312
Change in asset ceiling, excluding amounts included in interest expense	21,438	23,348
Re-measurement	(109,120)	(96,462)
	150,516	238,198

The amounts recognised in the income statement are as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	46,377	50,512	11,402	12,347
Interest cost/(credit)	19,908	5,257	(12,432)	(15,006)
Total	66,285	55,769	(1,030)	(2,659)

The principal actuarial assumptions used were as follows:

	The Group and Company	
	2021	**2020**
	%	**%**
Discount rate	8.0	9.0
Future salary increases	7.0	8.0
Future pension increases	2.5	3.0
Inflation	5.0	6.0

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23. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

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

2021	**Increase/(decrease) in post-employment obligations**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	1%	(198,706)	256,015
Future salary increases	1%	88,518	(76,078)
Future pension increases	1%	168,094	(143,615)

2021	**Increase Assumption by One Year**	**Decrease Assumption by One Year**
Life expectancy	21,755	(22,256)

2020	**Increase/(decrease) in post-employment obligations**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	1%	(164,691)	211,452
Future salary increases	1%	76,342	(65,635)
Future pension increases	1%	131,780	(112,950)

2020	**Increase Assumption by One Year**	**Decrease Assumption by One Year**
Life expectancy	17,104	(17,549)

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

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23. Retirement Benefits (Continued)

(b) Unfunded pension obligations

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

	The Group and Company	
	2021	2020
	$'000	$'000
Present value of unfunded obligations	339	339

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

	The Group and Company	
	2021	2020
	$'000	$'000
Balance at beginning of year	339	378
Current service cost	28	26
	367	404
Re-measurements -		
Experience losses	31	(6)
	31	(6)
Benefits paid	(59)	(59)
Balance at end of year	339	339

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23. Retirement Benefits (Continued)

(c) Other post-employment obligations

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

The main actuarial assumption is a long-term increase in health costs of 8% per year (2020 –9%).

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

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Present value of unfunded obligations	368,660	343,199	60,397	60,753

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Balance at beginning of year	343,199	299,231	60,753	51,927
Benefit expense	19,470	16,690	2,335	2,274
Interest cost on defined benefit obligation	30,563	22,196	5,344	3,801
Re-measurements -				
Gains/(losses) from change in financial assumptions	83,609	(79,279)	9,834	(10,240)
Experience (losses)/gains	(100,812)	91,052	(15,062)	15,540
Benefits paid	(7,369)	(6,691)	(2,807)	(2,549)
Balance at end of year	368,660	343,199	60,397	60,753

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23. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	19,470	16,690	2,335	2,274
Interest cost	30,563	22,196	5,344	3,801
Total, included in staff costs (Note 9)	50,033	38,886	7,679	6,075

The sensitivity of the long-term medical cost to changes in the weighted principal assumption for the group is:

2021	Increase/(decrease) in post-employment obligations		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	1%	(63,862)	85,449
Medical inflation	1%	84,432	(64,289)

2021	**Increase Assumption by One Year**	**Decrease Assumption by One Year**
Life expectancy	14,204	(14,001)

2020	Increase/(decrease) in post-employment obligations		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	1%	(58,838)	78,400
Medical inflation	1%	77,478	(59,229)

2020	**Increase Assumption by One Year**	**Decrease Assumption by One Year**
Life expectancy	13,213	(13,030)

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23. Retirement Benefits (Continued)

(c) Other post-employment obligations (continued)

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

	The Group			
	2021		2020	
	$'000	%	$'000	%
Equity	415,915	26	404,754	27
Debt	51,703	3	88,509	3
Unitised investments	1,190,042	71	1,078,135	70
	1,657,660	100	1,571,398	100

	The Company			
	2021		2020	
	$'000	%	$'000	%
Equity	185,618	22	183,640	22
Unitised investments	654,012	78	634,280	78
	839,630	100	817,920	100

23. Retirement Benefits (Continued)

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

Asset volatility

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

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

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

Changes in bond yields

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

Inflation risk

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

Life expectancy

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

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

Funding levels are monitored on an annual basis and the current employer contribution rates are between 0.25% and 10% of pensionable salaries. The last valuation was completed effective 30 September 2020. The group considers the contribution rates to be sufficient to prevent a deficit and that the plans are adequately funded.

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24. Related Party Balances and Transactions

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

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Amounts due from related parties:				
Subsidiaries:				
PanJam Hospitality Limited	-	-	435,525	87,765
Portfolio Partners Limited	-	-	-	6,544
Castleton Investments Limited	-	-	533,948	532,761
Jamaica Property Company Limited	-	-	3,830,484	1,578,587
Scott's Preserves Limited	-	-	5	-
PJ-AL Corp Limited	-	-	808,378	695,438
Simcoe Investments Limited	-	-	511,524	492,812
Baywest Development Limited	-	-	72,583	49,541
Kingchurch Property Holdings Limited	-	-	4,321	4,321
ROK Operating Company Limited	-	-	35,561	-
	-	-	6,232,329	3,447,769
Loss provision	-	-	(26,204)	(26,204)
	-	-	6,206,125	3,421,565
Amounts due to related parties:				
The PanJam Share Trust	-	-	58,299	17,014
Subsidiaries:				
Panacea Insurance Limited	-	-	817	817
	-	-	59,116	17,831
Net asset	-	-	6,147,009	3,403,734

The current portion of amounts due from related parties was $811,467,000 (2020 - $551,611,000) and to related parties was $59,116,000 (2020 - $17,831,000) for the company.

Other balances with related parties are discussed in Notes 15, 17 and 19, which deal with "investment securities", "investments in subsidiaries and associated companies" and "prepayments and miscellaneous assets" respectively.

The group applies the IFRS 9 general approach to measuring expected credit losses for related parties' balances. There was no change in the loss allowance recognised for 2021 and 2020 for the company.

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24. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries -				
Management fees	-	-	54,613	49,087
Interest income	-	-	386,533	245,126
Dividend income	-	-	-	75,900
Associated companies -				
Dividend income	-	-	1,374,391	1,074,854
Other related parties -				
Interest and other income earned	74,648	44,740	68,016	34,391
Interest and other expenses incurred	47,338	(54,429)	(1,381)	(1,254)
Other expenses	(15,761)	(14,755)	(12,368)	(11,310)

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24. Related Party Transactions and Balances (Continued)

(b) Key management compensation:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	283,541	178,844	137,271	102,314
Statutory contributions	8,905	9,797	5,218	5,788
Post-employment benefits	93,638	20,525	72,343	47
Share-based compensation	54,660	68,590	34,285	46,235
	440,744	277,756	249,117	154,384
Directors' emoluments				
Directors' fees	21,053	19,020	17,550	17,613
Consultant's fees	21,728	-	21,728	-
Management compensation (included above)	173,428	94,148	106,353	55,543
	216,209	113,168	145,631	73,156

(d) Loans from related parties:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	593,511	655,758	-	-
Repayments	(64,954)	(62,247)	-	-
Interest charged	43,684	48,574	-	-
Interest paid	(43,684)	(48,574)	-	-
	528,557	593,511	-	-

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25. Loan Liabilities

	Currency	Rate	Repayable	The Group	
				2021	**2020**
		%		**$'000**	**$'000**
Secured –					
(i) Sagicor Bank Jamaica Limited/DBJ	J$	8.00	2021	-	2,691
(ii) Sagicor Bank Jamaica Limited	J$	7.75	2028	528,557	590,820
(iii) JN Bank	J$	9.25	2024	20,369	20,369
(iv) JN Bank	J$	9.25	2024	25,000	25,000
(v) Investment Bonds	J$	3.70/3.73	2022	2,996,034	2,989,235
(vi) Investment Bonds	J$	6.85	2024	2,780,451	2,771,302
(vii) Investment Bonds	J$	7.75	2045	4,449,916	4,445,027
(viii) Urban Renewal Bonds	J$	5.10 / 2.14	2023	236,653	264,422
(ix) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	-	711
(x) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	-	3,527
(xi) Bank of Nova Scotia Jamaica Limited	J$	7.49	2023	1,179	2,117
(xii) National Commercial Bank Jamaica Limited	J$	6.35	2024	2,478,167	2,470,250
Unsecured -					
(xiii) JN Properties Limited	J$	Variable	No fixed date	13,586	13,586
				13,529,912	13,599,057
Interest payable				64,510	64,474
				13,594,422	13,663,531

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25. Loan Liabilities (Continued)

	Currency	Rate	Repayable	The Company 2021	The Company 2020
		%		$'000	$'000
Secured -					
(v) Investment Bonds	J$	3.70 / 3.73	2022	2,996,034	2,989,235
(vi) Investment Bonds	J$	6.85	2024	2,780,451	2,771,302
(vii) Investment Bonds	J$	7.75	2045	4,449,916	4,445,027
(viii) Urban Renewal Bonds	J$	5.10 / 2.14	2023	236,653	264,422
(x) Bank of Nova Scotia Jamaica Limited	J$	8.49	2021	-	3,527
(xii) National Commercial Bank Jamaica Limited	J$	6.35	2024	2,478,167	2,470,250
				12,941,221	12,943,763
Interest payable				64,510	64,474
				13,005,731	13,008,237

The current portion of loan liabilities amounted to $3,161,955,000 (2020 - $163,499,000) for the group and $3,093,510,000 (2020 - $97,001,000) for the company.

Investment bonds are shown net of transaction costs, which are amortised over the life of the bonds. Total transaction costs amounted to $196,489,000 (2020 - $196,489,000) and the unamortised portion at 31 December 2021 was $97,279,000 (2020 - $127,264,000).

(i) This represented a loan from Development Bank of Jamaica through Sagicor Bank Jamaica Limited, for the purchase and installation of solar panels. Interest was charged at a rate of 8% per annum. The loan was repaid in 2021.

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

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

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

25. Loan Liabilities (Continued)

(v) This represents the carrying value of certain secured investment bonds issued by the group and company in 2015 with a face value of $3,000,000,000, net of issue costs. Interest was fixed to August 13, 2017 at 10.85% per annum, following which the rate is 2.50% above the weighted average yield of the six-month Government of Jamaica Treasury Bill prevailing at each repricing date. At December 31, 2021 the interest rate was 3.70%. The bonds are secured by certain Sagicor Group Jamaica Limited shares owned by the group. Of the total bonds issued, related parties hold $260,000,000.

(vi) This represents the carrying value of certain secured investment bonds issued by the group and company in 2019, with a face value of $2,800,000,000, net of issue costs. Interest is fixed at 6.85% per annum for the term of the bond. The bonds are secured by certain Sagicor Group Jamaica Limited shares owned by the group. Of the total bonds issued, related parties hold $900,000,000.

(vii) This represents the carrying value of certain unsecured investment bonds issued by the group and company in 2020, with a face value of $4,500,000,000, net of issue costs. Interest is fixed at 7.75% per annum for the term of the bonds. $4,432,000,000 of the bonds issued are held by related parties.

(viii) This represents the carrying value of urban renewal bonds issued by the group and company in 2016 with a face value of $238,500,000, net of issue costs. Interest was fixed to June 16, 2018 at 8.05% per annum multiplied by a factor of 0.875, following which the rate is 1.50% above the weighted average yield of the six-month Government of Jamaica Treasury Bill prevailing at each repricing date, multiplied by a factor of 0.875. The notes are secured by certain Sagicor Group Jamaica Limited shares owned by the group.

(ix) This represented a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest was charged at a rate of 8.49% per annum and is secured a by motor vehicle. The loan was repaid in 2021.

(x) This represented a loan issued by the Bank of Nova Scotia Jamaica Limited. Interest was charged at a rate of 8.49% per annum and is secured a by motor vehicle. The loan was repaid in 2021.

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

(xii) This represents a $2,500,000,000 loan from National Commercial Bank Jamaica Limited to refinance debt and for general working capital. Interest is fixed at 6.35% per annum. The loan is scheduled to be repaid in 2024 and is secured by certain Sagicor Group Jamaica Limited shares owned by the group.

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

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26. Lease Liabilities

The lease obligations are as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments:				
Not later than 1 year	4,494	4,043	10,239	9,480
Later than 1 year and not later than 5 years	24,000	32,016	81,117	91,356
	28,494	36,059	91,356	100,836
Future finance charges	(70)	(1,080)	(34,709)	(36,521)
Present value of lease obligations	28,424	34,979	56,647	64,315

The present value of the lease obligations is as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	4,424	3,700	7,811	7,739
Later than 1 year and not later than 5 years	24,000	31,279	48,836	56,576
	28,424	34,979	56,647	64,315

Certain leases are secured by motor vehicles owned by the group.

27. Other Liabilities

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Other liabilities and accrued expenses	338,286	195,885	143,042	96,699
Reinsurance liabilities	46,677	79,804	-	-
Deposits	67,054	67,054	-	-
Trade payables	55,168	68,238	3,838	16,009
Dividends payable	303,291	-	303,856	-
Accounts payable	71,683	71,040	71,683	71,229
	882,159	482,021	522,419	183,937

The current portion of other liabilities amounted to $815,105,000 (2020 - $414,892,000) for the group and $522,534,000 (2020 - $184,048,000) for the company. Dividends payable relates to a special dividend declared by the company in December 2021 and paid on 19 January 2022.

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28. Share Capital

	2021	2020
	No.	No.
	'000	'000
Authorised share capital of no-par value -		
Ordinary shares	1,250,000	1,250,000
	$'000	$'000
Issued and fully paid -		
1,066,159,890 stock units	2,141,985	2,141,985

29. Stock Grants and Options/Equity Compensation Reserve

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

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

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

During the year, no grants of shares of company stock were awarded under the plan (2020 – 417,426 shares to seven executives) and 572,377 (2020 – 807,163) shares became fully vested and were issued.

At December 31, 2021, options over 7,641,702 (2020 – 11,617,926) shares were outstanding, 6,780,090 (2020 - 9,187,645) of which were vested and exercisable, at the prices per share as follows:

Expiring December 31	Outstanding	Vested	Exercise Price
2023	1,650,355	1,650,355	$18.67
2024	1,215,597	1,215,597	$34.94
2025	1,894,084	1,894,084	$42.57
2026	1,401,193	1,124,428	$81.70
2027	1,480,473	895,626	$77.50
	7,641,702	6,780,090	

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

During 2021, options over 3,304,304 (2020 – 2,227,922) shares were exercised. Options over 671,920 shares (2020 – nil) expired or were forfeited during the year.

The company uses the Black-Scholes option pricing model for determining the fair value of stock options awarded, which is expensed over the vesting period. The range of values of stock options awarded as at December 31, 2021 and 2020, as determined using this model, was $4.38 to $19.27. The significant inputs into the model were as follows:

	2021/2020
Exercise price (range in $ per share)	$18.67 - $81.70
Annual risk-free rate	4.0% - 8.2%
Volatility factor	26.0% - 31.4%
Expected dividend yield	2.5% - 4.5%
Expected life (in years)	4.00 - 4.75

Share-based compensation expense is recognised over the vesting period of each award and is based on the total fair value of all awards expected to vest. The group and the company recognised share-based compensation in 2021 of $54,660,000 and $34,285,000 (2020 - $68,590,000 and $46,235,000), respectively. To satisfy its obligations in relation to the stock grants of $46,520,000 (2020 - $41,372,000) for the group and $27,339,000 (2020 - $31,717,000) for the company, the group issued shares from its holdings of treasury shares, with a cost of $286,887,000 (2020 - $27,098,000).

Movement in Equity Compensation Reserves

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at 1 January	116,594	89,376	49,752	34,688
Value of service provided	54,660	68,590	34,285	46,235
Options/grants issued	(46,520)	(41,372)	(27,339)	(31,171)
Balance at 31 December	124,734	116,594	56,698	49,752

30. Property Revaluation Reserve

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

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31. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2021 **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Fair value gains on investments	(76,648)	(79,101)	(102,418)	(110,743)
Capital reserves	2,615,802	2,802,822	1,337,983	1,337,983
Capital redemption reserves	2,176	2,176	2,200	2,200
Share of other comprehensive income of associated companies	1,842,173	2,669,801	-	-
	4,383,503	5,395,698	1,237,765	1,229,440
Capital reserves:				
Realised gain on sale of treasury shares	70,830	269,265		-
Realised gain on sale of insurance operations	1,161,344	1,161,344	2,688,484	2,688,484
Realised gain on dilution of holding in subsidiaries and associates	433,516	433,516	-	-
Reserve arising on acquisition of non–controlling interest	623,267	623,267	(1,493,255)	(1,493,255)
Other	326,845	315,430	142,754	142,754
	2,615,802	2,802,822	1,337,983	1,337,983

Fair value gains on investments for the group are shown net of deferred taxes of nil (2020 – $13,250,000) with respect to revaluation adjustments to investments.

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32. Dividends

	2021	2020
	$'000	$'000
First interim dividend for 2021 at $0.105 (2020 - $0.275) per stock unit - gross	111,947	293,194
Second interim dividend for 2021 at $0.15 (2020 - $0.00) per stock unit – gross	159,924	-
Third interim dividend for 2021 at $0.20 (2020 - $0.00) per stock unit – gross	213,232	-
Fourth interim dividend for 2021 at $0.26 (2020 - $0.105) per stock unit - gross	277,201	111,946
	762,304	405,140
Special dividends declared for 2021 at $0.285 per stock unit (2020 – $0.00) - gross	303,856	-
	1,066,160	405,140
Less: Dividends on treasury stock	(2,926)	(2,470)
Total dividends declared	1,063,234	402,670
Dividends paid/declared by the company	762,303	671,682
Dividends paid/declared by the group	759,942	668,503

On 28 February 2022, the company declared two dividends, a special dividend of $0.35 per stock unit and dividend of $0.285 per stock unit amounting to $373,156,000 and $303,856,000 respectively for which there are no accruals in the 2021 financial statements. On 2 March 2021, the company declared a dividend of $0.105 per stock unit amounting to $111,946,000 for which there is no accrual in the 2020 financial statements.

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33. (a) Cash Flows from Operating Activities

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Net profit	7,251,717	3,534,310	1,911,796	(491,080)
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	36,764	37,817	9,037	9,078
Profit on disposal of property, plant and equipment	(1,575)	(29)	-	-
Amortisation of intangibles	3,434	5,211	3,434	3,435
Stock compensation expense	54,660	68,590	34,285	46,235
Interest income	(244,460)	(248,623)	(596,975)	(476,020)
Dividend income	-	-	-	(998,687)
Finance costs	914,415	835,909	862,819	778,498
Write off	-	-	-	345,855
Share of results of associated companies	(5,455,180)	(3,866,414)	-	-
Gain on disposal of shares in associated companies	(193,892)	-	(29,685)	-
Gain on disposal of land held for development	-	(326,180)	-	-
Income tax credit	(20,570)	(188,725)	(47,574)	(288,017)
Change in retirement benefit asset/obligation	108,130	87,164	3,617	615
Fair value gains on investment properties	(254,444)	(323,815)	-	-
Gains on foreign currency denominated investments	(196,276)	(164,305)	(279,290)	(220,360)
Impairment of financial assets	(53,602)	38,438	(42,421)	9,250
Unrealised (gains)/losses on financial assets at fair value through profit or loss	(1,390,841)	1,113,319	(604,339)	1,295,828
	558,280	602,667	1,224,704	14,630
Changes in operating assets and liabilities:				
Taxation recoverable	(13,114)	(19,072)	(11,750)	(39,068)
Other assets	(285,886)	(119,810)	4,432	8,988
Other liabilities	96,924	(82,758)	34,622	(66,337)
Disposal of financial assets at fair value through profit or loss, net	582,813	443,571	641,865	295,570
	939,017	824,598	1,893,873	213,783
Interest received	263,533	215,434	566,488	332,688
Income tax paid	(64,287)	(75,412)	(11,695)	(20,624)
Net cash provided by operating activities	1,138,263	964,620	2,448,666	525,847

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33. (b) Movement in Net Debt

	Group			Company		
	Lease Liabilities $'000	Loan Liabilities $'000	Total $'000	Lease Liabilities $'000	Loan Liabilities $'000	Total $'000
Net debt as at 1 January 2020	40,504	9,343,742	9,384,246	71,639	8,621,231	8,692,870
Addition	-	6,495,000	6,495,000	-	6,495,000	6,495,000
Repayment	(5,525)	(2,099,469)	(2,104,994)	(8,434)	(2,032,242)	(2,040,676)
Interest expense	-	830,931	830,931	1,110	772,409	773,519
Interest paid	-	(851,903)	(851,903)	-	(793,391)	(793,391)
Deferred costs	-	(54,770)	(54,770)	-	(54,770)	(54,770)
Net debt as at 31 December 2020	34,979	13,663,531	13,698,510	64,315	13,008,237	13,072,552
Repayment	(6,555)	(99,130)	(105,685)	(9,410)	(32,527)	(41,937)
Interest expense	-	884,430	884,430	1,742	828,125	829,867
Interest paid	-	(884,394)	(884,394)	-	(828,089)	(828,089)
Deferred costs	-	29,985	29,985	-	29,985	29,985
Net debt as at 31 December 2021	28,424	13,594,422	13,622,846	56,647	13,005,731	13,062,378

34. Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The COVID-19 pandemic and measures implemented by the government to control the spread did not materially impact the group during the year under review. Market prices improved relative to prior year as the group recorded unrealized gains compared to losses in the prior year on its equity portfolio. The impact on the remaining financial assets and liabilities was not significant. The group continues to monitor the risks and implement measures to mitigate against any significant impact.

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

(a) Market risk

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

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

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk

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

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

<u>Concentration of currency risk</u>

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

	The Group			
	2021			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	76,261	122,672	73,923	272,856
Deposits	450,428	540,945	3,403	994,776
Investment securities	5,318,504	5,285,324	219,424	10,823,252
Securities purchased under agreements to resell	851,875	417,492	-	1,269,367
Trade and other receivables	724,978	139,071	134,625	998,674
Total financial assets	7,422,046	6,505,504	431,375	14,358,925
Financial liabilities				
Bank overdraft	14,986	-	-	14,986
Loan liabilities	13,594,422	-	-	13,594,422
Lease liabilities	28,424	-	-	28,424
Other liabilities	756,619	125,540	-	882,159
Total financial liabilities	14,394,451	125,540	-	14,519,991
Net position	(6,972,405)	6,379,964	431,375	(161,066)

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group			
	2020			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	84,414	39,576	1,159	125,149
Deposits	62,666	626,743	4,866	694,275
Investment securities	8,576,909	3,678,016	195,742	12,450,667
Securities purchased under agreements to resell	94,378	774,334	-	868,712
Trade and other receivables	444,171	194,792	-	638,963
Total financial assets	9,262,538	5,313,461	201,767	14,777,766
Financial liabilities				
Bank overdraft	11,378	-	-	11,378
Loan liabilities	13,663,531	-	-	13,663,531
Lease liabilities	34,979	-	-	34,979
Other liabilities	320,869	161,152	-	482,021
Total financial liabilities	14,030,757	161,152	-	14,191,909
Net position	(4,768,219)	5,152,309	201,767	585,857

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(*i*) *Currency risk (continued)*

Concentration of currency risk (continued)

	The Company			
	2021			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	48,866	69,936	-	118,802
Deposits	431,789	413,194	-	844,983
Investment securities	5,427,863	2,631,273	219,424	8,278,560
Securities purchased under agreements to resell	779,540	364,919	-	1,144,459
Due from related parties	4,352,275	1,853,850	-	6,206,125
Receivables	149,847	-	-	149,847
Total financial assets	11,190,180	5,333,172	219,424	16,742,776
Financial liabilities				
Bank overdraft	14,985	-	-	14,985
Due to related parties	58,299	817	-	59,116
Loan liabilities	13,005,731	-	-	13,005,731
Lease liabilities	56,647	-	-	56,647
Other liabilities	522,419	-	-	522,419
Total financial liabilities	13,658,081	817	-	13,658,898
Net position	(2,467,901)	5,332,355	219,424	3,083,878

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2020			
	Jamaican $	US$	CAD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	48,524	14,391	-	62,915
Deposits	34,282	462,903	-	497,185
Investment securities	8,656,129	1,881,768	195,742	10,733,639
Securities purchased under agreements to resell	64,454	638,777	-	703,231
Due from related parties	1,700,555	1,721,010	-	3,421,565
Receivables	153,711	-	-	153,711
Total financial assets	10,657,655	4,718,849	195,742	15,572,246
Financial liabilities				
Bank overdraft	11,377	-	-	11,377
Due to related parties	17,014	817	-	17,831
Lease liabilities	13,008,237	-	-	13,008,237
Loan liabilities	64,315	-	-	64,315
Other liabilities	183,937	-	-	183,937
Total financial liabilities	13,284,880	817	-	13,285,697
Net position	(2,627,225)	4,718,032	195,742	2,286,549

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency-denominated financial instruments and adjusts their translation at the year-end for a 6% increase and 2% decrease (2020 - 6% increase and 2% decrease) in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange (gains)/losses on translation of US dollar-denominated monetary financial securities classified as available for sale and fair value through profit or loss and foreign exchange (losses)/gains on translation of US dollar-denominated borrowings. The sensitivity of other components of equity was as result of translation gains/ (losses) on the other foreign currency denominated equities classified as available-for-sale.

	The Group					
	% Change in Currency Rate	Effect on Profit before Tax	Effect on other Components of Equity	% Change in Currency Rate	Effect on Profit before Tax	Effect on other Components of Equity
	2021	2021 $'000	2021 $'000	2020	2020 $'000	2020 $'000
Currency:						
USD	6%	377,616	5,180	6%	299,416	9,723
USD	-2%	(125,872)	(1,727)	-2%	(99,805)	(3,241)
CAD	6%	12,717	13,165	6%	362	11,745
CAD	-2%	(4,239)	(4,388)	-2%	(121)	(3,915)

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

	The Company					
	% Change in Currency Rate 2021	Effect on Profit before Tax 2021 $'000	Effect on other Components of Equity 2021 $'000	% Change in Currency Rate 2020	Effect on Profit before Tax 2020 $'000	Effect on other Components of Equity 2020 $'000
Currency:						
USD	6%	319,941	-	6%	283,082	-
USD	-2%	(106,647)	-	-2%	(94,361)	-
CAD	6%	-	13,165	6%	-	11,745
CAD	-2%	-	(4,388)	-2%	-	(3,915)

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2021:							
Financial assets							
Cash and bank balances	189,714	-	-	-	-	83,142	272,856
Deposits	813,406	164,264	3403	13,703	-	-	994,776
Investment securities	40,363	55,074	129,138	1,602,838	422,674	8,573,165	10,823,252
Securities purchased under agreements to resell	774,577	487,258	7,532	-	-	-	1,269,367
Trade and other receivables	3,900	-	134,625	-	-	860,149	998,674
Total financial assets	1,821,960	706,596	274,698	1,616,541	422,674	9,516,456	14,358,925
Financial liabilities							
Bank overdraft	14,986	-	-	-	-	-	14,986
Loan liabilities	528,558	3,232,687	-	5,305,164	4,463,503	64,510	13,594,422
Lease liabilities	-	-	4,424	-	24,000	-	28,424
Other liabilities	3,904	-	-	-	-	878,255	882,159
Total financial liabilities	547,448	3,232,687	4,424	5,305,164	4,487,503	942,765	14,519,991
Total interest repricing gap	1,274,512	(2,526,091)	270,274	(3,688,623)	(4,064,829)	8,573,691	(161,066)
Cumulative interest repricing gap	1,274,512	(1,251,579)	(981,305)	(4,669,928)	(8,734,757)	(161,066)	

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
At 31 December 2020:							
Financial assets							
Cash and bank balances	117,182	-	-	-	-	7,967	125,149
Deposits	465,974	128,352	96,519	3,430	-	-	694,275
Investment securities	299,428	1,754,350	259,872	1,591,942	764,693	7,780,382	12,450,667
Securities purchased under agreements to resell	460,425	408,287	-	-	-	-	868,712
Trade and other receivables	8,436	-	-	-	-	630,527	638,963
Total financial assets	1,351,445	2,290,989	356,391	1,595,372	764,693	8,418,876	14,777,766
Financial liabilities							
Bank overdraft	11,378	-	-	-	-	-	11,378
Loan liabilities	590,820	2,989,235	271,351	5,289,037	4,458,614	64,474	13,663,531
Lease liabilities	-	-	882	9,739	24,358	-	34,979
Other liabilities	8,437	-	-	-	-	473,584	482,021
Total financial liabilities	610,635	2,989,235	272,233	5,298,776	4,482,972	538,058	14,191,909
Total interest repricing gap	740,810	(698,246)	84,158	(3,703,404)	(3,718,279)	7,880,818	585,857
Cumulative interest repricing gap	740,810	42,564	126,722	(3,576,682)	(7,294,961)	585,857	

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2021:							
Financial assets							
Cash and bank balances	118,802	-	-	-	-	-	118,802
Deposits	670,661	164,264	-	10,058	-	-	844,983
Investment securities	32,188	55,074	129,138	1,949,402	360,094	5,752,664	8,278,560
Securities purchased under agreements to resell	716,635	420,292	7,532	-	-	-	1,144,459
Due from related parties	-	28,652	525,231	2,543,144	2,593,224	515,874	6,206,125
Receivables	3,900	-	-	-	-	145,947	149,847
Total financial assets	1,542,186	668,282	661,901	4,502,604	2,953,318	6,414,485	16,742,776
Financial liabilities							
Bank overdraft	14,985	-	-	-	-	-	14,985
Due to related parties	-	-	-	-	-	59,116	59,116
Loan liabilities	-	3,232,687	-	5,258,618	4,449,916	64,510	13,005,731
Lease liabilities	-	-	-	-	56,647	-	56,647
Other liabilities	3,904	-	-	-	-	518,515	522,419
Total financial liabilities	18,889	3,232,687	-	5,258,618	4,506,563	642,141	13,658,898
Total interest repricing gap	1,523,297	(2,564,405)	661,901	(756,014)	(1,553,245)	5,772,344	3,083,878
Cumulative interest repricing gap	1,523,297	(1,041,108)	(379,207)	(1,135,221)	(2,688,466)	3,083,878	

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2020:							
Financial assets							
Cash and bank balances	62,915	-	-	-	-	-	62,915
Deposits	277,180	128,352	91,653	-	-	-	497,185
Investment securities	299,428	1,754,350	259,872	1,922,481	701,347	5,796,161	10,733,639
Securities purchased under agreements to resell	351,649	351,582	-	-	-	-	703,231
Due from related parties	543,875	-	453,882	1,649,494	430,532	343,782	3,421,565
Receivables	8,436	-	-	-	-	145,275	153,711
Total financial assets	1,543,483	2,234,284	805,407	3,571,975	1,131,879	6,285,218	15,572,246
Financial liabilities							
Bank overdraft	11,377	-	-	-	-	-	11,377
Due to related parties	-	-	-	-	-	17,831	17,831
Loan liabilities	-	2,989,235	267,949	5,241,552	4,445,027	64,474	13,008,237
Lease liabilities	-	-	-	-	64,315	-	64,315
Other liabilities	8,437	-	-	-	-	175,500	183,937
Total financial liabilities	19,814	2,989,235	267,949	5,241,552	4,509,342	257,805	13,285,697
Total interest repricing	1,523,669	(754,951)	537,458	(1,669,577)	(3,377,463)	6,027,413	2,286,549
Cumulative interest repricing gap	1,523,669	768,718	1,306,176	(363,401)	(3,740,864)	2,286,549	

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34. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

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

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

		The Group		The Company	
		Effect on Profit before Taxation 2021 $'000	Effect on Other Components of Equity 2021 $'000	Effect on Profit before Taxation 2021 $'000	Effect on Other Components of Equity 2021 $'000
Change in basis points:					
2021	**2021**				
JA$	US$				
+300	+100	(65,194)	(53,577)	(53,357)	(53,577)
-50	-100	2,863	30,838	2,415	30,838

		The Group		The Company	
		Effect on Profit before Taxation 2020 $'000	Effect on Other Components of Equity 2020 $'000	Effect on Profit before Taxation 2020 $'000	Effect on Other Components of Equity 2020 $'000
Change in basis points:					
2020	**2020**				
JA$	US$				
+100	+100	(25,236)	(37,362)	(21,384)	(37,284)
-100	-100	25,236	39,865	21,384	39,786

PanJam Investment Limited

34. Financial Risk Management (Continued)

(a) Market risk (continued)

(iii) Price risk

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

The impact on total stockholders' equity (before tax) of a 5% increase and decrease (2020-5% increase and 10% decrease) in equity prices is an increase and decrease of $428,026,500 and $287,633,200 for the group and company respectively (2020 – $389,019,000 and $289,808,000 and decrease of $778,038,000 and $579,616,000) for the group and company.

(b) Credit risk

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

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

(i) Trade receivables

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

(ii) Investments

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

(iii) Guarantees

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

PanJam Investment Limited

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34. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure			
	The Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on statement of financial position items are as follows:				
Assets:				
Cash and bank balances	272,856	125,149	118,802	62,915
Deposits	994,776	694,275	844,983	497,185
Financial assets at fair value through other comprehensive income	926,055	1,023,489	855,299	951,914
Financial assets at fair value through profit or loss	1,018,575	-	1,018,575	-
Financial assets at amortised cost	305,457	3,646,796	652,022	3,985,564
Securities purchased under agreements to resell	1,269,367	868,712	1,144,459	703,231
Trade and other receivables	998,674	638,963	149,847	153,711
Due from related parties	-	-	6,206,125	3,421,565
	5,785,760	6,997,384	10,990,112	9,776,085
Credit risk exposures relating to assets not recorded on the statement of financial position				
Lease commitments	1,742,596	2,076,185	-	-

The above table represents a worst-case scenario of credit risk exposure to the group and company at 31 December 2021 and 2020, without taking account of any collateral held or other credit enhancements. For assets carried on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

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34. Financial Risk Management (Continued)

(b) Credit risk (continued)

Impairment of financial assets

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

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

(i) Trade and managed properties receivables

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

	The Group	
	2021	**2020**
	$'000	**$'000**
Commercial	51,785	74,343
Retail	6,812	18,220
Managed properties	128,204	113,146
	186,801	205,709
Less: Loss allowance	(40,408)	(53,755)
	146,393	151,954

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

The expected credit loss rates are based on the historical credit losses experienced within a three-year period before 31 December 2020. The historical rates are adjusted to reflect current and forward-looking information on the macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the Gross Domestic Product (GDP), the interest rate and the inflation rate of the country in which it sells its services to be the most relevant factors and accordingly adjusts the historical loss rates based on the expected changes in these factors.

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

On this basis, the loss allowance as at 31 December 2021 and 2020 was determined as follows for trade receivables:

	The Group	
31 December 2021	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	6%	21,581
More than 30 days past due	19%	7,513
More than 90 days past due	77%	29,503
		58,597
Managed properties	12%	128,204
		186,801
Loss allowance		(40,408)
Total		146,393

	The Group	
31 December 2020	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	15%	45,472
More than 30 days past due	43%	6,057
More than 90 days past due	100%	41,034
		92,563
Managed properties		113,146
		205,709
Loss allowance		(53,755)
Total		151,954

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34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and managed properties receivables (continued)

The closing loss allowances for trade receivables as at 31 December 2021 reconciles to the opening loss allowance as follows:

	The Group	
	2021 **$'000**	**2020** **$'000**
Opening loss allowance as at 1 January	53,755	22,282
Increase in loan loss allowance recognised in income statement	(12,176)	29,956
Receivables recovered during the year	-	1,816
Receivables written off during the year as uncollectible	(1,171)	(299)
At 31 December	40,408	53,755

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

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

(ii) Other miscellaneous assets

Other miscellaneous assets at amortised cost include loans to related parties and other receivables totaling of $276,630,000 (2020 - $142,004,000).

The loss allowance for loans and other receivables to related parties carried at amortised was $26,204,000 for 2021 and 2020 for the company.

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica	524,233	867,579	516,058	859,350
Corporate and other government	3,948,449	4,382,919	3,611,167	3,957,002
	4,472,682	5,250,498	4,127,225	4,816,352

Significant increase in credit risk

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

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

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

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34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments (continued)

Expected credit loss measurement
IFRS 9 outlined a 'three stage' model for impairment based on changes in the credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

All of the entity's debt investments at amortised cost and FVOCI are considered to have low credit risk (except for investment in Government of Barbados securities) and the loss allowance recognised during the period was therefore limited to 12 months expected losses (Stage 1). Management considers 'low credit risk' for bonds to be those with an investment grade or high yield credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In 2019 the group participated in the Government of Barbados debt exchange programme and at 31 December 2021 the bonds were classified as purchased originated credit impaired totalled $29,411,000 for the group and company.

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34. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Debt investments (continued)

The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI. The movement in loss allowance is as follows

	The Group					
	FVOCI Bonds	Amortised cost Bonds	Loans	Repos	Deposits	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	21,789	2,596	43,703	2,219	3,507	73,814
Increase/(Decrease) in loss allowance recognised in the income statement during the year	6,683	11,292	(7,566)	578	(2,505)	8,482
Balance at 31 December 2020	28,472	13,888	36,137	2,797	1,002	82,296
(Decrease)/Increase in loss allowance recognised in the income statement during the year	1,640	(9,458)	(35,822)	1,636	577	(41,427)
Closing loss allowance as at 31 December 2021	30,112	4,430	315	4,433	1,579	40,869

	The Company					
	FVOCI Bonds	Amortised cost Bonds	Loans	Repos	Deposits	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	21,365	2,596	43,703	1,470	2,965	72,099
(decrease)/(increase) in loss allowance recognised in the income statement during the year	6,767	11,292	(7,566)	890	(2,133)	9,250
Balance at 31 December 2020	28,132	13,888	36,137	2,360	832	81,349
Increase/decrease in loss allowance recognised in the income statement during the year	1,260	(9,458)	(35,822)	1,084	515	(42,421)
Closing loss allowance as at 31 December 2021	29,392	4,430	315	3,444	1,347	38,928

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34. Financial Risk Management (Continued)

(b) Credit risk (continued)

Total loss allowance on financial assets at 31 December 2021 was $81,277,000 (investment securities $40,869,000, and trade receivables, $40,408,000) for the group and $65,132,000 (investment securities, $38,929,000 and related parties, $26,204,000) for the company. Total loss allowance on financial assets at 31 December 2020 was $136,051,000 (investment securities $82,296,000, and trade receivables, $53,755,000) for the group and $107,553,000 (investment securities, $81,349,000 and related parties, $26,204,000) for the company.

Sensitivity analysis
Set out below are the changes in ECL as at 31 December 2021 that would result from a reasonable possible change in the PDs used by the group:

	The Group			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	0.5%-3.3%	+/-20%	1,879	(1,879)
Debt instruments at amortised cost	0.3%-3.3%	+/-20%	949	(949)
Cash and cash equivalents	0.1%-3.3%	+/-20%	1,203	(1,203)
Trade receivables and other miscellaneous assets			3,499	(3,499)
Total			7,530	(7,530)

	The Company			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	0.5%-3.3%	+/-20%	1,735	(1,735)
Debt instruments at amortised cost	0.3%-14.9%	+/-20%	949	(949)
Cash and cash equivalents	0.1%-3.3%	+/-20%	958	(958)
Total			3,642	(3,642)

34. Financial Risk Management (Continued)

(b) Credit risk (continued)

Sensitivity analysis (continued)
Set out below are the changes in ECL as at 31 December 2020 that would result from a reasonable possible change in the PDs used by the group:

	The Group			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	1.1%-3.2%	+/-20%	1,875	(1,875)
Debt instruments at amortised cost	0.3%-14.6%	+/-20%	9,583	(9,583)
Cash and cash equivalents	0.1%-3.2%	+/-20%	760	(760)
Trade receivables and other miscellaneous assets	1%-2%	+/-20%	1,090	(1,090)
Total			13,308	(13,308)

	The Company			
			Impact on ECL	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**
			$'000	**$'000**
Debt instruments- FVOCI	1.1%-3.2%	+/-20%	1,807	(1,807)
Debt instruments at amortised cost	0.3%-14.6%	+/-20%	9,583	(9,583)
Cash and cash equivalents	0.1%-3.2%	+/-20%	639	(639)
Total			12,029	(12,029)

34. Financial Risk Management (Continued)

(c) Liquidity risk

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

Liquidity risk management process

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

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

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

(iii) Maintaining lines of credit;

(iv) Optimising cash returns on investments; and

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

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

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

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34. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows

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

	The Group						
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**No Specific Maturity**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
As at 31 December 2021							
Financial assets							
Cash and bank balances	272,564	-	-	-	-	-	272,564
Deposits	815,103	164,874	3,748	16,169	-	-	999,894
Investment securities	60,626	78,295	247,609	1,775,188	477,132	8,573,165	11,212,015
Securities purchased under agreements to resell	776,363	491,255	7,578	-	-	-	1,275,196
Trade and other receivables	128,916	230,402	160,419	478,941	-	-	998,678
Total financial assets (contractual maturity dates)	2,053,572	964,826	419,354	2,270,298	477,132	8,573,165	14,758,347
Financial liabilities							
Bank overdraft	14,997	-	-	-	-	-	14,997
Loans	23,132	198,127	3,746,859	7,967,820	8,367,354	-	20,303,292
Lease liabilities	455	3,162	877	-	24,000	-	28,494
Other liabilities	118,809	244,843	518,519	-	-	-	882,171
Total financial liabilities (contractual maturity dates)	157,393	446,132	4,266,255	7,967,820	8,391,354	-	21,228,954
Net Liquidity Gap	1,896,179	518,694	(3,846,901)	(5,697,522)	(7,914,222)	8,573,165	(6,470,607)
Cumulative Liquidity Gap	1,896,179	2,414,873	(1,432,028)	(7,129,550)	(15,043,772)	(6,470,607)	

The group has sufficient non-financial assets that could be liquated should the need arise as well as access to additional financing to ensure it is able to meet its obligations as and when they fall due.

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34. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2020							
Financial assets							
Cash and bank balances	125,153	-	-	-	-	-	125,153
Deposits	466,446	129,298	97,517	4,100	-	-	697,361
Investment securities	313,205	1,731,963	406,845	2,051,709	505,190	7,780,382	12,789,294
Securities purchased under agreements to resell	461,269	411,509	-	-	-	-	872,778
Trade and other receivables	116,405	274,153	109,355	139,050	-	-	638,963
Total financial assets (contractual maturity dates)	1,482,478	2,546,923	613,717	2,194,859	505,190	7,780,382	15,123,549
Financial liabilities							
Bank overdraft	11,386	-	-	-	-	-	11,386
Loans	23,963	196,720	747,016	11,466,370	8,821,976	-	21,256,045
Lease liabilities	515	888	2,640	7,658	24,358	-	36,059
Other liabilities	41,995	264,418	175,608	-	-	-	482,021
Total financial liabilities (contractual maturity dates)	77,859	462,026	925,264	11,474,028	8,846,334	-	21,785,511
Net Liquidity Gap	1,404,619	2,084,897	(311,547)	(9,279,169)	(8,341,144)	7,780,382	(6,661,962)
Cumulative Liquidity Gap	1,404,619	3,489,516	3,177,969	(6,101,200)	(14,442,344)	(6,661,962)	

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34. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021:							
Assets							
Cash and bank balances	118,806	-	-	-	-	-	118,806
Deposits	672,219	164,874	338	11,800	-	-	849,231
Investment securities	54,846	83,145	265,482	2,225,545	400,489	5,752,664	8,782,171
Securities purchased under agreements to resell	720,146	421,380	7,578	-	-	-	1,149,104
Due from related parties	19,836	75,237	824,670	4,168,090	3,149,889	160,371	8,398,093
Receivables	3,910	-	6,897	139,050	-	-	149,857
Total financial assets (contractual maturity dates)	1,589,763	744,636	1,104,965	6,544,485	3,550,378	5,913,035	19,447,262
Liabilities							
Bank overdraft	14,997	-	-	-	-	-	14,997
Due to related parties		-	-	-	-	59,116	59,116
Loans	13,483	178,829	3,660,019	7,476,144	8,207,849	-	19,536,324
Lease liabilities	853	1,707	7,679	49,828	31,289	-	91,356
Other liabilities	3,914	-	518,505	-	-	-	522,419
Total financial liabilities (contractual maturity dates)	33,247	180,536	4,186,203	7,525,972	8,239,138	59,116	20,224,212
Net Liquidity Gap	1,556,516	564,100	(3,081,238)	(981,487)	(4,688,760)	5,853,919	(776,950)
Cumulative Liquidity Gap	1,556,516	2,120,616	(960,622)	(1,942,109)	(6,630,869)	(776,950)	

The company has sufficient non-financial assets that could be liquated should the need arise as well as access to additional financing to ensure it is able to meet its obligations as and when they fall due.

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34. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2020:							
Assets							
Cash and bank balances	62,917	-	-	-	-	-	62,917
Deposits	277,552	129,298	92,649	-	-	-	499,499
Investment securities	315,700	1,737,783	428,978	2,513,723	432,025	5,796,161	11,224,370
Securities purchased under agreements to resell	352,329	354,454	-	-	-	-	706,783
Due from related parties	18,722	46,962	679,973	2,642,084	895,271	124,331	4,407,343
Receivables	8,451	-	6,225	139,050	-	-	153,726
Total financial assets (contractual maturity dates)	1,035,671	2,268,497	1,207,825	5,294,857	1,327,296	5,920,492	17,054,638
Liabilities							
Bank overdraft	11,386	-	-	-	-	-	11,386
Due to related parties	-	-	-	-	-	17,831	17,831
Lease liabilities	13,791	176,386	658,252	10,969,408	8,556,599	-	20,374,436
Loans	790	1,580	7,110	46,137	45,219	-	100,836
Other liabilities	8,452	-	175,485	-	-	-	183,937
Total financial liabilities (contractual maturity dates)	34,419	177,966	840,847	11,015,545	8,601,818	17,831	20,688,426
Net Liquidity Gap	1,001,252	2,090,531	366,978	(5,720,688)	(7,274,522)	5,902,661	(3,633,788)
Cumulative Liquidity Gap	1,001,252	3,091,783	3,458,761	(2,261,927)	(9,536,449)	(3,633,788)	

34. Financial Risk Management (Continued)

(d) Capital management

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

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

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

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

35. Fair Value of Financial Instruments

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

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

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

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

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

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

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

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

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35. Fair Value of Financial Instruments (Continued)

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

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
Financial Assets				
Financial assets at amortised cost	305,457	298,859	3,646,796	3,573,666
Financial Liabilities				
Loan liabilities	13,594,422	13,244,135	13,663,531	13,605,514
Lease liabilities	28,424	28,494	34,979	36,059

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
Financial Assets				
Financial assets at amortised cost	652,022	650,797	3,985,564	3,920,870
Financial Liabilities				
Loan liabilities	13,005,731	12,663,728	13,008,237	12,929,427
Lease liabilities	56,647	91,356	64,315	100,836

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

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35. Fair Value of Financial Instruments (Continued)

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

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

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

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

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

	The Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2021				
Financial assets				
Investment securities	5,374,896	1,940,186	3,202,712	10,517,794
As at 31 December 2020				
Financial assets				
Investment securities	4,916,097	2,432,582	1,455,192	8,803,871

	The Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2021				
Financial assets				
Investment securities	4,582,450	1,773,581	1,270,507	7,626,538
As at 31 December 2020				
Financial assets				
Investment securities	4,280,099	2,273,556	194,420	6,748,075

There were no transfers between levels during the year.

35. Fair Value of Financial Instruments (Continued)

The following table shows the changes in Level 3 instruments:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at beginning of year	1,455,192	1,059,516	194,420	119,205
Additions	972,346	195,224	972,346	93,328
Settlements	(33,877)	(14,874)	(33,877)	(14,874)
Unrealised gains and losses included in the Income statement/OCI	809,051	215,326	137,618	(3,239)
	3,202,712	1,455,192	1,270,507	194,420
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	809,050	215,326	137,618	(3,239)
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	809,050	215,326	137,618	(3,239)

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 investments include investments in closed end real estate funds which are not publicly traded as well as investment in a venture capital fund and loan to an associated company with an equity conversion feature.

To determine the carrying value for these investments management independently computes its share of the fair value of the net assets of the funds, by assessing the results of valuations and considering the fair values of cash and investment holdings as well as any debt obligations these funds may have. For funds holding real estate, they are valued using the direct capitalisation and the discounted cash flow method. These consider the rental rates, rent multipliers, factors for vacancy and a capitalization rate. The capitalization factors and the rent multipliers for these real estate funds as well as the inputs for the valuation of the investments in the venture capital fund are largely unobservable inputs that have the greatest potential for volatility and have resulted in the classification of the investments in level 3. The capitalization rates and rental multipliers used in the real estate funds valuations range from 3% to 7.5% and 16.66 to 33.33 respectively.

Should the vacancy factor increase/decrease by 0.25% (2020 - 0.25%), this would result in an increase/decrease in the carrying value of these respective investments, with all other factors remaining constant, of $4,015,000/$4,014,000 (2020 - $3,700,000/$3,700,000) for the group only. Should the capitalization factors increase/decrease by 1% (2020 – 1%) it would result in a decrease/increase in the carrying value of the investments, with all other factors remaining constant, of $271,000,000,000/$372,000,000 (2020 - $250,000,000/$343,000,000) for the group only.

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35. Fair Value of Financial Instruments (Continued)

In determining the fair value of the loan to the associated company, management assesed the EBITDA of the associated company and the probability of achieving this EBITDA.

Should the probability increase/(decrease) by 1%, this would result in an increase/decrease in the carry value of the loan by $7,925,000/$7,925,000 for the group and company.

Specific valuation techniques used to value financial instruments include:

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

36. Litigation and Contingent Liabilities

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

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