BARITA INVESTMENTS LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2022

BARITA INVESTMENTS LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2022

INDEX

	PAGE
Independent Auditors' Report to the Members	1 - 6
FINANCIAL STATEMENTS	
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 - 96

Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Barita Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Barita Investments Limited and its subsidiary (the group) and the financial statements of Barita Investments Limited standing alone (the company) set out on pages 7 to 96, which comprise the group's and the company's statement of financial position as at 30 September 2022, and the group's and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 30 September 2022, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Key Audit Matters (cont'd)

Key Audit Matters

Expected credit losses in relation to financial assets

See notes 3(f),4(b)(v) and 5(a) to the financial statements for management's related policies and disclosures.

The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates involving the application of a forward looking ECL impairment model, which takes into account reasonable and supportable forward looking information and will result in the earlier recognition of impairment provisions. These estimates involve increased judgement as a result of the economic impact of COVID-19 on the group's financial assets. The most significant impact of the implementation of the impairment model is to the provisioning policy for the group's investment securities.

The group makes judgements regarding the recoverability of investment securities making certain assumptions and judgements in arriving at the provision for impairment. The group estimates ECL on debt securities using a transition matrix based on historical default rates for each rating grade apart from AAA. Debt securities were placed in categories based on the class and ratings and loss given default arrived at using the historical recovery rates based on government and corporate defaults.

How our audit addressed the Key Audit Matter

- The group's accounting policy as it relates to the impairment provisioning for debt securities was obtained and the reasonableness of the impairment provision assessed in relation to the requirements of the standard.

- We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the public historical data.

- We evaluated the appropriateness of management's assumptions and judgement in arriving at the loss given default percentage by assessing the factors used in establishing the weighting assigned by management. The main macro factors used were compared to external public information and calculations tested through re-computation.

- We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant grade of each debt security.

- We assessed the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with IFRS 9.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Key Audit Matters (Cont'd)

Valuation of investments classified at fair value

See notes 3(f),4(b)(v) and 15 to the financial statements for management's related policies and disclosures.

1.05% of the Group's investment securities measured at fair value are instruments for which quoted prices are not available and for which one or more of the significant inputs are not based on observable market data.

The valuation of these investments requires significant estimation. Management uses valuation techniques which involve unobservable inputs.

Investments for which observable market data was limited were classified as level 3 and valued at $934 million for the Group and Company. These investments relate to investment in unquoted equities.

Management has determined the fair value of these investments using the income approach and the discounted cashflow method which involves the valuation of the underlying assets of a business based on historical and future projected cashflows.

How our audit addressed the Key Audit Matter

- We assessed the design and operating effectiveness of the Group's controls over the determination and computation of fair values.
- We assessed the reasonableness of significant assumptions used by management's expert.
- We involved our valuation specialists to assess the method used by management to determine fair value, whether it was appropriate based on the information available.
- We assessed the adequacy of the disclosures including the degree of estimation involved in determining fair value and sensitivities to changes in any key assumptions.

Based on the audit procedures performed no adjustments to the financial statements were deemed necessary.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the group's and the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements do 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal controls 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 the company's internal control.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- 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 the Board of Directors 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 to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

The engagement partner on the audit resulting in this independent auditors' report is Balvin Vanriel.

BDO

Chartered Accountants

22 December 2022

BARITA INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
Net interest income	7	1,672,170	1,541,340
Fees and commission income		3,022,287	3,119,153
Dividend income		31,842	1,054
Foreign exchange trading and translation gains		791,514	1,846,551
Fair value and realized gains on investments	8	3,361,280	1,580,546
Other		72,640	27,618
Net operating revenue		8,951,733	8,116,262
Operating Expenses			
Staff costs	9	(1,710,201)	(1,254,306)
Administration costs		(2,091,226)	(1,790,780)
Impairment of financial assets		(3,985)	(6,447)
	10	(3,805,412)	(3,051,533)
Share of profit from associate	27	96,167	57,144
Profit Before Taxation		5,242,488	5,121,873
Taxation	11	(1,021,226)	(1,063,276)
PROFIT FOR THE YEAR	12	4,221,262	4,058,597
OTHER COMPREHENSIVE INCOME:			
Items that may subsequently be reclassified to profit or loss			
Unrealised losses on securities at FVOCI, net of taxes	11(c)	(6,633,616)	(864,009)
ECL adjustment on securities at FVOCI, net of taxes	11(c)	(108,044)	81,000
Unrealised gain on securities at FVOCI, net of taxes	11(c)	2,940,064	588,243
Fair value gain on property, plant and equipment, net of taxes	11(c)	26,582	10,607
Total other comprehensive income		(3,775,014)	(184,159)
TOTAL COMPREHENSIVE INCOME		446,248	3,874,438
BASIC EARNINGS PER SHARE	18	$3.46	$3.73

BARITA INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
ASSETS			
Cash and bank balances	13	1,027,765	3,816,326
Securities purchased under resale agreements	14	2,608,878	8,872,136
Investment securities	15	24,285,629	14,128,717
Pledged assets	16	61,603,598	50,293,982
Receivables	17	3,101,644	1,081,304
Loans	19	10,606,593	5,911,713
Taxation recoverable		479,552	-
Due from related parties	20(b)	938,835	2,518,556
Property, plant and equipment	21	993,654	1,014,416
Intangible assets	22	14,777	19,478
Investment	23	55,000	55,000
Investment property	24	214,200	210,000
Right-of-use assets	25(a)	231,882	233,974
Investment in associate	27	2,186,695	2,053,423
Deferred tax assets	31	1,351,993	-
Total assets		109,700,695	90,209,025
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Bank overdraft	13	11,587	8,635
Secured investment notes	28	11,204,694	1,022,055
Securities sold under repurchase agreements	29	59,653,515	45,592,518
Payables	30	3,271,454	2,627,411
Dividend payable	37	3,026,563	3,288,292
Due to related parties	20(b)	62,197	144,013
Taxation		-	943,708
Deferred tax liabilities	31	-	61,237
Lease liabilities	25(b)	287,207	274,840
Total liabilities		77,517,217	53,962,709
Stockholders' Equity:			
Share capital	32	32,389,351	33,135,904
Capital reserve	33	148,655	122,073
Fair value reserve	34	(4,068,759)	(256,512)
Stock option reserve	35	186,284	86,800
Capital redemption reserve	36	220,127	220,127
Retained earnings		3,307,820	2,937,924
Total stockholders' equity		32,183,478	36,246,316
Total liabilities and stockholders' equity		109,700,695	90,209,025

Approved for issue by the Board of Directors on 22 December 2022 and signed on its behalf by:

Mark Myers	Chairman	Carl D. Domville	Director

BARITA INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2022

	Share Capital $'000	Treasury Shares $'000	Capital Reserve $'000	Fair Value Reserve $'000	Stock Option Reserve $'000	Capital Redemption Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 30 SEPTEMBER 2020	24,147,826	(1,272)	111,466	25,054	-	220,127	2,977,479	27,480,680
TOTAL COMPREHENSIVE INCOME								
Profit for the year	-	-	-	-	-	-	4,058,597	4,058,597
Other comprehensive income	-	-	10,607	(281,566)	86,800	-	-	(184,159)
	-	-	10,607	(281,566)	86,800	-	4,058,597	3,874,438
TRANSACTION WITH OWNERS								
Issue of shares, net of transaction cost (Note 32)	10,520,398	-	-	-	-	-	-	10,520,398
Dividends paid (Note 37)	-	-	-	-	-	-	(809,860)	(1,531,048)
Dividends proposed (Note 32)	-	-	-	-	-	-	(3,288,292)	(809,860)
Treasury shares purchased (Note 32)	-	(1,531,048)	-	-	-	-	-	(3,288,292)
	10,520,398	(1,531,048)	-	-	-	-	(4,098,152)	4,891,198
BALANCE AT 30 SEPTEMBER 2021	34,668,224	(1,532,320)	122,073	(256,512)	86,800	220,127	2,937,924	36,246,316
TOTAL COMPREHENSIVE INCOME								
Profit for the year	-	-	-	-	-	-	4,221,262	4,221,262
Other comprehensive income	-	-	26,582	(3,801,596)	-	-	-	(3,775,014)
Unrealised gain transferred to retained earnings	-	-	-	(10,651)	-	-	10,651	-
	-	-	26,582	(3,812,247)	-	-	4,231,913	446,248
TRANSACTION WITH OWNERS								
Dividends paid (Note 37)	-	-	-	-	-	-	(792,332)	(792,332)
Dividends proposed (Note 37)	-	-	-	-	-	-	(3,026,563)	(3,026,563)
Treasury shares purchased (Note 32)	-	994,852	-	-	-	-	-	(994,852)
Treasury shares sold (Note 32)	-	248,299	-	-	-	-	-	248,299
Employee share trust provision (Note 35)	-	-	-	-	153,164	-	-	153,164
Employee share option exercised (Note 35)	-	-	-	-	(97,080)	-	(43,122)	(140,202)
Adjustment for deferred tax on equity	-	-	-	-	43,400	-	-	43,400
	-	(746,553)	-	-	99,484	-	(3,862,017)	(4,509,086)
BALANCE AT 30 SEPTEMBER 2022	34,668,224	(2,278,873)	148,655	(4,068,759)	186,284	220,127	3,307,820	32,183,478

BARITA INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		4,221,262	4,058,597
Items not affecting cash resources:			
Depreciation and amortisation	21,22	118,268	88,795
Effect of exchange gain on foreign balances		(741,759)	(352,489)
Fair value gain on investment property	24	(4,200)	(6,600)
Unrealised gain on investment FVTPL		(2,657,250)	(151,943)
Interest income		(4,336,758)	(2,926,953)
Interest expense		2,664,588	1,385,613
Effect of exchange rate on lease modified		-	(872)
Taxation expense	11	1,021,226	1,063,276
Lease liability interest expense	25	28,406	20,362
Right-of-use assets amortisation	25	40,478	33,303
Share of profit from associate		(96,167)	(57,144)
Share option expense	35	153,164	130,200
		411,258	3,284,145
Changes in operating assets and liabilities:			
Securities purchased under resale agreements, net		6,813,030	(721,840)
Securities sold under repurchase agreements, net		13,706,544	10,375,994
Receivables		(2,019,930)	1,905,104
Loans receivables, net		(4,731,837)	(4,235,375)
Payables		377,607	(2,716,039)
Related companies		1,497,905	(481,481)
Secured investment notes		10,424,360	410,108
		26,478,937	7,820,616
Interest received		3,958,297	2,777,261
Interest paid		(2,312,847)	(1,786,831)
Lease payments		(53,903)	(39,381)
Tax paid		(1,923,378)	(399,073)
Cash provided by operating activities		26,147,106	8,372,592
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	21	(175,411)	(468,900)
Purchase of intangible assets	22	(6,691)	(10,226)
Proceeds from disposal of property, plant and equipment		123,640	567
Investment securities including pledged assets, net		(24,089,596)	(13,746,633)
Investment in associate	27	(37,105)	(1,996,279)
Cash used in investing activities		(24,185,163)	(16,221,471)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(4,080,624)	(2,624,495)
Issued ordinary shares		-	10,520,398
Treasury shares purchased		(746,553)	(1,532,320)
Cash (used in)/provided by financing activities		(4,827,177)	6,363,583
Effect of exchange rate on cash and cash equivalents		73,721	24,099
Decrease in net cash and equivalents		(2,791,513)	(1,461,197)
Cash and cash equivalents at beginning of year		3,807,691	5,268,888
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	1,016,178	3,807,691

BARITA INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
Net interest income	7	1,646,869	1,516,314
Fees and commission income		2,409,963	2,567,414
Dividend income		31,760	1,036
Foreign exchange trading and translation gains		768,529	1,837,763
Fair value and realized gains on investments	8	3,316,262	1,580,014
Other		99,802	96,126
Net operating revenue		8,273,185	7,598,667
Operating Expenses			
Staff costs	9	(1,619,213)	(1,203,316)
Administration costs		(2,052,215)	(1,756,643)
Impairment of financial assets		(897)	(5,113)
	10	(3,672,325)	(2,965,072)
Share of profit from associate	27	96,167	57,144
Profit Before Taxation		4,697,027	4,690,739
Taxation	11	(831,557)	(937,212)
Profit For The Year	12	3,865,470	3,753,527
OTHER COMPREHENSIVE INCOME:			
Items that may subsequently be reclassified to profit or loss			
Unrealised losses on securities at FVOCI, net of taxes	11(c)	(6,632,438)	(863,881)
Unrealised gain on securities at FVOCI, net of taxes	11(c)	2,913,533	583,841
Fair value gain on property, plant and equipment, net of taxes	11(c)	26,582	10,607
ECL adjustment on securities at FVOCI, net of taxes	11(c)	(108,044)	81,000
Total other comprehensive income		(3,800,367)	(188,433)
TOTAL COMPREHENSIVE INCOME		65,103	3,565,094

BARITA INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
ASSETS			
Cash and bank balances	13	892,334	3,618,746
Securities purchased under resale agreements	14	2,608,878	8,872,136
Investment securities	15	24,091,518	13,943,573
Pledged assets	16	61,603,598	50,293,982
Receivables	17	3,074,860	1,061,843
Loans	19	10,606,593	5,911,713
Tax recoverable		546,871	-
Due from related parties	20(b)	856,788	2,523,040
Property, plant and equipment	21	992,841	1,013,441
Intangible assets	22	14,777	19,478
Investment	23	55,000	55,000
Investment in subsidiaries	26	1,862,624	1,116,071
Investment property	24	214,200	210,000
Right-of-use assets	25(a)	231,882	233,974
Investment in associate	27	2,186,695	2,053,423
Deferred tax assets	31	1,383,988	-
Total assets		111,223,447	90,926,420
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Bank overdraft	13	11,587	7,725
Secured investment notes	28	11,852,768	1,415,234
Securities sold under repurchase agreements	29	59,803,525	45,664,870
Payables	30	3,202,612	2,578,223
Dividend payable	37	3,026,563	3,288,292
Due to related parties	20(b)	36,840	5,589
Taxation		-	901,522
Deferred tax liabilities	31	-	50,494
Lease liabilities	25(b)	287,207	274,840
Total liabilities		78,221,102	54,186,789
Stockholders' Equity:			
Share capital	32	34,668,224	34,668,224
Capital reserve	33	210,510	183,928
Fair value reserve	34	(4,097,951)	(271,002)
Stock option reserve	35	146,428	86,800
Capital redemption reserve	36	313,590	313,590
Retained earnings		1,761,544	1,758,091
Total stockholders' equity		33,002,345	36,739,631
Total liabilities and shareholders' equity		111,223,447	90,926,420

Approved for issue by the Board of Directors 22 December 2022 and signed on its behalf by:

Mark Myers Chairman

Carl D. Domville Director

BARITA INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2022

	Share Capital $'000	Capital Reserve $'000	Fair Value Reserve $'000	Stock Option Reserve $'000	Capital Redemption Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 30 SEPTEMBER 2020	24,147,826	173,321	14,838	-	313,590	2,102,716	26,752,291
TOTAL COMPREHENSIVE INCOME							
Profit for the year	-	-	-	-	-	3,753,527	3,753,527
Other comprehensive income	-	10,607	(285,840)	86,800	-	-	(188,433)
	-	10,607	(285,840)	86,800	-	3,753,527	3,565,094
TRANSACTION WITH OWNERS							
Issue of shares, net of transaction cost (Note 32)	10,520,398	-	-	-	-	-	10,520,398
Dividends paid (Note 37)	-	-	-	-	-	(809,860)	(809,860)
Dividends proposed (Note 37)	-	-	-	-	-	(3,288,292)	(3,288,292)
	10,520,398	-	-	-	-	(4,098,152)	6,422,246
BALANCE AT 30 SEPTEMBER 2021	34,668,224	183,928	(271,002)	86,800	313,590	1,758,091	36,739,631
TOTAL COMPREHENSIVE INCOME							
Profit for the year	-	-	-	-	-	3,865,470	3,865,470
Other comprehensive income	-	26,582	(3,826,949)	-	-	-	(3,800,367)
	-	26,582	(3,826,949)	-	-	3,865,470	65,103
TRANSACTION WITH OWNERS							
Dividends paid (Note 37)	-	-	-	-	-	(792,332)	(792,332)
Dividends proposed (Note 37)	-	-	-	-	-	(3,026,563)	(3,026,563)
Employee share trust provision (Note 35)	-	-	-	113,308	-	-	113,308
Employee share option exercised (Note 35)	-	-	-	(97,080)	-	(43,122)	(140,202)
Adjustment to deferred tax equity	-	-	-	43,400	-	-	43,400
	-	-	-	59,628	-	(3,862,017)	(3,802,389)
BALANCE AT 30 SEPTEMBER 2022	34,668,224	210,510	(4,097,951)	146,428	313,590	1,761,544	33,002,345

BARITA INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		3,865,470	3,753,527
Items not affecting cash resources:			
Depreciation and amortisation	21,22	118,106	88,631
Effect of exchange gain on foreign balances		(719,332)	(352,489)
Unrealised gain on investment FVTPL		(2,657,250)	(151,411)
Interest income		(4,332,884)	(2,901,927)
Interest expense		2,686,015	1,385,613
Fair value gains on investment property	24	(4,200)	(6,600)
Effect of exchange rate on lease modified		-	(872)
Income tax expense	11	831,557	937,212
Lease liability interest expense	25	28,406	20,362
Right-of-use assets amortisation	25	40,478	33,303
Share of profit from associate		(96,167)	(57,144)
Share option expense	35	113,308	130,200
		(126,493)	2,878,405
Changes in operating assets and liabilities:			
Securities purchased under resale agreements, net		6,813,030	(721,840)
Securities sold under repurchase agreements, net		13,706,543	10,375,994
Receivables		(2,013,017)	1,907,644
Loans receivables, net		(4,731,837)	(4,235,375)
Payables		362,660	(2,714,274)
Related companies, net		1,635,001	(1,185,588)
Secured investment notes		10,424,360	803,287
		26,070,247	7,108,253
Interest received		3,956,302	2,754,764
Interest paid		(2,312,847)	(1,786,831)
Lease payments		(53,903)	(39,381)
Tax paid		(1,770,846)	(224,456)
Cash provided by operating activities		25,888,953	7,812,349
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	21	(175,411)	(468,900)
Purchase of intangible assets	22	(6,691)	(10,226)
Proceeds from disposal of property, plant and equipment		123,640	567
Investment securities including pledged assets, net		(23,763,842)	(13,772,842)
Investment in associate	27	(37,105)	(1,996,279)
Investment in subsidiary	26	(746,553)	(1,030,371)
Cash used in investing activities		(24,605,962)	(17,278,051)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(4,080,624)	(2,638,067)
Issued ordinary shares		-	10,520,398
Cash (used in)/provided by financing activities		(4,080,624)	7,882,331
Effect of exchange rate on cash and cash equivalents		67,359	24,099
Decrease in net cash and equivalents		(2,730,274)	(1,559,272)
Net cash and cash equivalents at beginning of year		3,611,021	5,170,293
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	880,747	3,611,021

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

1. **IDENTIFICATION, REGULATION AND LICENCE:**

Barita Investments Limited (Barita or the company) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 15 St. Lucia Way, Kingston 5. The controlling party of the company is Cornerstone Financial Holdings Limited with a 74.5% ownership as at year end. The registered office of Cornerstone Financial Holdings is located at Suite I, Ground Floor, The Financial Services Centre, Bishop's Court Hill, Barbados.

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

The company founded the Cornerstone Group Employee Trust, as a special purpose entity, by the contributing of 10,000,000 shares for the establishment of the Trust. The Trust acts as holding agent of shares within the company's Employee Stock Option Plan.

The principal activities of the company and its wholly owned subsidiary, Barita Unit Trusts Management Company Limited (BUTM), are securities brokerage, money market activities, cambio operations, investment banking and funds management.

The company acquired 20% of the shareholding of Derrimon Trading Company Limited (DTC). DTC is incorporated and registered in Jamaica. DTC is an associated company of Barita Investments Limited (see Note 27.)

"The Group" refers collectively to the company, its subsidiary and the employee trust.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates 'the functional currency'. These financial statements are presented in Jamaican dollars, which is considered the group's functional and presentation currency.

3. **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. Where necessary, amounts have been reclassified to conform to current year presentation. Amounts are rounded to the nearest thousand unless otherwise stated.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income and fair value through profit or loss investment securities, and certain items of property, plant and equipment. They are also prepared in accordance with requirements of the Jamaican Companies Act.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

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 actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements are disclosed in Note 4.

New, revised and amended standards and interpretations that became effective during the year

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective for accounting periods beginning on or after 1 January 2021. These address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark (replacement issues). Major changes:

- Adds a practical expedient that enables a company to account for a change in the contractual cash flows that are required by the reform by updating the effective interest rates to reflect, for example, the change in an interest rate benchmark from IBOR to an alternative benchmark rate.

- Provides relief from specific hedge accounting requirements.

The adoption of the above standards and interpretations did not have any impact on the group's financial statements.

New standards, amendments and interpretation not yet effective and not early adopted

The following amendments to standards which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2022). These amendments 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. The amendments also classify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the group.

Amendment to IAS 16, 'Property, plant and equipment' (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The group is currently assessing the impact of this amendment.

Amendments to IFRS 3, 'Business combinations' (effective for accounting periods beginning on or after 1 January 2022). Minor amendments were made to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The adoption of these amendments is not expected to have a significant impact on the group.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for accounting periods beginning on or after 1 January 2022). This amendment specifies which costs a company includes when assessing whether a contract will be loss making. It clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The group is currently assessing the impact of this amendment.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

Amendments in Non-Current Liabilities with Covenants (Amendments to IAS 1) (Effective for accounting periods beginning on or after 1 January 2024). Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Three proposals the IASB included in its November 2021 exposure draft were not finalised:

- the requirement that an entity has to present non-current liabilities with covenants separately in the statement of financial position;
- the requirement that an entity has to disclose whether and, if so, how it expected to comply with covenants after the reporting date; and
- the clarifications of some situations in which an entity would not have a right to defer settlement of a liability.

Amendments to IAS 12 (Effective for periods beginning on or after 1 January 2023). The main change in *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* is an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

(b) **Basis of consolidation**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has right 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 recognizes Cornerstone Group Employee Share Trust as a special purpose entity. The subsidiaries consolidated are Barita Unit Trusts Management Company Limited which is 100% owned and Cornerstone Group Employee Share Trust.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Basis of consolidation (cont'd)**

Acquisitions from third parties

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair 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 value at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquirees either at fair value or at the non-controlling interests proportionate share of the acquirees' a net assets.

Acquisitions involving entities under common control

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

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

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

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

(c) **Investment in associates**

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% and the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognized the investee's share of profit or loss after the date of acquisition.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(c) **Investment in associates (cont'd)**

The group share of its associates post-acquisition profits or losses is recognized in the income statements. 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 recognize for losses unless it has incurred obligations or made payments on behalf of the associate.

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 to ensure that a year's result is accounted for, as applicable.

(d) **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the group's chief operating decision maker.

(e) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the mid-point of the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are recognized in other comprehensive income.

(f) **Financial instruments**

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **Financial instruments (cont'd)**

Financial assets

(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 group'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 recognized on the date at which the group becomes a party to the contractual provisions of the instrument, i.e. the date they originated. Financial assets are derecognized 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, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Debt instruments

Subsequent measurement of debt instruments depends 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:

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iii) **Measurement (cont'd)**

Debt instruments (cont'd)

- 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 finance income using the effective interest rate method. Any gains or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

- FVOCI – Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movement 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 recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

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

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in P&L previously classified as fair value through OCI following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the group's right to receive payment is established.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iii) **Measurement (cont'd)**

Equity instruments (cont'd)

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

(iv) **Impairment**

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: securities sold under repurchase agreements, bank overdraft, due to related company, lease liability, secured investment notes and trade payables.

(g) **Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Leases (cont'd)**

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

The right-of-use assets have been calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

i) Any lease payments made at or before the commencement date, less any lease incentives received;

ii) Any initial direct costs incurred by the group;

iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the group has elected to not recognize a lease obligation and right-of-use assets and instead will recognize a lease expense as permitted under IFRS 16.

The right-of-use assets will be depreciated using the straight-line method from the date of adoption to the earlier of the end of the useful life of the asset or end of the lease term as determined under IFRS 16.

Under IFRS 16, the right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets which replaced the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Leases (cont'd)**

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) Revenue recognition

Interest income

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

Fees and commission income

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

Dividend income

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

Gain or loss on sale of investment

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

When investment securities are disposed of the related accumulated unrealised gains or losses included in the fair value reserve are recognized by recycling those gains or losses through other comprehensive income.

(i) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Current and deferred income taxes (cont'd)**

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

(j) **Property plant and equipment**

Items of property, plant and equipment are initially recorded at historical or deemed cost, less accumulated 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 company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the capital reserve except to the extent that any decrease in value in excess of the credit balance on the capital reserve, or reversal of such a transaction, is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(j) **Property plant and equipment (cont'd)**

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Leasehold improvements	Life of lease
Office furniture, machines and equipment	10 years
Computer equipment	2 - 10 years
Motor vehicles	3 -5 years

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

(k) **Receivables**

Receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment of receivables is determined using the simplified approach based on the requirements of IFRS 9.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in profit or loss.

(l) **Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralized financing transactions.

The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the repurchase agreements using the effective yield method.

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Secured investment notes**

Loan note payable are recognized initially at the proceeds received net of transaction costs incurred. Secured investment loan notes are subsequently measured at amortised cost.

(n) **Payables**

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

(o) **Fiduciary activities**

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

(p) **Employee benefits**

Defined contribution plans

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

Other

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(p) **Employee benefits (cont'd)**

Share based 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 the options is recognised as an expense, with corresponding increase in equity, over the period in which the employee becomes vested to the group. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At the end of each reporting period, the group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the statement of profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

(q) **Intangible assets**

Intangible assets, which represents computer software, are deemed to have a finite useful life of three years and are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(r) **Related party balances and transactions**

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

(i) Enterprises and individuals owning, directly or indirectly, a significant interest in voting power of the group and /or having significant influence over the Group's affairs and close members of the family of these individuals.

(ii) Key management personnel, that is those persons having authority and responsibility for planning directing and controlling the activities of the group, including directors, officers and close members of the families of these individuals.

(s) **Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(t) **Investment property**

Investment property, comprising principally land and building, is held for rental yields and capital appreciation and is treated as long term investments. It is measured initially at cost, including related transaction costs and subsequently measured at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

The fair value reflects, on a similar basis, expected cash outflows in respect of the property. Fair value is determined every year by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognized in profit or loss.

(u) **Loans receivable and provision for credit losses**

The group recognizes loss allowances for expected credit losses (ECL) on financial instruments that are not measured at fair value. Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money or services directly to a debtor with no intention of trading the receivable. Loans are recognized when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

An allowance for loan impairment is established based on lifetime ECL which is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 1 financial instruments'. If significant increase in credit risk since initial recognition is identified, the financial instruments is moved to 'Stage 2' but is not yet deemed to be credit impaired. If the financial instrument is credit impaired, it is then moved to 'Stage 3'.

The amount of the provision is derived based on model which takes account of, among other factors, the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan and probability of default.

A loan is classified as impaired when, in management's opinion there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases, and interest is taken into account on a cash basis.

Write offs are made when the group determines that there is no realistic prospect of recovery. Write offs are charged against previously established provisions for credit losses. Recoveries in part or in full of amounts previously written off are credited to provision for credit losses in the statement of profit or loss.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(v) **Dividend distribution**

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

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

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

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

Determination of whether the group acts as principal or agent in the management of various managed funds

IFRS 10, Consolidated Financial Statements, which was adopted by the group on October 1, 2016, resulted in the group assessing its relationship (to determine whether it acts as principal or agent) with various managed funds. These include a number of segregated pension funds, unit trusts and structured entities (collectively, the "managed funds"), managed either by the company or by BUTM.

In determining whether to consolidate managed funds, the Group considers its ability to direct the relevant activities of the entities. Ability to direct the relevant activities is generally evidenced through a unilateral right to liquidate the entities, investment in the securities issued by the entities that gives rise to control or where the Group holds specific subordinate securities that embody certain controlling rights. The Group may further consider relevant activities embedded within contractual arrangements such as call options which give the practical ability to direct the entities, special relationships between the entities and investors, and whether a single investor has a large exposure to variable returns of the entities.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(a) **Critical judgement in applying the Group's accounting policies (cont'd)**

Determination of whether the group acts as principal or agent in the management of various managed funds (cont'd)

Judgement is required in determining control over managed funds. The purpose and design of the entities are considered, along with a determination of what the relevant activities are of each entity and who directs them. Further judgements are made around which investor is exposed to and absorbs the variable returns of the entities. The Group weighs all of these facts in considering whether it is acting as a principal in its own right or as an agent on behalf of others. Judgement is further required in the ongoing assessment of control over managed funds, specifically if market conditions have an effect on the variable return exposure of different investors.

The group has therefore concluded that it acts in relation to the managed funds in the capacity of agent, with limitations on its scope of authority, ability to be terminated as fund manager and levels of direct interests and remuneration that are appropriate for the services provided and consistent with industry practices.

(b) **Key sources of estimation uncertainty**

The group makes certain estimates and assumptions regarding 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 assets and liabilities within the next financial year are discussed below:

(i) **Fair value estimation**

A number of assets and liabilities included in the group's financial statements require measurement at, and/or disclosure of, fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of the group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are; the 'fair value hierarchy:

Level 1 Quoted prices in active markets for identical assets or liabilities. (unadjusted)

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

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

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(i) **Fair value estimation (cont'd)**

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The fair value of financial instruments traded in active markets, such as investments fair value either through OCI or through profit or loss, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1 and comprise equity instruments traded on the JSE.

The fair values of financial instruments that are not traded in an active market are deemed to be/determined as follows:

The carrying values less any impairment provision of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values due to the short term maturity of these instruments. These financial assets and liabilities are cash and cash equivalents, trade receivables, trade payables, related company balances and unquoted investments.

(ii) **Income taxes**

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes assets and liabilities for possible tax issues based on estimates of whether additional taxes will become recoverable or will become due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) **Expected maturity dates for financial assets and liabilities**

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

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(iv) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(v) **Measurement of the expected credit loss allowance**

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost 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 and debt issuers defaulting and the resulting losses). Significant judgement is also required in applying the accounting requirements for measuring ECL, such as:

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

5. **FINANCIAL RISK MANAGEMENT:**

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

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

The group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign exchange risk
- Fair value or cash flow interest rate risk and
- Other market price

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

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

(i) **Assets and Liabilities Management Committee**

This committee is responsible for monitoring the profile of the group's assets and liabilities. This includes monitoring policies and procedures that are established to ensure that there is sufficient liquidity and that interest rate risk, currency risk and capital adequacy is also monitored.

(ii) **Treasury Department**

This department is responsible for monitoring the profile of the group's assets and liabilities. It is also primarily responsible for managing the funding and liquidity risks of the group. It manages these risks by monitoring the statement of financial position and ensuring that business strategies are consistent with liquidity requirements measuring the capital adequacy for regulatory and business requirements and monitoring the composition of the assets and liabilities of the group.

(iii) **Audit Committee**

The Audit Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Audit Committee is assisted in its oversight role by internal Audit, which is outsourced. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iv) **Risk Manager**

The Risk Manager inspects the group's operations by reviewing new ventures and projects, new lines of business, and new and existing products for risk exposure. The Risk Manager also ensures compliance with regulations and policies. Periodic reports are prepared by the Risk Manager and presented to senior management and the Board of Directors.

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

(a) **Credit risk**

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANGEMENT (CONT'D):**

(a) **Credit risk (cont'd)**

The overall objective of the group is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility.

Concentration of credit risk

There is no significant concentration of credit risk in the loans issued by the group. In addition to assessment of earnings and cash flows, management obtains collateral in the form of hypothecated securities sold under repurchase agreement, or units held in any of the trusts managed by BUTM. The group seeks to ensure that the value of hypothecated securities exceeds the loan amount.

Exposure to credit risk is managed through regular analysis of the ability of the customers and other counter-parties to meet repayment obligations. These are monitored regularly to ensure payments are received in accordance with the agreed terms.

The group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk and not a longer period, even if contract extension or renewal is common practice.

The gross carrying amount of financial assets below also represents the group's maximum exposure to credit risk on these assets.

The following tables contains an analysis of the credit risk exposure of financial instruments for which it was concluded that an ECL allowance is required. The gross carrying amount of financial assets below also represents the group's maximum exposure to credit risk on these assets and are due within five year.

Loans receivable

	The Group and the Company	
	2022	2021
	$'000	$'000
Aging of loans receivable:		
Current	10,853,563	5,992,056
Less: ECL Provision	(246,970)	(80,343)
	10,606,593	5,911,713

Investment and cash

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

5. **FINANCIAL RISK MANGEMENT (CONT'D):**

(a) **Credit risk (cont'd)**

Concentration of credit risk (cont'd)

Collateral and other credit enhancements

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

The main types of collateral are as follows:

(i) For loans receivables – investment securities and properties
(ii) For securities purchased under resale agreements – GOJ or BOJ investment securities

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

Impairment

Significant increase in credit risk

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

  A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default the security is categorized 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 are considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANGEMENT (CONT'D):**

(a) **Credit risk (cont'd)**

Impairment (cont'd)

Expected credit loss measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'.

- 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.

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

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANGEMENT (CONT'D):**

(a) **Credit risk (cont'd)**

Impairment (cont'd)

Expected credit loss measurement (cont'd)

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

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

All of the group's debt investments at amortised cost and FVOCI are considered to have low credit risk and the loss allowance recognized during the period was therefore limited to 12 months expected losses. Management considers 'low credit risk' for bonds to be those with an investment grade 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.

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Opening loss allowance as at 1 October 2021 calculated under IFRS 9	415,107	293,607	414,234	292,734
(Decrease)/increase in loss allowance recognized in the income statement during the year	(121,956)	121,500	(121,956)	121,500
Loss allowance utilized during the year	(40,110)	-	(40,110)	-
	253,041	415,107	252,168	414,234

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMNT (CONT'D):**

(a) **Credit risk (cont'd)**

Impairment (cont'd)

Debt securities concentration

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Government of Jamaica and Bank of Jamaica	31,606,275	19,421,300	31,606,275	19,421,300
Financial Institutions	6,140,267	17,922,423	6,140,267	17,922,423
Corporate and other bonds	35,886,512	30,196,697	35,817,640	30,087,321
	73,633,054	67,540,420	73,564,182	67,431,044
Accrued interest	913,660	663,268	911,745	661,276
	74,546,714	68,203,688	74,475,927	68,092,320

(b) **Liquidity risk**

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

Liquidity risk management process

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

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

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

5. **FINANCIAL RISK MANAGEMNT (CONT'D):**

(b) **Liquidity risk (cont'd)**

Liquidity risk management process (cont'd)

(iii) Maintaining committed lines of credit
(iv) Optimising cash returns on investments
(v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements
(vi) Managing the concentration and profile of debt maturities

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

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

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

Financial assets and liabilities cash flows

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMNT (CONT'D):**

(b) **Liquidity risk (cont'd)**

Financial assets and liabilities cash flows (cont'd)

	The Group					
	2022					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Based on contractual maturity						
Bank overdraft	11,587	-	-	-	-	11,587
Due to related parties	62,197	-	-	-	-	62,197
Securities sold under repurchase agreements	18,436,072	20,653,039	21,345,678	119,526	-	60,554,315
Secured investment notes	2,815,804	8,444,796	-	-	-	11,260,600
Payables	6,298,017	-	-	-	-	6,298,017
Lease liability	5,147	10,294	46,323	247,043	-	308,807
Total financial liabilities	27,628,824	29,108,129	21,392,001	366,569	-	78,495,523
Based on expected maturity -						
Total financial liabilities	21,257,023	29,108,129	21,392,001	366,569	-	72,123,722
Total financial assets	5,975,315	1,990,674	14,588,179	26,253,881	61,401,911	110,209,960

	2021					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Based on contractual maturity						
Bank overdraft	8,635	-	-	-	-	8,635
Due to related parties	144,013	-	-	-	-	144,013
Securities sold under repurchase agreements	16,713,667	17,508,725	11,625,257	73,995	-	45,921,644
Secured investment notes	414,096	607,959	-	-	-	1,022,055
Payables	5,915,703	-	-	-	-	5,915,703
Lease liability	3,834	7,660	34,551	174,524	73,567	294,136
Total financial liabilities	23,199,948	18,124,344	11,659,808	248,519	73,567	53,306,186
Based on expected maturity -						
Total financial liabilities	17,131,597	18,124,344	11,659,808	248,519	73,567	47,237,835
Total financial assets	16,447,108	3,113,541	10,574,121	23,537,827	49,021,874	102,694,471

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Liquidity risk (cont'd)**

Financial assets and liabilities cash flows (cont'd)

	The Company					
	2022					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Based on contractual maturity						
Bank overdraft	11,587	-	-	-	-	11,587
Due to related parties	36,840	-	-	-	-	36,840
Securities sold under repurchase agreements	18,436,072	20,804,226	21,345,678	119,526	-	60,705,502
Secured investment notes	3,307,296	8,602,987	-	-	-	11,910,283
Payables	6,229,175	-	-	-	-	6,229,175
Lease liability	5,147	10,294	46,323	247,043	-	308,807
Total financial liabilities	28,026,117	29,417,507	21,392,001	366,569	-	79,202,194
Based on expected maturity -						
Total financial liabilities	21,748,515	29,417,507	21,392,001	366,569	-	72,924,592
Total financial assets	5,975,315	1,959,739	14,588,179	26,223,518	61,383,282	110,130,033

	2021					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Based on contractual maturity						
Bank overdraft	7,725	-	-	-	-	7,725
Due to related parties	5,589	-	-	-	-	5,589
Securities sold under repurchase agreements	16,713,667	17,578,696	11,625,257	73,995	-	45,991,615
Secured investment notes	755,493	659,741	-	-	-	1,415,234
Payables	5,866,515	-	-	-	-	5,866,515
Lease liability	3,834	7,660	34,551	174,524	73,567	294,136
Total financial liabilities	23,352,823	18,246,097	11,659,808	248,519	73,567	53,580,814
Based on expected maturity -						
Total financial liabilities	17,472,994	18,246,097	11,659,808	248,519	73,567	47,700,985
Total financial assets	16,447,108	3,113,541	10,574,121	23,414,316	49,002,086	102,551,172

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Liquidity risk (cont'd)**

Financial assets and liabilities cash flows (cont'd)

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

The carrying amount for securities sold under repurchase agreement due within twelve months equals $60,434,789,000 (2021 - $45,917,620,000) for the group and $60,585,976,000 (2021 -$45,847,649,000) for the company.

(c) **Market risk**

The group takes on exposure to market risk, 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 risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Risk Manager in conjunction with the Treasury manager, who carries out extensive research and monitors the price movement of financial assets on local and international markets. Generally, the group has a low to medium risk profile and invests primarily in Government of Jamaica securities. Market risk exposures are measured using sensitivity analysis.

(i) **Currency risk**

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

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

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

	The Group					
	TTD J$'000	CAD J$'000	US$ J$'000	GBP J$'000	Jamaican J$'000	Total J$'000
	2022					
Financial Assets						
Cash and bank balances	98,445	3,768	618,703	7,280	299,569	1,027,765
Securities purchased under resale agreements	-	-	1,523,798	-	1,085,080	2,608,878
Marketable securities and pledged assets	332,801	1,239	33,673,924	1,073,637	50,807,626	85,889,227
Receivables	-	-	1,776,714	-	1,324,930	3,101,644
Loans receivables	-	-	-	-	10,606,593	10,606,593
Due from related parties	-	-	-	-	938,835	938,835
Total financial assets	431,246	5,007	37,593,139	1,080,917	65,062,633	104,172,942
Financial Liabilities						
Bank overdraft	-	-	-	-	11,587	11,587
Securities sold under repurchase agreement	-	-	22,926,663	-	36,726,852	59,653,515
Secured investment notes	-	-	3,168,682	1,032,253	7,003,759	11,204,694
Payables	-	-	935,653	-	5,362,364	6,298,017
Due to related parties	-	-	-	-	62,197	62,197
Lease liability	-	-	63,231	-	223,976	287,207
Total financial liabilities	-	-	27,094,229	1,032,253	49,390,735	77,517,217
Net financial position	431,246	5,007	10,498,910	48,664	15,671,898	26,655,725

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

	The Group				
	CAD J$'000	US$ J$'000	GBP J$'000	Jamaican J$'000	Total J$'000
	2021				
Financial Assets					
Cash and bank balances	289	1,377,090	1,486	2,437,461	3,816,326
Securities purchased under resale agreements	-	5,255,459	-	3,616,677	8,872,136
Marketable securities and pledged assets	-	22,384,037	51,984	41,986,678	64,422,699
Receivables	-	250,995	-	830,309	1,081,304
Loans receivables	-	-	-	5,911,713	5,911,713
Due from related parties	-	-	-	2,518,556	2,518,556
Total financial assets	289	29,267,581	53,470	57,301,394	86,622,734
Financial Liabilities					
Bank overdraft	-	-	-	8,635	8,635
Securities sold under repurchase agreement	-	18,752,774	-	26,839,744	45,592,518
Secured investment notes	-	607,146	-	414,909	1,022,055
Payables	-	455,925	-	5,459,778	5,915,703
Due to related parties	-	-	-	144,013	144,013
Lease liability	-	68,120	-	206,720	274,840
Total financial liabilities	-	19,883,965	-	33,073,799	52,957,764
Net financial position	289	9,383,616	53,470	24,227,595	33,664,970

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

	The Company					
	TTD	CAD	US$	GBP	Jamaican	Total
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
	2022					
Financial Assets						
Cash and bank balances	98,445	3,768	540,323	7,280	242,518	892,334
Securities purchased under resale agreements	-	-	1,523,798	-	1,085,080	2,608,878
Marketable securities and pledged assets	332,801	1,239	33,673,924	1,073,637	50,613,515	85,695,116
Receivables	-	-	1,776,714	-	1,298,146	3,074,860
Loans receivables	-	-	-	-	10,606,593	10,606,593
Due from related parties	-	-	-	-	856,788	856,788
Total financial assets	431,246	5,007	37,514,759	1,080,917	64,702,640	103,734,569
Financial Liabilities						
Bank overdraft	-	-	-	-	11,587	11,587
Securities sold under repurchase agreement	-	-	22,926,663	-	36,876,862	59,803,525
Secured investment notes	-	-	3,168,682	1,032,253	7,651,833	11,852,768
Payables	-	-	935,398	-	5,293,777	6,229,175
Due to related parties	-	-	-	-	36,840	36,840
Lease liability	-	-	63,231	-	223,976	287,207
Total financial liabilities	-	-	27,093,974	1,032,253	50,094,875	78,221,102
Net financial position	431,246	5,007	10,420,785	48,664	14,607,765	25,513,467

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

	The Company				
	CAD J$'000	US$ J$'000	GBP J$'000	Jamaican J$'000	Total J$'000
	2021				
Financial Assets					
Cash and bank balances	289	1,327,151	1,486	2,289,820	3,618,746
Securities purchased under resale agreements	-	5,255,459	-	3,616,677	8,872,136
Marketable securities and pledged assets	-	22,244,122	51,984	41,941,449	64,237,555
Receivables	-	225,442	-	855,862	1,081,304
Loans receivables	-	-	-	5,911,713	5,911,713
Due from related parties	-	197	-	2,522,843	2,523,040
Total financial assets	289	29,052,371	53,470	57,138,364	86,244,494
Financial Liabilities					
Bank overdraft	-	-	-	7,725	7,725
Securities sold under repurchase agreement	-	18,782,267	-	26,882,603	45,664,870
Secured investment notes	-	983,909	-	431,325	1,415,234
Payables	-	455,925	-	5,410,590	5,866,515
Due to related parties	-	-	-	5,589	5,589
Lease liability	-	68,120	-	206,720	274,840
Total financial liabilities	-	20,290,221	-	32,944,552	53,234,773
Net financial position	289	8,762,150	53,470	24,193,812	33,009,721

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

Foreign currency sensitivity

The following indicate the currencies to which the group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The changes in currency rates below represent management's assessment of reasonably possible changes in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 4% devaluation and 1% revaluation in the value of the Jamaican dollar (JMD) (2021 – 8% devaluation and 2% revaluation). The sensitivity analysis includes cash and bank balances, securities purchased under resale agreements, marketable securities and securities sold under repurchase agreements.

	The Group and Company					
Currency	% Change In Currency Rate 2022	Effect on Profit before Tax 2022 $'000	Effect on other components of Equity 2022 $'000	% Change in Currency Rate 2021	Effect on Profit before Tax 2021 $'000	Effect on Other components of Equity 2021 $'000
CAD (devaluation of JMD)	4	200	-	8	23	-
CAD (revaluation of JMD	(1)	(50)	-	(2)	(6)	-
USD (devaluation of JMD)	4	419,956	123,282	8	750,689	-
USD (revaluation of JMD)	(1)	(104,989)	(30,820)	(2)	(187,672)	(93,337)
GBP (devaluation of JMD)	4	1,947	-	8	4,278	-
GBP (revaluation of JMD)	(1)	(487)	-	(2)	(1,069)	-
TTD (devaluation of JMD)	4	17,250	-	-	-	-
TTD (revaluation of JMD)	(1)	(4,312)	-	-	-	-

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk**

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

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

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

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	The Group						
	2022						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate sensitive $'000**	**Total $'000**
Financial Assets							
Cash and bank balances	1,027,765	-	-	-	-	-	1,027,765
Securities purchased under resale agreements	2,435,015	173,863	-	-	-	-	2,608,878
Marketable securities and pledged assets	3,532,291	1,806,098	14,385,715	20,130,868	32,082,861	13,951,394	85,889,227
Receivables	-	-	-	-	-	3,101,644	3,101,644
Loan receivables	10,606,593	-	-	-	-	-	10,606,593
Due from related parties	-	-	-	-	-	938,835	938,835
Total financial assets	17,601,664	1,979,961	14,385,715	20,130,868	32,082,861	17,991,873	104,172,942
Financial Liabilities							
Bank overdraft	11,587	-	-	-	-	-	11,587
Securities sold under repurchase agreements	18,393,121	20,458,128	20,688,605	113,661	-	-	59,653,515
Secured investment notes	2,812,992	8,391,702	-	-	-	-	11,204,694
Payables	-	-	-	-	-	6,298,017	6,298,017
Due to related parties	-	-	-	-	-	62,197	62,197
Lease liability	287,207	-	-	-	-	-	287,207
Total financial liabilities	21,504,907	28,849,830	20,688,605	113,661	-	6,360,214	77,517,217
Total interest repricing gap	(3,903,243)	(26,869,869)	(6,302,890)	20,017,207	32,082,861	11,631,659	26,655,725
Cumulative gap	(3,903,243)	(30,773,112)	(37,076,002)	(17,058,795)	15,024,066	26,655,725	

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	The Group						
	2021						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-rate sensitive $'000	Total $'000
Financial Assets							
Cash and bank balances	3,816,326	-	-	-	-	-	3,816,326
Securities purchased under resale agreements	6,412,007	2,402,151	57,978	-	-	-	8,872,136
Marketable securities and pledged assets	9,979,393	685,987	6,653,613	18,586,860	23,414,920	5,101,926	64,422,699
Receivables	-	-	-	-	-	1,081,304	1,081,304
Loan receivables	5,911,713	-	-	-	-	-	5,911,713
Due from related parties	-	-	-	-	-	2,518,556	2,518,556
Total financial assets	26,119,439	3,088,138	6,711,591	18,586,860	23,414,920	8,701,786	86,622,734
Financial Liabilities							
Bank overdraft	8,635	-	-	-	-	-	8,635
Securities sold under repurchase agreements	16,878,473	17,317,736	11,325,320	70,989	-	-	45,592,518
Secured investment notes	419,291	602,764	-	-	-	-	1,022,055
Payables	-	-	-	-	-	5,915,703	5,915,703
Due to related parties	-	-	-	-	-	144,013	144,013
Lease liability	3,566	7,124	32,139	161,660	70,351	-	274,840
Total financial liabilities	17,309,965	17,927,624	11,357,459	232,649	70,351	6,059,716	52,957,764
Total interest repricing gap	8,809,474	(14,839,486)	(4,645,868)	18,354,211	23,344,569	2,642,070	33,664,970
Cumulative gap	8,809,474	(6,030,012)	(10,675,880)	7,678,331	31,022,900	33,664,970	

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	The Company 2022						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate sensitive $'000**	**Total $'000**
Financial Assets							
Cash and bank balances	892,334	-	-	-	-	-	892,334
Securities purchased under resale agreements	2,435,015	173,863	-	-	-	-	2,608,878
Marketable securities and pledged assets	3,532,291	1,775,486	14,385,715	20,105,108	32,068,450	13,828,066	85,695,116
Receivables	-	-	-	-	-	3,074,860	3,074,860
Loan receivables	10,606,593	-	-	-	-	-	10,606,593
Due from related parties	-	-	-	-	-	856,788	856,788
Total financial assets	17,466,233	1,949,349	14,385,715	20,105,108	32,068,450	17,759,714	103,734,569
Financial Liabilities							
Bank overdraft	11,587	-	-	-	-	-	11,587
Securities sold under Repurchase agreements	18,393,121	20,608,168	20,688,605	113,631	-	-	59,803,525
Secured investment notes	3,303,607	8,549,161	-	-	-	-	11,852,768
Payables	-	-	-	-	-	6,229,175	6,229,175
Due to related parties	-	-	-	-	-	36,840	36,840
Lease liability	287,207	-	-	-	-	-	287,207
Total financial liabilities	21,995,522	29,157,329	20,688,605	113,631	-	6,266,015	78,221,102
Total interest repricing gap	(4,529,289)	(27,207,980)	(6,302,890)	19,991,477	32,068,450	11,493,699	25,513,467
Cumulative gap	(4,529,289)	(31,737,269)	(38,040,159)	(18,048,682)	14,019,768	25,513,467	

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	The Company						
	2021						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-rate sensitive $'000	Total $'000
Financial Assets							
Cash and bank balances	3,618,746	-	-	-	-	-	3,618,746
Securities purchased under resale agreements	6,412,007	2,402,152	57,977	-	-	-	8,872,136
Marketable securities and pledged assets	9,979,393	685,986	6,653,614	18,500,887	23,400,285	5,017,390	64,237,555
Receivables	-	-	-	-	-	1,061,843	1,061,843
Loan receivables	5,911,713	-	-	-	-	-	5,911,713
Due from related parties	-	-	-	-	-	2,523,040	2,523,040
Total financial assets	25,921,859	3,088,138	6,711,591	18,500,887	23,400,285	8,602,273	86,225,033
Financial Liabilities							
Bank overdraft	7,725	-	-	-	-	-	7,725
Securities sold under Repurchase agreements	16,881,258	17,387,303	11,325,320	70,989	-	-	45,664,870
Secured investment notes	763,448	651,786	-	-	-	-	1,415,234
Payables	-	-	-	-	-	5,866,515	5,866,515
Due to related parties	-	-	-	-	-	5,589	5,589
Lease liability	3,566	7,124	32,139	161,660	70,351	-	274,840
Total financial liabilities	17,655,997	18,046,213	11,357,459	232,649	70,351	5,872,104	53,234,773
Total interest repricing gap	8,265,862	(14,958,075)	(4,645,868)	18,268,238	23,329,934	2,730,169	32,990,260
Cumulative gap	8,265,862	(6,692,213)	(11,338,081)	6,930,157	30,260,091	32,990,260	

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

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

	The Group and Company					
	2022					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities						
-denominated in JA$	-	7.85	5.80	8.99	7.68	7.58
-denominated in US$	-	3.88	2.73	6.43	6.99	5.01
-denominated in GBP	-	-	-	3.10	-	3.10
Securities purchased under resale agreements						
-denominated in JA$	-	7.88	-	-	-	7.88
-denominated in US$	-	4.09	-	-	-	4.09
Securities sold under repurchase agreements						
-denominated in JA$	-	7.03	7.74	7.70	-	7.49
-denominated in US$	-	4.11	4.50	4.88	-	4.50
-denominated in GBP	-	-	-	-	-	-
Loan note						
-denominated in US$	-	6.28	-	-	-	6.28
-denominated in JA$	-	3.63	-	-	-	3.63
-denominated in GBP	-	0.25	-	-	-	0.25

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

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

	The Group and Company					
	2021					
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Average**
	%	%	%	%	%	%
Marketable securities						
-denominated in JA$	-	2.22	4.89	6.06	8.06	5.31
-denominated in US$	-	4.56	5.42	2.14	6.77	4.72
-denominated in GBP	-	-	-	3.12	-	3.12
Securities purchased under resale agreements						
-denominated in JA$	-	3.25	4.06	4.00	-	3.77
-denominated in US$	-	2.89	-	-	-	2.89
Securities sold under repurchase agreements						
-denominated in JA$	-	2.83	3.09	4.25	-	3.39
-denominated in US$	-	3.15	3.62	4.13	-	3.63
-denominated in GBP	-	2.00	-	-	-	2.00
Loan note						
-denominated in US$	-	3.50	-	-	-	3.50
-denominated in JA$	-	0.50	-	-	-	0.50

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

Interest rate sensitivity

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

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

	Effect on Profit before Taxation 2022 $'000	Effect on Other Components of Equity 2022 $'000	Effect on Profit before Taxation 2021 $'000	Effect on Other Components of Equity 2021 $'000
		The Group		
Change in basis points				
-200/-50 (2021: -300/-50)	(42,911)	3,376	(64,036)	(549,773)
+200/+50 (2021: +300/+50)	42,911	(3,376)	64,036	549,773
		The Company		
Change in basis points				
-200/-50 (2021: -300/-50)	(42,911)	4,754	(64,036)	(546,492)
+200/+50 (2021: +300/+50)	42,911	(4,754)	64,036	546,492

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(iii) **Price risk**

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

The table below summarizes the impact of increases/decreases on the group's and company's net other comprehensive income (before taxation) resulting from a reasonably possible change in market prices. The analysis is based on the assumption that the equity and unit trust prices had increased by 6% (2021 - +5%) and decreased by 6% (2021 – 5%).

	Effect on Other Comprehensive Income before Taxation 2022 $'000	Effect on Other Comprehensive Income before Taxation 2021 $'000
	The Group	
Changes in index		
+6% (2021: +5%)	731,271	181,798
-6% (2021: -5%)	(731,271)	(181,798)
	The Company	
Changes in index		
+6% (2021: +5%)	723,889	178,000
-6% (2021: -5%)	(723,889)	(178,000)

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Capital management**

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

(i) To comply with the capital requirements set by the regulators of the markets where the group provides returns for shareholders and benefits for other stakeholders.

(ii) To safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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

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

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

The FSC requires each regulated entity to:

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

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

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill, if any, is deducted in arriving at Tier 1 capital; and

(ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

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

As at the reporting date, the group was in compliance with all of the externally imposed capital requirements to which it is subject.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Fair values of financial instruments**

The following table presents the group's and company's financial assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end and there were no transfers between levels during the year.

	The Group			
	2022			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment securities fair value through profit or loss				
Equity securities	4,543,220	3,627,724	-	8,170,944
Other funds and derivatives	-	-	934,861	934,861
Investment securities fair value through other comprehensive income				
Debt securities	-	71,937,837	-	71,937,837
Equity securities	3,082,039	-	-	3,082,039
	7,625,259	75,565,561	934,861	84,125,681

	2021		
	Level 1 $'000	Level 2 $'000	Total $'000
Investment securities fair value through profit or loss			
Equity securities	1,843,951	625,285	2,469,236
Investment securities fair value through other comprehensive income			
Debt securities	-	59,329,374	59,329,374
Equity securities	1,166,720	-	1,166,720
	3,010,671	59,954,659	62,965,330

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Fair values of financial instruments (cont'd)**

	The Company			
	2022			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment securities fair value through profit or loss				
Equity securities	4,543,220	3,504,700	-	8,047,920
Other funds and derivatives	-	-	934,861	934,861
Investment securities fair value through other comprehensive income				
Debt securities	-	71,867,050	-	71,867,050
Equity securities	3,082,039	-	-	3,082,039
	7,625,259	75,371,750	934,861	83,931,870

	2021		
	The Company		
	Level 1 $'000	Level 2 $'000	Total $'000
Investment securities fair value through profit or loss			
Equity securities	1,843,371	549,912	2,393,283
Investment securities fair value through other comprehensive income			
Debt securities	-	59,220,183	59,220,183
Equity securities	1,166,720	-	1,166,720
	3,010,091	59,770,095	62,780,186

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

(i) Investments securities classified as fair value through profit or loss and fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values are estimated on the basis of pricing models or other recognized valuation techniques.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Fair values of financial instruments (cont'd)**

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. The assumption is applied to liquid assets and the short term elements of all other financial instruments.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

(iv) The fair value of securities sold under agreements to repurchase is approximately their carrying amounts, due to short term maturity on these instruments.

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

6. **SEGMENT REPORTING:**

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

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

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

6. SEGMENT REPORTING (CONT'D):

	The Group			
	2022			
	Fixed Income $'000	Funds Management $'000	Other $'000	Group $'000
Total segment revenue	4,311,761	2,746,575	4,728,864	11,787,200
Inter-segment revenue	(21,427)	(25,134)	-	(46,561)
Total gross external revenue	4,290,334	2,721,441	4,728,864	11,740,639
Total expenses	(2,686,015)	-	-	(2,686,015)
Inter-segment expense	22,636	-	-	22,636
	(2,663,379)	-	-	(2,663,379)
Segment results	1,626,955	2,721,441	4,728,864	9,077,260
Unallocated expenses				(3,834,772)
Profit before tax				5,242,488
Taxation				(1,021,226)
Net profit				4,221,262
Segment assets	88,303,994	4,281,470	12,773,111	105,358,575
Inter-segment assets	-	(3,889,426)	-	(3,889,426)
Net-segment assets	88,303,994	392,044	12,773,111	101,469,149
Unallocated assets				8,231,546
Total assets				109,700,695
Segment liabilities	59,803,525	2,269,758	-	62,073,283
Inter- segment liabilities	(150,010)	(2,175,559)	-	(2,325,569)
Net segment liabilities	59,653,515	94,199	-	59,747,714
Unallocated liabilities				17,769,503
Total liabilities				77,517,217
Other segment items				
Depreciation (Note 21)	106,714	162	-	106,876
Amortisation (Note 22)	11,392	-	-	11,392

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

6. **SEGMENT REPORTING (CONT'D):**

	The Group			
	2021			
	Fixed Income $'000	Funds Management $'000	Other $'000	Group $'000
Total segment revenue	4,354,765	3,366,790	1,946,665	9,668,220
Inter-segment revenue	(17,263)	(70,667)	-	(87,930)
Total gross external revenue	4,337,502	3,296,123	1,946,665	9,580,290
Total expenses	(1,424,147)	(70,667)	-	(1,494,814)
Inter-segment expense	17,263	70,667	-	87,930
	(1,406,884)	-	-	(1,406,884)
Segment results	2,930,618	3,296,123	1,946,665	8,173,406
Unallocated expenses				(3,051,533)
Profit before tax				5,121,873
Taxation				(1,063,276)
Net profit				4,058,597
Segment assets	73,109,691	1,628,678	7,965,136	82,703,505
Inter-segment assets	-	(1,230,002)	-	(1,230,002)
Net-segment assets	73,109,691	398,676	7,965,136	81,473,503
Unallocated assets				8,735,522
Total assets				90,209,025
Segment liabilities	45,664,870	386,746	-	46,051,616
Inter- segment liabilities	(72,352)	(145,295)	-	(217,647)
Net segment liabilities	45,592,518	241,451	-	45,833,969
Unallocated liabilities				8,128,740
Total liabilities				53,962,709
Other segment items				
Depreciation (Note 21)	79,484	164	-	79,648
Amortisation (Note 22)	9,147	-	-	9,147

Revenue between segments is recorded on the basis outlined in Note 3 (d). The accounting policies used to record income, assets and liabilities are consistent for all segments. There was no change in the method used to determine reportable segments when compared to the previous year.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

6. **SEGMENT REPORTING (CONT'D):**

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

	The Group	
	2022 $'000	2021 $'000
Profit from reportable segments	9,077,260	8,173,406
Unallocated costs -		
Operating expenses	(3,834,772)	(3,051,533)
	5,242,488	5,121,873

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

	The Group	
	2022 $'000	2021 $'000
Segment assets from reportable segments	101,469,149	81,473,503
Unallocated assets -		
Cash and bank balances	892,334	3,618,746
Receivables	3,074,860	1,061,843
Due from related parties	856,788	2,523,040
Property, plant and equipment	992,841	1,013,441
Intangible assets	14,777	19,478
Investments	55,000	55,000
Investment property	214,200	210,000
Right-of-use assets	231,882	233,974
Taxation recoverable	546,871	-
Deferred tax assets	1,351,993	-
	109,700,695	90,209,025

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

	The Group	
	2022 $'000	2021 $'000
Segment assets from reportable segments	59,747,714	45,833,969
Unallocated liabilities –		
Secured investment notes	11,204,694	1,022,055
Bank overdraft	11,587	7,725
Payables	6,229,175	5,866,515
Due to related parties	36,840	5,589
Taxation payable	-	901,522
Deferred tax liabilities	-	50,494
Lease liability	287,207	274,840
	77,517,217	53,962,709

7. NET INTEREST INCOME:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Interest income, calculated using the effective interest				
At amortised cost				
Cash and cash equivalents	3,006	2,765	2,283	2,123
Loans and advances	703,819	319,533	703,819	319,533
Securities purchased through resale agreements	377,786	307,617	377,786	307,617
	1,084,611	629,915	1,083,888	629,273
At fair value through other comprehensive income:				
Investment securities	3,252,147	2,279,775	3,248,996	2,272,654
	4,336,758	2,909,690	4,332,884	2,901,927
Interest expense:				
At amortised cost:				
Secured investment notes	129,875	20,618	129,875	20,618
Securities sold through repurchased agreements	2,534,713	1,347,732	2,556,140	1,364,995
	2,664,588	1,368,350	2,686,015	1,385,613
Net interest income	1,672,170	1,541,340	1,646,869	1,516,314

8. FAIR VALUE GAINS ON INVESTMENTS:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Realized fair value gains	658,570	1,422,534	659,012	1,422,002
Unrealized fair value gains	2,702,710	158,012	2,657,250	158,012
	3,361,280	1,580,546	3,316,262	1,580,014

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

9. STAFF COSTS:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Wages and salaries	1,120,685	785,555	1,079,552	741,874
Commissions	90,165	107,549	90,165	107,549
Statutory contributions	132,537	87,877	127,452	84,014
Pension costs	52,351	37,045	49,574	35,609
Other staff benefits	161,299	106,080	159,162	104,070
Stock option (Note 35(c))	153,164	130,200	113,308	130,200
	1,710,201	1,254,306	1,619,213	1,203,316

10. EXPENSES BY NATURE:

Total direct and administration expenses:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Advertising and promotion	252,794	179,525	243,976	171,579
Assets tax	134,601	108,011	134,601	108,011
Auditor's remuneration	12,000	10,248	8,500	7,193
Impairment of financial assets	3,985	6,447	897	5,113
Bank charges and interest	17,011	14,400	14,360	14,400
Depreciation and amortisation (Notes 21 and 22)	118,268	88,795	118,106	88,631
Directors' fees (Notes 20(c))	19,720	20,025	19,720	20,025
Donations	49,301	26,130	49,301	26,130
Expected credit losses	36,831	202,788	36,831	202,788
Insurance	30,373	21,425	30,373	21,425
Office expenses	47,538	35,644	47,202	34,541
Professional fees	254,326	95,896	253,885	91,324
Registration and license fees	65,741	61,547	60,872	56,993
Management fees	236,250	468,569	236,250	468,280
Repairs and maintenance	24,334	18,030	24,334	18,030
Software maintenance	330,104	67,192	330,104	67,192
Staff costs (Note 9)	1,710,201	1,254,306	1,619,213	1,203,316
Other expenses	129,409	130,016	118,035	123,913
Premises cost	136,988	104,474	130,128	98,123
Other property expenses	54,073	23,205	54,073	23,205
GCT expense	81,805	74,685	81,805	74,685
Telephone & internet charges	59,759	40,175	59,759	40,175
	3,805,412	3,051,533	3,672,325	2,965,072

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

11. **TAXATION EXPENSE:**

(a) Income tax is computed on the profit for the year, as adjusted for taxation purposes, and comprises income tax at 33 1/3%:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current year tax charge	454,541	1,199,876	278,123	1,055,682
Prior year under provision	45,580	326,204	44,332	343,426
Deferred income tax (Note 30)	521,105	(462,804)	509,102	(461,896)
Tax charge	1,021,226	1,063,276	831,557	937,212

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

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Profit before taxation	5,242,488	5,121,873	4,697,028	4,690,739
Tax calculated at 33 1/3 %	1,747,496	1,707,291	1,565,676	1,563,580
Adjusted for the effects of:				
Income not subject to tax	(2,097,506)	(835,105)	(2,097,506)	(832,780)
Expenses not allowable for tax purpose	872,535	647,403	851,044	633,663
Other charges and allowances	498,701	(456,313)	512,343	(427,251)
Tax charge	1,021,226	1,063,276	831,557	937,212

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

11. **TAXATION EXPENSE (CONT'D):**

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

	The Group					
	2022 $'000			2021 $'000		
	Before tax	**Taxation**	**After tax**	**Before tax**	**Taxation**	**After tax**
Revaluation gains on property, plant and equipment net of taxes	39,873	(13,291)	26,582	15,910	(5,303)	10,607
Unrealised losses on securities at FVOCI	(9,949,835)	3,316,219	(6,633,616)	(1,296,014)	432,005	(864,009)
ECL adjustment on securities at FVOCI	(162,066)	54,022	(108,044)	121,500	(40,500)	81,000
Unrealised gains/losses on securities at FVOCI	4,406,080	(1,466,016)	2,940,064	881,595	(293,352)	588,243
	(5,665,948)	1,890,934	(3,775,014)	(277,009)	92,850	(184,159)

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

11. **TAXATION EXPENSE (CONT'D):**

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

	The Company					
	2022 $'000			2021 $'000		
	Before tax	**Taxation**	**After tax**	**Before tax**	**Taxation**	**After tax**
Revaluation gains on property, plant and equipment net of taxes	39,873	(13,291)	26,582	15,910	(5,303)	10,607
Unrealised losses on securities at FVOCI	(9,948,657)	3,316,219	(6,632,438)	(1,295,822)	431,941	(863,881)
ECL Adjustment on securities FVOCI	(162,066)	54,022	(108,044)	121,500	(40,500)	81,000
Unrealised losses/gains on securities at FVOCI	4,370,300	(1,456,767)	2,913,533	875,761	(291,920)	583,841
	(5,700,550)	1,900,183	(3,800,367)	(282,651)	94,218	(188,433)

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

12. NET PROFIT:

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

	2022 $'000	2021 $'000
Holding company	3,865,470	3,753,527
Subsidiary	355,792	305,070
	4,221,262	4,058,597

13. CASH AND CASH EQUIVALENTS:

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash in hand	175	188	175	175
Cash at bank	1,027,590	3,816,138	892,159	3,618,571
	1,027,765	3,816,326	892,334	3,618,746
Bank overdraft	(11,587)	(8,635)	(11,587)	(7,725)
	1,016,178	3,807,691	880,747	3,611,021

Cash at bank comprises mainly amounts held in current accounts, which attract interest at 0.25% - 1%.

The group's overdraft facilities of $35,000,000 (2021 - $35,000,000) with First Caribbean International Bank Limited are secured by Government of Jamaica Investment Notes with a face value of $35,000,000 (2021 - $35,000,000). The weighted average effective interest rate on the overdraft facilities is 17.85% (2021 – 17.85%).

14. SECURITIES PURCHASED UNDER RESALE AGREEMENTS:

The group and company have entered into repurchase agreements collaterised by Government of Jamaica (GOJ) securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Most of these agreements will mature within twelve months. Included in securities purchased under resale agreements is accrued interest for the group and company of $9,401,398 (2021 - $25,613,557).

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

15. **INVESTMENT SECURITIES:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Fair value through profit or loss -				
Quoted equities	4,551,660	480,962	4,551,660	480,382
Unit Trust and other funds	3,619,584	1,988,272	3,496,260	1,912,900
Other derivatives	934,861	-	934,861	-
	9,106,105	2,469,234	8,982,781	2,393,282
Fair value through other comprehensive income -				
Government of Jamaica (GOJ) bonds	31,638,017	30,529,903	31,638,017	30,529,903
Corporate and other bonds	39,386,160	28,136,205	39,317,288	28,029,005
Quoted equities	3,082,039	1,166,720	3,082,039	1,166,720
Preference shares	1,754,038	1,450,000	1,754,038	1,450,000
	75,860,254	61,282,828	75,791,382	61,175,628
	84,966,359	63,752,062	84,774,163	63,568,910
Accured interest	913,660	663,268	911,745	661,276
	85,880,019	64,415,330	85,685,908	64,230,186
Amortised cost				
Other investment securities	9,208	7,369	9,208	7,369
	85,889,227	64,422,699	85,695,116	64,237,555
Less: Pledged assets (Note 16)	(61,603,598)	(50,293,982)	(61,603,598)	(50,293,982)
	24,285,629	14,128,717	24,091,518	13,943,573

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

16. **PLEDGED ASSETS:**

Assets of the group are pledged as collateral under repurchase agreement with customers and financial institutions. The group also has investment securities that are pledged as security in relation to overdraft and other facilities with the BOJ and other financial institutions.

	The Group and Company			
	Asset		Related Liability	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Investment securities (Note 15)				
Pledged with customers	45,634,319	29,413,613	44,101,400	27,304,712
Pledged with BOJ and other financial institutions	15,969,279	20,880,369	14,786,520	18,085,100
	61,603,598	50,293,982	58,887,920	45,389,812

17. **RECEIVABLES:**

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Receivable from clients	1,057,075	523,090	1,057,075	523,090
Prepaid expenses	102,104	57,071	99,948	55,023
Withholding tax	609,664	469,107	587,410	469,107
Other	1,332,801	32,036	1,330,427	14,623
	3,101,644	1,081,304	3,074,860	1,061,843

Receivables collectible within twelve months amounted to $1,155,996,000 (2021 - $681,304,000) for the group and $1,158,370,000 (2021 - $661,843,000) for the company.

18. **EARNINGS PER SHARE:**

Earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 32).

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

18. **EARNINGS PER SHARE (CONT'D):**

	2022	2021
Net profit attributable to ordinary shareholders ($'000)	4,221,262	4,058,597
Weighted average number of ordinary shares in issue	1,220,388	1,088,927
Basic earnings per share ($ per share)	3.46	3.73

19. **LOANS RECEIVABLE:**

	2022 $'000	2021 $'000
Loans receivable	10,723,893	5,992,056
Interest receivable	129,670	-
	10,853,563	5,992,056
Expected credit losses	(246,970)	(80,343)
	10,606,593	5,911,713

Loans receivable are secured against clients investment portfolio and property.

20. **RELATED PARTY TRANSACTIONS AND BALANCES:**

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

20. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Interest income on loans & investments				
Ultimate parent company	412,884	122,373	412,884	122,373
Other related entities	146,154	18,672	146,154	18,672
Directors and key management personnel	8,978	366	8,978	366
	568,016	141,411	568,016	141,411
Other income				
Ultimate parent company	72,392	768,525	72,392	768,525
Subsidiaries	-	-	1,200	1,200
Other related entities	20,581	155,287	20,581	155,287
	92,973	923,812	94,173	925,012
Interest expense on repurchase agreements/loans				
Ultimate parent company	179,376	21,419	179,376	21,419
Subsidiaries	-	-	22,043	15,211
Other related entities	163,479	143,096	163,479	143,096
Directors and key management personnel	5,948	7,667	5,948	7,667
	348,803	172,182	370,846	187,393

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

20. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Asset Balances				
Loans – (included in loans receivable)				
Directors/Key Management Personal	615,105	177,039	615,105	177,039
Ultimate parent company	2,979,025	-	2,979,025	-
	3,594,130	177,079	3,594,130	177,039
Investments - (included in investment securities)				
Ultimate parent company	6,992,490	-	6,992,490	-
Other related entities	3,558,445	1,427,264	3,435,421	1,351,891
	10,550,935	1,427,264	10,427,911	1,351,891
Due from related parties -				
Ultimate parent company	694,577	1,835,920	694,577	1,835,920
Subsidiaries	-	-	41,500	83,160
Other related entities	244,258	682,636	120,711	603,960
	938,835	2,518,556	856,788	2,523,040
Liability Balances				
Repurchase agreements - (included in securities sold under repurchase agreements)				
Subsidiaries	-	-	150,041	69,762
Directors/Key Management Personnel	259,157	240,580	259,157	240,580
Other related entities	2,078,249	3,750,556	2,078,249	3,750,556
	2,337,406	3,991,136	2,487,447	4,060,898
Secured investment notes (included in secured investment note)				
Ultimate parent company	10,078,653	82,841	10,078,653	82,841
Subsidiaries	-	-	648,043	395,768
Directors/Key Management Personnel	-	19,650	-	19,650
Other related entities	1,107,697	583,356	1,107,697	583,356
	11,186,350	685,847	11,834,393	1,081,615
Due to related parties -				
Subsidiaries	-	-	4,205	5,509
Other related entities	62,197	144,013	32,635	80
	62,197	144,013	36,840	5,589

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

(c) **Key management compensation**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Salaries	234,723	203,295	234,723	203,295
Statutory deductions	23,300	20,501	23,300	20,501
Pension	9,480	3,738	9,480	3,738
Commission	8,536	20,605	8,536	20,605
	276,039	248,139	276,039	248,139

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Staff costs – Directors and key management personnel				
Senior executives	276,039	248,139	276,039	248,139
Administration and other expenses				
Ultimate parent company	236,350	468,280	236,350	468,280
Subsidiaries	-	-	(3,426)	18
Directors' fees (Note 10)	19,720	20,025	19,720	20,025
	256,070	488,305	252,644	488,323

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

21. PROPERTY, PLANT AND EQUIPMENT:

	The Group						
	Land & Buildings $'000	Office Furniture, Machines & Equipment $'000	Computer Equipment $'000	Work-in-Progress $'000	Leasehold Improvement $'000	Motor Vehicles $'000	Total $'000
	2022						
At Cost or Valuation -							
30 September 2020	374,927	79,966	121,029	122,533	-	50,699	749,154
Additions	22,116	82,857	23,459	-	318,268	22,200	468,900
Revaluation	15,910	-	-	-	-	-	15,910
Disposals	-	-	-	-	-	(8,178)	(8,178)
Transfer	-	40,300	-	(122,533)	82,233	-	-
30 September 2021	412,953	203,123	144,488	-	400,501	64,721	1,225,786
Additions	-	50,951	10,957	-	85,713	27,790	175,411
Revaluation	39,874	-	-	-	-	-	39,874
Disposals	-	(12,638)	-	-	(111,002)	(13,325)	(136,965)
Adjustment	(71,827)	-	-	-	70,709	858	(260)
30 September 2022	381,000	241,436	155,445	-	445,921	80,044	1,303,846
Depreciation -							
30 September 2020	36,890	19,686	65,141	-	-	17,616	139,333
Charge for the year	13,662	12,694	28,671	-	10,348	14,273	79,648
Disposals	-	-	-	-	-	(7,611)	(7,611)
30 September 2021	50,552	32,380	93,812	-	10,348	24,278	211,370
Charge for the year	6,525	21,086	30,497	-	36,132	12,636	106,876
Disposals	-	-	-	-	-	(7,794)	(7,794)
Adjustment	(14,260)	-	-	-	13,142	858	(260)
30 September 2022	42,817	53,466	124,309	-	59,622	29,978	310,192
Net Book Value -							
30 September 2022	338,183	187,970	31,136	-	386,299	50,066	993,654
30 September 2021	362,401	170,743	50,676	-	390,153	40,443	1,014,416

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

21. **PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

	The Company						
	Land & Buildings $'000	Office Furniture, Machines & Equipment $'000	Computer Equipment $'000	Work-in-Progress $'000	Leasehold Improvement $'000	Motor Vehicles $'000	Total $'000
	2022						
At Cost or Valuation -							
30 September 2020	373,809	78,747	116,567	122,533	-	51,557	743,213
Additions	22,116	82,857	23,459	-	318,268	22,200	468,900
Revaluation	15,910	-	-	-	-	-	15,910
Disposal	-	-	-	-	-	(8,178)	(8,178)
Transfer	-	40,300	-	(122,533)	82,233	-	-
30 September 2021	411,835	201,904	140,026	-	400,501	65,579	1,219,845
Additions	-	50,951	10,957	-	85,713	27,790	175,411
Revaluation	39,874	-	-	-	-	-	39,874
Disposal	-	(12,638)	-	-	(111,002)	(13,325)	(136,965)
Adjustment	(70,709)	-	-	-	70,709	-	-
30 September 2022	381,000	240,217	150,983	-	445,921	80,044	1,298,165
Depreciation -							
30 September 2020	35,772	19,548	60,737	-	-	18,474	134,531
Charge for the year	13,662	12,548	28,653	-	10,348	14,273	79,484
Adjustment	-	-	-	-	-	(7,611)	(7,611)
30 September 2021	49,434	32,096	89,390	-	10,348	25,136	206,404
Charge for the year	6,525	20,942	30,479	-	36,132	12,636	106,714
Disposal	-	-	-	-	-	(7,794)	(7,794)
Adjustment	(13,142)	-	-	-	13,142	-	-
30 September 2022	42,817	53,038	119,869	-	59,622	29,978	305,324
Net Book Value -							
30 September 2022	338,183	187,179	31,114	-	386,299	50,066	992,841
30 September 2021	362,401	169,808	50,636	-	390,153	40,443	1,013,441

21. **PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

The group's land and building were revalued as at 8 September 2022 by D C Tavares & Finson Realty Limited, professionally qualified property appraisers. The valuations were done on the basis of open market value.

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

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

The items of property, plant and equipment of the group and the company shown at revalued amounts are included in Level 3. There were no transfers between levels for both years.

The historical cost of land and building is not available.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

22. **INTANGIBLE ASSETS:**

	The Group and Company
	Computer Software
At Cost or Valuation -	
30 September 2020	153,839
Additions	10,226
30 September 2021	164,065
Additions	6,691
30 September 2022	170,756
Amortisation -	
30 September 2020	135,440
Charge for the year	9,147
30 September 2021	144,587
Charge for the year	11,392
30 September 2022	155,979
Net Book Value –	
30 September 2022	14,777
30 September 2021	19,478

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

23. **INVESTMENT:**

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

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

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

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

24. **INVESTMENT PROPERTY:**

	The Group and Company	
	2022	2021
	$'000	$'000
At beginning of year	210,000	203,400
Fair value adjustment	4,200	6,600
	214,200	210,000

The Group's investment property was revalued 26 July 2022 by independent valuators Thomas, Forbes & Associates Limited, a licenced real estate dealer. The valuations were done on the basis of open market value.

No rental income from the investment property was recognized in the consolidated statement of comprehensive income. Direct operating expenses including repairs and maintenance arising from investment property amounted to Nil.

The fair value of the Group's and company's investment property is categorized as Level 3 in the fair value hierarchy.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

24. **INVESTMENT PROPERTY (CONT'D):**

The technique used to determined the fair value of investment property is as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach. This model takes into account: - The assumed intention to dispose of the property in an open market transaction. - The assumed sale would take place on the basis of a willing seller and willing buyer; - A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market; - Values are expected to remain stable throughout that period of market exposure and disposal (hypothetical); and - The property will be freely exposed to the market.	- Judgment about whether the property can be sold, exchanged transferred, let mortgaged or used for any other economic activity, within its use class. - The strength of demand for the property, given its condition, location and range of potential uses. - The potential rental value of the property in the current investment climate.	The estimated fair value would increase/(decrease) if: - The strength of the demand is greater/(less) than judged. - The potential rental income from the property is greater/(less) than judged.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

25. **RIGHT-OF-USE ASSETS:**

(a) Right-of-use assets:

	The Group and Company
	$'000
Opening balance	208,504
Additions	71,421
Current amortisation	(23,337)
30 September 2020	256,588
Additions	10,689
Current amortisation	(33,303)
30 September 2021	233,974
Additions	22,054
Lease modification	16,332
Current amortisation	(40,478)
30 September 2022	231,882

(b) Lease liability:

	The Group and Company
	$'000
30 September 2020	282,298
Additions	10,689
Interest expense on lease obligation	20,362
Lease payments	(39,381)
Exchange effect	872
30 September 2021	274,840
Additions	22,054
Lease modification	15,738
Interest expense on lease obligation	28,406
Lease payments	(53,831)
30 September 2022	287,207

The properties leased by the Group are the 1st, 7th, 8th and part of the 10th floor of the PanJam building located at 60 Knutsford Boulevard Kingston, St. Andrew, Lot #57 and Lot #3 Fairview Shopping Center Montego Bay, St James and Strata Lot #2 Manchester Shopping Centre, Mandeville, Manchester.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

26. INVESTMENT IN SUBSIDIARIES:

The balance represents the company's investments in subsidiaries. The balance at year end comprises:-

	The Company	
	2022 $'000	2021 $'000
Barita Unit Trusts Management Limited	85,700	85,700
Cornerstone Group Employee Share Trust	1,776,924	1,030,371
	1,862,624	1,116,071

On 28 September 2021, Barita Investments Limited established the Cornerstone Group Employee Share Trust in an effort to facilitate its Employee Share Option Plan. Shares held by the trust are treated as an investment in subsidiary within the company's financial statements. The assets and liabilities of the trust are consolidated in the Company's financial statements as if they were assets and liabilities of the Company. As at year end, the trust held no other assets other than the shares contributed by Barita Investments Limited.

During the year, the company purchased an additional 10 million shares to be placed in the Cornerstone Group Employee Share Trust.

27. INVESTMENT IN ASSOCIATE:

On 23 February 2021, Barita Investments Limited acquired a 20% shareholding in Derrimon Trading Company Limited amounting to a total of 906,950,275 units.

The principal activities of the company include the wholesale and bulk distribution of household and food items through the operation of a chain of outlets and supermarkets.

The results of the associate are determined by prorating the results for the audited year ended 31 December as well as the nine months period covered by management accounts as at 30 September to ensure that a year's result is accounted for.

The balance represents the company's investments in associates (note 3(c)). The balance at year end comprises:-

	2022 $'000	2021 $'000
Opening balance	2,053,423	-
Acquisition of shares during the year	37,105	1,996,279
Share of profit	96,167	57,144
	2,186,695	2,053,423

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

27. **INVESTMENT IN ASSOCIATE (CONT'D):**

The assets, liabilities, revenue and results of associate for the 12 month period ended 30 June are summarized as follows:-

	2022 $'000	2021 $'000
Current assets	6,171,424	6,208,285
Non-current assets	6,814,702	4,111,080
Current liabilities	(3,478,786)	(2,204,848)
Non-current liabilities	(3,459,109)	(2,500,967)
Revenue	17,736,748	14,441,140
Net Profit	510,156	441,353

The carrying values of investment in associate and the values indicated by prices quoted on the JSE ("JSE Indicative Value") as at 30 September 2022 are as follows:

	Number of Shares held	Carrying Value $'000	JSE Indicative Value $'000
Derrimon Trading Limited	918,510,927	2,186,695	2,066,650
		2,186,695	2,066,650

28. **SECURED INVESTMENT NOTES:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Secured loan notes	11,204,694	1,022,055	11,852,768	1,415,234

The secured loan notes represent short term loan obligations at interest rates between 0.5% - 3.5% and are repayable upon maturity. The maturity dates for the loans are in October and November 2022.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

29. **SECURITITES SOLD UNDER REPURCHASE AGREEMENTS:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Denominated in Jamaican Dollars	36,394,054	26,790,516	36,544,064	26,862,868
Denominated in United States Dollars	23,259,461	18,802,002	23,259,461	18,802,002
	59,653,515	45,592,518	59,803,525	45,664,870

Repurchase agreements are collateralized by certain securities and other instruments held by the group with a carrying value of $61,603,598,000 (2021: $50,293,982,000) (Note 14).

30. **PAYABLES:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Client funds	2,577,907	1,910,529	2,577,907	1,910,529
Statutory liabilities	37,524	22,591	36,596	21,879
Other	656,023	694,291	588,109	645,815
	3,271,454	2,627,411	3,202,612	2,578,223

31. **DEFERRED TAXATION:**

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Deferred tax (assets)/liabilities	(1,351,993)	61,237	(1,383,988)	50,494

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

31. **DEFERRED TAXATION (CONT'D):**

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Net liabilities at beginning of year	61,237	616,891	50,494	606,608
Charged/(credited) to profit or loss (Note 11)	521,105	(462,804)	509,102	(461,896)
Charged to other comprehensive income (Note 11)	(1,890,934)	92,850	(1,900,183)	(94,218)
Adjustment to deferred tax	(43,401)	-	(43,401)	-
Net (assets)/liabilities at end of year	(1,351,993)	61,237	(1,383,988)	50,494

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

	The Group					
Deferred tax liabilities	**Accelerated depreciation $'000**	**Interest receivable $'000**	**Exchange gain $'000**	**Investment securities $'000**	**Lease liability $'000**	**Total $'000**
30 September 2020	27,199	171,794	413,909	793,345	94,099	1,500,346
Charged/(credited) to profit or loss	4,864	48,625	(294,274)	73,023	(2,486)	(170,248)
Charged to other comprehensive income	-	-	-	333,549	-	333,549
30 September 2021	32,063	220,419	119,635	1,199,917	91,613	1,663,647
Charged to profit or loss	351	128,109	195,173	452,578	4,122	780,333
Credited to other comprehensive income	-	-	-	(872,244)	-	(872,244)
30 September 2022	32,414	348,528	314,808	780,251	95,735	1,571,736

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

31. **DEFERRED TAXATION (CONT'D):**

	The Group					
Deferred tax assets	**Stock option $'000**	**Accrued vacation $'000**	**Investment securities $'000**	**Interest payable $'000**	**Right of use $'000**	**Total $'000**
30 September 2020	-	-	758,414	39,512	85,529	883,455
(Credited)/charged to profit or loss	43,400	14,441	187,543	54,711	(7,538)	292,557
Charged to other comprehensive income	-	-	426,398	-	-	426,398
30 September 2021	43,400	14,441	1,372,355	94,223	77,991	1,602,410
(Credited)/charged to profit or loss	5,409	8,093	122,034	124,389	(697)	259,228
Charged to other comprehensive income	-	-	1,018,690	-	-	1,018,690
Adjustment for deferred tax on equity	-	-	43,401	-	-	43,401
30 September 2022	48,809	22,534	2,556,480	218,612	77,294	2,923,729

	The Company					
Deferred tax liabilities	**Accelerated depreciation $'000**	**Interest receivable $'000**	**Exchange gain $'000**	**Investment securities $'000**	**Lease liability $'000**	**Total $'000**
30 September 2020	56,102	168,567	411,768	759,527	94,099	1,490,063
Charged/(credited) to profit or loss	5,772	48,625	(294,274)	73,023	(2,486)	(169,340)
Charged to other comprehensive income	-	-	-	337,724	-	337,724
30 September 2021	61,874	217,192	117,494	1,170,274	91,613	1,658,447
Charged/(credited) to profit or loss	(5,524)	126,713	122,281	520,737	4,122	768,329
Charged to other comprehensive income	-	-	-	(887,035)	-	(887,035)
30 September 2022	56,350	343,905	239,775	803,976	95,735	1,539,741

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

31. **DEFERRED TAXATION (CONT'D):**

	The Company					
Deferred tax assets	**Stock option $'000**	**Accrued vacation $'000**	**Investment securities $'000**	**Interest payable $'000**	**Right of use $'000**	**Total $'000**
30 September 2020	-	-	758,414	39,512	85,529	883,455
(Credited)/charged to profit or loss	43,400	14,441	187,543	54,711	(7,538)	292,557
Charged to other comprehensive income	-	-	431,941	-	-	431,941
30 September 2021	43,400	14,441	1,377,898	94,223	77,991	1,607,953
(Credited)/charged to profit or loss	5,409	8,093	122,034	124,389	(697)	259,228
Charged to other comprehensive income	-	-	1,013,147	-	-	1,013,147
Adjustment for deferred tax on equity	-	-	43,401	-	-	43,401
30 September 2022	48,809	22,534	2,556,480	218,612	77,294	2,923,729

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

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Deferred tax liabilities	(1,571,736)	(1,663,647)	(1,539,741)	(1,658,447)
Deferred tax assets	2,923,729	1,602,410	2,923,729	1,607,953

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

32. **SHARE CAPITAL AND TREASURY SHARES:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Authorised:				
Ordinary shares 14,000,000,000				
Preference 1,000,000,000				
Issued and fully paid				
Ordinary stock units 1,220,388,243	33,668,224	33,668,224	33,668,224	33,668,224
Non-redeemable preference shares	1,000,000	1,000,000	1,000,000	1,000,000
Treasury shares 24,536,566 (2021 – 16,274,458)	(2,278,873)	(1,532,320)	-	-
	32,389,351	33,135,904	34,668,224	34,668,224

Share capital and treasury shares

(a) On 3 August 2021, the Board of Directors passed a resolution for the issue of shares through an additional public offer thereby approving the issue up to 160,000,000 ordinary shares at a price of $80 per unit. The total shares issued under the additional public offer amounted to 134,785,150 units.

(b) Treasury shares represents ordinary shares held by Barita Unit Trusts Management Company Limited of 6,274,458 and Cornerstone Group Employee Trust (CGET) of 18,262,108. During the year, the company purchased an additional 10,671,140 unit of its shares for the CGET and issued 2,409,032 shares under the Trust.

(c) 100,000,000 preference shares at 4% per annum were issued at a price of $10.00 per share.

   (i) The holders of these shares will not have the right to vote at any general meeting of the company.
   (ii) In the event of any liquidation, dissolution or winding up of the issuer, the preference shareholders are entitled to receive settlement in preference to ordinary shareholders.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

33. **CAPITAL RESERVE:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Balance at beginning of the year	122,073	111,466	183,928	173,321
Revaluation gains on property, plant and equipment	26,582	10,607	26,582	10,607
	148,655	122,073	210,510	183,928

The consolidated revaluation reserve represents unrealized surplus on the revaluation of property, plant and equipment less consolidation adjustments to account for the acquisition of Barita Unit Trusts Management Company Limited in the Group financial statements.

34. **FAIR VALUE RESERVE:**

This represents the unrealized surplus or deficit on the revaluation of investment securities at FVOCI and stock exchange seat. The investments are not impaired and the recorded deficit is based on short term fluctuations in market prices.

35. **STOCK OPTION RESERVE:**

(a) Stock option description and movements:

On 24 January 2021, the company obtained approval from the Board of Directors through a resolution to establish the Employee Stock Ownership Plan for all eligible employees of the Cornerstone Group comprising 6 million ordinary shares. Under the terms of the plan eligible employees will be granted the right to participate by purchasing the company's shares at a discount. Further to this, approval from the Board of Directors was granted on 28 September 2021 for the commencement of the Cornerstone Group Employee Trust by contributing 10 million shares to be held in the trust in accordance with the Trust Deed and the Plan Rules.

During the year the company purchase an additional 10,000,000 units of its shares for the Cornerstone Group Employee Trust (CGET). Under the rules of the stock option plan, the following allocations were made:

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

35. **STOCK OPTION RESERVE (CONT'D):**

(a) Stock option description and movements (cont'd):

	The Group		The Company	
	No. of shares		No. of shares	
	2022	2021	2022	2021
	'000	'000	'000	'000
At 1 October	3,226	-	3,226	-
Options granted during the year	2,979	3,226	1,610	3,226
At 30 September	6,205	3,226	4,836	3,226
Options granted	6,205	3,226	4,836	3,226
Exercised during the year	(1,453)	-	(1,390)	-
Balance at 30 September	4,752	3,226	3,446	3,226

The options granted are exercisable over a period of three years beginning upon vesting, at the end of which time unexercised options will expire. The total grant of each employee will be fully vested on the third anniversary of the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

(b) Fair value of options granted:

The fair value of options granted determined using the Black-Scholes-Merton valuation model was 247,629,000 (2021 – 206,150,000) for the group and $140,798,000 (2021 – 206,150,000) for the company. The significant inputs into the model were the share price at the grant date, exercise price the risk free interest rate share price volatility factor expected dividends and the option life of four (4) years. It is expected that these options will be exercised within three (3) years.

	2022	2021
Share price	98.38	83.77
Exercise price	Nil/15.50	15.50
Risk free interest rate	2.81%	2.81%
Volatility factor	60.45%	45.88%
Expected dividend	3.29/3.46	2.64

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

35. STOCK OPTION RESERVE (CONT'D):

(c) Movement on share option reserve:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 October	130,200	-	130,200	-
Fair value of options recognised during the year	153,164	130,200	113,308	130,200
Adjustment in prior year	-	(43,400)	-	(43,400)
	283,364	86,800	243,508	86,800
Fair value of options exercised	(97,080)	-	(97,080)	-
At 30 September	186,284	86,800	146,428	86,800

36. CAPITAL REDEMPTION RESERVE:

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

37. DIVIDENDS:

	2022 $'000	2021 $'000
Distribution to ordinary stockholders:		
$0.746 per stock unit	-	809,860
$3.029 per stock unit	-	3,288,292
$2.48 per stock unit	3,026,563	-
$0.546 per stock unit	666,332	-
	3,692,895	4,098,152
Distribution to preference stockholder:		
12.6% per stock unit	126,000	-
	3,818,895	4,098,152

38. MANAGED FUNDS:

The group acts as agent and earns fees for managing clients' and investment funds on a non-recourse basis under management agreements. This includes unit trusts, pension scheme assets and structured entities. Except where the group holds units or provides financing, it has no legal or equitable interest in the securities underlying the investment of these managed funds. Accordingly, these securities are not consolidated in the statement of financial position.

BARITA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

38. MANAGED FUNDS (CONT'D):

As at September 30, 2022, the group's on and off-balance sheet financial assets under management amounted to $337,267,808,000 (2021: $316,379,351,000). The group's financial statements include net assets of $11,017,226,000 (2021: $12,952,352,000) relating to the managed funds.