JAMAICA MONEY MARKET BROKERS LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2014

Jamaica Money Market Brokers Limited
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31 March 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Financial Statements

We have audited the separate financial statements of Jamaica Money Market Brokers Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the Group"), set out on pages 3 to 89, which comprise the Group and company statements of financial position as at 31 March 2014, and the Group and company profit and loss accounts, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the company as of 31 March 2014, 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 and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

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

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

KPMG

Chartered Accountants
Kingston, Jamaica

May 30, 2014

Jamaica Money Market Brokers Limited

Consolidated Profit and Loss Account

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Net Interest Income and Other Revenue			
Interest income	5	12,279,750	11,251,553
Interest expense	5	(7,017,265)	(6,603,857)
Net interest income		**5,262,485**	**4,647,696**
Fee and commission income		426,935	247,312
Gains on securities trading, net		2,325,348	1,692,224
Loss on GOJ's National Debt Exchange		-	(754,272)
Fees earned from managing funds on behalf of clients		129,551	88,329
Foreign exchange margins from cambio trading		587,931	322,027
Operating revenue net of interest expense		**8,732,250**	**6,243,316**
Other income			
Dividends		8,578	37,741
Other		-	34,000
Gain on sale of property, plant and equipment		1,000	1,795
		8,741,828	**6,316,852**
Operating Expenses			
Staff costs	6	(2,877,717)	(2,256,177)
Other expenses	8	(2,792,530)	(2,360,448)
		(5,670,247)	(4,616,625)
Operating Profit		**3,071,581**	**1,700,227**
Impairment loss on financial assets	7	(10,898)	(73,798)
Impairment loss on intangible assets	21	-	(107,000)
Gain on acquisition of subsidiaries	30	361,657	2,055,592
Share of (loss)/profits of associated companies (net of tax)		(24,289)	72,354
Profit before Taxation		**3,398,051**	**3,647,375**
Taxation	9	(335,992)	209,488
Profit for the Year		**3,062,059**	**3,856,863**
Attributable to:			
Equity holders of the parent		2,832,855	3,739,058
Non-controlling interest		229,204	117,805
		3,062,059	**3,856,863**
Earning per stock unit	10	**$1.74**	**$2.35**

Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	2014 $'000	2013 $'000
Profit for the Year	**3,062,059**	**3,856,863**
Other comprehensive income		
Unrealised (losses)/gains on available-for-sale investments	(1,483,011)	1,629,269
Foreign exchange differences on translation of foreign subsidiaries	157,944	(93,819)
Total other comprehensive (loss)/income, net of tax	(1,325,067)	1,535,450
Total comprehensive income for year, net of tax	**1,736,992**	**5,392,313**
Total comprehensive income attributable to:		
Equity holders of the parent	1,902,943	4,966,887
Non-controlling interest	(165,951)	425,426
	1,736,992	**5,392,313**

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
ASSETS			
Cash and cash equivalents	12	23,326,420	5,831,430
Interest receivable		2,619,996	2,220,864
Income tax recoverable		2,043,597	1,832,210
Loans and notes receivable	13	26,551,175	10,227,126
Other receivables	14	1,927,206	868,172
Securities purchased under agreements to resell	15	652,986	3,890,913
Investment securities	16	145,777,726	138,412,944
Membership share	17	-	50,520
Investment properties	19	457,591	457,591
Interest in associated companies	20	-	808,306
Intangible assets	21	1,005,314	472,522
Property, plant and equipment	22	1,841,497	1,296,136
Deferred income tax assets	23	150,384	447,951
Customers' liability under acceptances, guarantees and letters of credit as per contra		352,227	44,276
		206,706,119	166,860,961

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position (Continued)

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
STOCKHOLDERS' EQUITY			
Share capital	24	1,850,279	1,850,279
Share premium		13,775	13,775
Retained earnings reserve	25	9,605,055	9,109,778
Investment revaluation reserve	25	636,397	1,724,253
Cumulative translation reserve	25	56,233	(101,711)
Retained earnings		6,173,689	4,096,999
		18,335,428	16,693,373
Non-controlling interest		353,552	519,503
		18,688,980	17,212,876
LIABILITIES			
Customer deposits		35,887,750	7,567,380
Due to other banks		283,386	378,560
Loan participation	26	-	341,082
Securities sold under agreements to repurchase	27	143,302,425	135,907,311
Redeemable preference shares	24	4,228,705	2,759,346
Deferred income tax liabilities	23	627,360	536,698
Interest payable		1,182,974	1,193,398
Income tax payable		83,671	11,546
Other payables		2,068,641	908,488
Liabilities under acceptances, guarantees and letters of credit as per contra		352,227	44,276
		188,017,139	149,648,085
		206,706,119	166,860,961

Approved for issue by the Board of Directors on 30 May 2014 and signed on its behalf by:

Noel A. Lyon Chairman

Keith P. Duncan Group Chief Executive Officer

The notes on pages 16 to 89 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Share Premium $'000	Retained Earnings Reserve $'000	Investment Revaluation Reserve $'000	Cumulative Translation Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total Attributable to Equity holders of the Parent $'000	Non-Controlling Interest $'000	Total $'000
Balances at 31 March 2012		**365,847**	**13,775**	**8,222,323**	**402,605**	**(7,892)**	**-**	**1,781,396**	**10,778,054**	**94,077**	**10,872,131**
Profit for the year		-	-	-	-	-	-	3,739,058	3,739,058	117,805	3,856,863
Other comprehensive income for 2013:											
Unrealised gains on available- for-sale securities		-	-	-	1,321,648	-	-	-	1,321,648	307,621	1,629,269
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	-	(93,819)	-	-	(93,819)	-	(93,819)
Total other comprehensive income for 2013		-	-	-	1,321,648	(93,819)	-	-	1,227,829	307,621	1,535,450
Total comprehensive income for 2013		-	-	-	1,321,648	(93,819)	-	3,739,058	4,966,887	425,426	5,392,313
Issue of shares related to business combination	24	1,484,432	-	-	-	-	-	-	1,484,432	-	1,484,432
Transfer from retained earnings	25	-	-	887,455	-	-	-	(887,455)	-	-	-
Dividends	11	-	-	-	-	-	-	(536,000)	(536,000)	-	(536,000)
Balances at 31 March 2013		**1,850,279**	**13,775**	**9,109,778**	**1,724,253**	**(101,711)**	**-**	**4,096,999**	**16,693,373**	**519,503**	**17,212,876**
Profit for the year		-	-	-	-	-	-	2,832,855	2,832,855	229,204	3,062,059
Other comprehensive income for 2014:											
Unrealised gains on available-for-sale securities		-	-	-	(1,087,856)	-	-	-	(1,087,856)	(395,155)	(1,483,011)
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	-	157,944	-	-	157,944	-	157,944
Total other comprehensive income for 2014		-	-	-	(1,087,856)	157,944	-	-	(929,913)	(395,155)	(1,325,067)
Total comprehensive income for 2014		-	-	-	(1,087,856)	157,944	-	2,832,855	1,902,943	(165,951)	1,736,992
Transfer from retained earnings	25	-	-	495,277	-	-	-	(495,277)	-	-	-
Dividends	11	-	-	-	-	-	-	(260,888)	(260,888)	-	(260,888)
Balances at 31 March 2014		**1,850,279**	**13,775**	**9,605,055**	**636,397**	**56,233**	**-**	**6,173,689**	**18,335,428**	**353,552**	**18,688,980**

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Cash Flows from Operating Activities			
Profit for the year		3,062,059	3,856,863
Adjustments for:			
Interest income	5	(12,279,750)	(11,251,553)
Interest expense	5	7,017,265	6,603,857
Income tax charge	9	335,992	(209,488)
Gain on acquisition of subsidiaries	30	(361,657)	(2,055,592)
Share of loss/(profits) of associated company		24,289	(72,354)
Impairment of financial assets	7	10,898	73,798
Impairment of intangible assets	21	-	107,000
Amortisation of intangible assets	21	97,684	57,670
Depreciation of property, plant and equipment	22	220,178	120,363
Gain on disposal of property, plant and equipment		(1,000)	(1,795)
Unrealised loss on trading securities		57,196	-
Foreign currency translation gains		(476,668)	(503,579)
		(2,293,514)	(3,274,810)
Changes in operating assets and liabilities -			
Income tax recoverable, net		(184,375)	(316,471)
Notes receivable		(3,129,882)	(1,449,185)
Other receivables		(719,629)	878,398
Securities purchased under agreements to resell		3,237,927	(1,336,719)
Customer deposits		5,119,335	2,303,892
Due to other banks		(95,174)	(330,791)
Loan participation		(341,082)	(193,346)
Other payables		709,978	(57,007)
Securities sold under agreements to repurchase		7,395,114	10,086,754
		9,698,698	6,310,715
Interest received		11,880,618	11,458,722
Interest paid		(7,027,689)	(6,595,242)
Taxation paid		(33,534)	(863,718)
Net cash provided by operating activities (Page 9)		**14,518,093**	**10,310,477**

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Cash Flows from Operating Activities (Page 8)		**14,518,093**	**10,310,477**
Cash Flows from Investing Activities			
Investment securities, net		(6,886,903)	(6,203,724)
Purchase of computer software	21	(73,064)	(54,662)
Purchase of property, plant and equipment	22	(311,589)	(261,710)
Proceeds from disposal of property, plant and equipment		10,076	9,405
Acquisition of subsidiaries, net of cash acquired	30	8,897,513	(1,505,921)
Net cash provided by/(used in) investing activities		**1,636,033**	**(8,016,612)**
Cash Flows from Financing Activities			
Proceeds from issue of redeemable preference shares	24	1,469,359	-
Notes payable		-	(470,688)
Dividends paid	11	(260,888)	(536,000)
Net cash provided by/(used in) financing activities		**1,208,471**	**(1,006,688)**
Effect of exchange rate changes on cash and cash equivalents		132,393	387,019
Net increase in cash and cash equivalents		17,494,990	1,674,196
Cash and cash equivalents at beginning of year		5,831,430	4,157,234
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**23,326,420**	**5,831,430**

Jamaica Money Market Brokers Limited

Profit and Loss Account

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Net Interest Income and Other Revenue			
Interest income from securities	5	7,670,214	8,136,455
Interest expense	5	(4,737,318)	(4,902,279)
Net interest income		2,932,896	3,234,176
Fee and commission income		82,351	70,756
Gains on securities trading, net		1,049,282	701,969
Loss on GOJ's National Debt Exchange		-	(749,484)
Fees earned from managing funds on behalf of clients		19,829	47,837
Foreign exchange margins from cambio trading		285,766	223,427
Operating revenue net of interest expense		4,370,124	3,528,681
Other income			
Dividends		2,873	13,665
Other		45,300	64,612
Gain/(loss) on sale of property, plant and equipment		1,000	(220)
		4,419,297	**3,606,738**
Operating Expenses			
Staff costs	6	(1,671,833)	(1,655,296)
Other expenses	8	(1,598,094)	(1,549,551)
		(3,269,927)	(3,204,847)
Profit before Taxation		**1,149,370**	**401,891**
Taxation	9	(199,238)	96,855
Profit for the Year		**950,132**	**498,746**

Jamaica Money Market Brokers Limited

Statement of Comprehensive Income

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	2014 $'000	2013 $'000
Profit for the Year	950,132	498,746
Other comprehensive income		
Unrealised losses on available-for-sale investments	(161,733)	(840,514)
Total comprehensive income for year, net of tax	788,399	(341,768)

Jamaica Money Market Brokers Limited

Statement of Financial Position

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
ASSETS			
Cash and cash equivalents	12	7,463,523	3,774,450
Interest receivable		1,606,665	1,281,833
Income tax recoverable		1,694,249	1,473,208
Loans and notes receivable	13	3,468,014	2,760,375
Other receivables	14	2,105,891	1,582,723
Securities purchased under agreements to resell	15	13,522,982	17,197,640
Investment securities	16	97,776,242	94,681,516
Interest in subsidiaries	18	7,777,963	6,200,949
Intangible assets	21	148,360	99,004
Property, plant and equipment	22	1,186,645	1,124,982
		136,750,534	130,176,680
STOCKHOLDERS' EQUITY			
Share capital	24	1,850,279	1,850,279
Share premium		13,775	13,775
Retained earnings reserve	25	9,605,055	9,109,778
Investment revaluation reserve		(75,792)	85,941
Retained earnings		2,731,989	2,538,022
		14,125,306	13,597,795
LIABILITIES			
Securities sold under agreements to repurchase	27	116,464,345	111,588,745
Notes payable	28	75,464	380,870
Redeemable preference shares	24	4,228,705	2,759,346
Deferred income tax liabilities	23	593,093	531,493
Interest payable		853,542	969,328
Income tax payable		40,958	-
Other payables		369,121	349,103
		122,625,228	116,578,885
		136,750,534	130,176,680

Approved for issue by the Board of Directors on 30 May 2014 and signed on its behalf by:

Noel A. Lyon	Chairman	Keith P. Duncan	Group Chief Executive Officer

Jamaica Money Market Brokers Limited

Statement of Changes in Stockholders' Equity

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Share Premium	Investment Revaluation Reserve	Retained Earnings Reserve	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balances at 31 March 2012		**365,847**	**13,775**	**926,455**	**8,222,323**	**3,462,731**	**12,991,131**
Profit for year		-	-	-	-	498,746	498,746
Other comprehensive income for 2013:							
Unrealised gains on available-for-sale investments		-	-	(840,514)	-	-	(840,514)
Total comprehensive income for 2013		-	-	(840,514)	-	498,746	(341,768)
Issue of shares related to business combination	30	1,484,432	-	-	-	-	1,484,432
Transfer from retained earnings	25	-	-	-	887,455	(887,455)	-
Dividends	11	-	-	-	-	(536,000)	(536,000)
Balances at 31 March 2013		**1,850,279**	**13,775**	**85,941**	**9,109,778**	**2,538,022**	**13,597,795**
Profit for year		-	-	-	-	950,132	950,132
Other comprehensive income for 2014:							
Unrealised gains on available-for-sale investments		-	-	(161,733)	-	-	(161,733)
Total comprehensive income for 2014		-	-	(161,733)	-	950,132	788,399
Transfer from retained earnings		-	-	-	495,277	(495,277)	-
Dividends	11	-	-	-	-	(260,888)	(260,888)
Balances at 31 March 2014		**1,850,279**	**13,775**	**(75,792)**	**9,605,055**	**2,731,989**	**14,125,306**

Jamaica Money Market Brokers Limited

Statement of Cash Flows

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Cash Flows from Operating Activities			
Profit for the year		950,132	498,746
Adjustments for:			
Interest income	5	(7,670,214)	(8,136,455)
Interest expense	5	4,737,318	4,902,279
Income tax charge	9	199,238	(96,855)
Provision for credit losses		-	34,967
Amortisation of intangible assets	21	22,320	14,657
Depreciation of property, plant and equipment	22	125,111	94,040
(Gains)/losses on disposal of property, plant and equipment		(1,000)	220
		(1,637,095)	(2,688,401)
Changes in operating assets and liabilities -			
Income tax recoverable, net		(221,041)	(69,850)
Notes receivable		(707,639)	482,928
Other receivables		(523,168)	(54,231)
Other payables		20,018	(9,956)
Securities purchased under agreements to resell		3,674,658	(739,424)
Securities sold under agreements to repurchase		4,875,600	12,650,081
		5,481,333	9,571,147
Interest received		7,345,382	8,227,004
Interest paid		(4,853,104)	(4,802,480)
Taxation paid		-	(791,637)
Net cash provided by operating activities (Page 15)		**7,973,611**	**12,204,034**

Jamaica Money Market Brokers Limited

Statement of Cash Flows (Continued)

Year ended 31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	2013 $'000
Cash Flows from Operating Activities (Page 14)		**7,973,611**	**12,204,034**
Cash Flows from Investing Activities			
Investment securities, net		(3,353,139)	(8,472,125)
Interest in subsidiaries		(1,577,014)	(3,160,156)
Purchase of computer software	21	(71,678)	(54,662)
Purchase of property, plant and equipment	22	(189,277)	(208,518)
Proceeds from disposal of property, plant and equipment		3,505	1,085
Net cash used in investing activities		**(5,187,603)**	**(11,894,376)**
Cash Flows from Financing Activities			
Proceeds from the issue of redeemable preference shares		1,469,359	-
Notes payable		(305,406)	-
Dividends paid	11	(260,888)	(536,000)
Net cash provided by/(used in) financing activities		**903,065**	**(536,000)**
Effect of exchange rate changes on cash and cash equivalents		-	403,736
Net increase in cash and cash equivalents		3,689,073	177,394
Cash and cash equivalents at beginning of year		3,774,450	3,597,056
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**7,463,523**	**3,774,450**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

Jamaica Money Market Brokers Limited (the "company") is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. It has eight subsidiaries incorporated in Jamaica, and there are other subsidiaries incorporated outside of Jamaica. The operating subsidiaries are listed below. The company and its subsidiaries are collectively referred to as "Group".

The company is exempt from the provisions of the Money Lending Act.

The principal activities of the Company are securities brokering, securities trading, merchant banking, dealing in money market instruments, operating a foreign exchange cambio and managing funds on behalf of clients. Information on the subsidiaries and the associated companies is set out below:

Name of Subsidiary	**% Shareholding Held by Parent/Subsidiary**		**Country of Incorporation**	**Principal Activities**
	Parent	Subsidiary		
JMMB Securities Limited	100		Jamaica	Stock brokering
JMMB Insurance Brokers Limited	100		Jamaica	Insurance brokering
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries	100		Trinidad and Tobago	Investment holding company
JMMB Investments (Trinidad and Tobago) Limited		100	Trinidad and Tobago	Securities brokering
Intercommercial Bank Limited and its subsidiary,		100	Trinidad and Tobago	Commercial Banking
Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant Banking
JMMB International Limited and its subsidiaries	100		St. Lucia	Investment holding and management
JMMB Dominicana, SRL		100	Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa,S.A.		80	Dominican Republic	Securities brokering
JMMB Real Estate Holdings Limited	100		Jamaica	Real estate holding
Capital & Credit Financial Group Limited and its subsidiaries	100		Jamaica	Investment holding
Capital & Credit Remittance Limited		100	Jamaica	Funds transfer
Capital & Credit Holdings Inc.		100	United States of America	Investment holding
JMMB Merchant Bank Limited (formerly Capital & Credit Merchant Bank Limited)		100	Jamaica	Merchant Banking
Capital & Credit Securities Limited	100		Jamaica	Investment holding
JMMB Fund Managers Limited	100		Jamaica	Fund management

1. Identification (Continued)

On 3 October 2013, Jamaica Money Market Brokers (Trinidad & Tobago) Limited, a 100% owned subsidiary, acquired the remaining 50% equity of Intercommercial Bank Limited (IBL), which thereby became a 100% subsidiary of the JMMB Group (Note 30).

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the relevant provisions of the Jamaican Companies Act. These consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, as well as investment properties.

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. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

New, revised and amended standards and interpretations that became effective during the year that are relevant to the Group's operations:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements, viz:

- IAS 1, *Presentation of Financial Statements*, entitled "IAS 1, *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*", which led to the following changes in the financial statements:

  (i) Items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss.

  (ii) The title of the statement has changed from 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income'.

Jamaica Money Market Brokers Limited

2. Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations that became effective during the year that are relevant to the Group's operations (continued):

- IFRS 7, (Amendment) '*Financial instruments: Disclosure'* requires disclosures about the effects or potential effects of offsetting financial assets and financial liabilities and related arrangements of an entity's financial position. The adoption of this amendment has not had a significant impact on the financial statements disclosures in the current year.

- IFRS 13, *Fair Value Measurement,* establishes a single framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value, or when disclosure of fair values is provided. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Consequently, the Group has included additional disclosures in this regard (note 32).

  Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

New, revised and amended standards and interpretations not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early adopted. Management considers that the following may be relevant to the Group's operations when they become effective:

- IFRS 9*, Financial Instruments (2010)*, is effective for accounting periods beginning on or after January 1, 2017. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, on the recognition and de-recognition of financial assets and financial liabilities.

  The Group is assessing the impact this may have on its 2018 financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- *Improvements to IFRS, 2010-2012 and 2011-2013* cycles, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the Group are as follows:

  - IFRS 13*, Fair Value Measurement*, has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

  - IAS 16, *Property, Plant and Equipment* and IAS 38*, Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:

    (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses, or

    (ii) the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

  - *IAS 24, Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

  The Group is assessing the impact these may have on its 2016 financial statements.

- Amendments to IAS 32, *Offsetting of Financial Assets and Financial Liabilities* which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognised amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously.

  The Group is assessing the impact that this standard may have in its 2015 financial statements.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- Amendments to IAS 36, *Recoverable Amount Disclosures for Non-Financial Assets*, which are effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13, *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

  The Group is assessing the impact that this amendment will have on its 2015 financial statements.

- IFRIC 21, *Levies*, which is effective for accounting periods beginning on or after January 1, 2014, provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only when the triggering event specified in the legislation occurs.

  The Group is assessing the impact that this interpretation will have on its 2015 financial statements.

(b) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiaries presented as a single economic entity.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to effect those returns through its power over the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

(ii) Eliminations on consolidation

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are consistent with those of the Group.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iii) Business combinations

The Group uses the acquisition method of accounting for business combinations when control is transferred to the Group. The cost of acquisition is measured as the fair value of the consideration paid (i.e., assets given, equity instruments issued and liabilities incurred or assumed) at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill; such goodwill is tested annually for impairment. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is immediately recognized directly in profit or loss.

(iv) Non-controlling interest

Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

(v) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value.

(vi) Associates

Associates are all entities over which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on the equity basis, from the date that significant influence commences until the date that influence ceases. When the Group's share of losses in an associate exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(c) Financial instruments

General

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

For the purposes of the financial statements, financial assets have been determined to include cash and cash equivalents, loans and notes receivable, other receivables, securities purchased under agreements to resell and investment securities. Financial liabilities comprises customer deposits, due to other banks, loan participation, securities sold under agreements to repurchase, redeemable preference shares and other payables.

Jamaica Money Market Brokers Limited

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of ownership of the assets. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(i) Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are carried at cost.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Investments

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be re-classified as available-for-sale. Held-to-maturity investments are initially recognised at fair value, which is the cash consideration including any transaction costs.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale and are carried at fair value except for unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Changes therein, other than impairment losses [Note 2(i)], and foreign exchange gains and losses on available-for-sale monetary items [see note 2(f)], are recognised in other comprehensive income and reflected in investment revaluation reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss

The Group carries some investment securities at fair value through profit or loss if they are held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(ii) Investments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term.

Loans and receivables are measured at amortised cost using the effective interest method, except when the Group chooses to designate the loans and receivables at fair value through profit or loss.

(iii) Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

(iv) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are stated at amortised cost less impairment provisions.

(v) Account payable

Accounts payable are stated at amortised cost.

(vi) Interest-bearing borrowings

Interest-bearing borrowings [other than repos, which are described in Note 2(c) (iii)] are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised costs, with any difference between cost and redemption being recognised in the profit or loss over the period of the borrowings on an effective yield basis.

(vii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

2. Summary of Significant Accounting Policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Property, plant and equipment, with the exception of freehold land and paintings, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%

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

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

(i) Computer software

Computer software is carried at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets at a rate of 25% per annum, from the date it is available for use.

2. Summary of Significant Accounting Policies (Continued)

(e) Intangible assets (continued)

(ii) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses. It is tested annually for impairment.

(iii) Customer list

Acquired customer lists are measured initially at historical cost. Customer lists have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected retention period with the Group, which approximates 8 to 15 years.

(iv) Licences

These assets represent the amounts for (1) JMMB Securities Limited Stock Exchange seat and broker/dealer licence, and (2) banking licence acquired with the acquisition of Intercommercial Bank Limited. Both licenses have an indefinite useful life; accordingly, they are not amortised but tested for impairment annually, or more frequently if there is any indication that they may be impaired.

(v) Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

2. Summary of Significant Accounting Policies (Continued)

(f) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

(g) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

The Group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liability.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

2. Summary of Significant Accounting Policies (Continued)

(h) Taxation

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

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Impairment

The carrying amounts of the Group's assets, except for deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss account.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (Continued)

(i) Impairment (continued)

(ii) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in the profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Membership share

Membership share is stated at cost less impairment provisions.

(k) Revenue recognition

Revenue is income that arises in the course of the ordinary activities of the Group. Accordingly, revenue comprises interest income, fees and commissions, dividends, and income and gains from holding and trading securities and foreign currency.

(i) Interest income

Interest income is recorded on the accrual basis using the effective interest method. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity. When financial assets become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount, which is the original effective interest rate of the instrument calculated at the acquisition or origination date.

(ii) Fees and commissions

Fee and commission income are recognised on the accrual basis when the service has been provided and collection is reasonably certain. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

2. Summary of Significant Accounting Policies (Continued)

(k) Revenue recognition (continued)

(iii) Gains from holding and trading securities and foreign currencies

Gain or loss on securities and foreign currency trading is recognised when the Group becomes a party to a contract to dispose of the assets, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

(iv) Dividends

Dividend income is recognized when the right to receive payment is established

(l) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, vacation leave; non-monetary benefits such as medical care; post-employments benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution fund which the Group operates to provide retirement pensions for the Group's employees (Note 33). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged off when due.

(m) Operating leases

Payments made under operating leases are recognised in profit or loss on the straight line basis over the terms of the leases.

(n) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors.

(o) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(p) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(q) Investment properties

Investment properties are held for rental yields and fair value gains and are not occupied by the Group. Investment properties are treated as a long-term investment and are carried at fair value, representing open market value determined annually by the directors or by independent valuers. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit and loss on a straight line basis over the tenor of the lease.

(r) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated to confirm their continuing appropriateness.

Use of estimates and judgements

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and continent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, the area of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on amounts recognised in the financial statements, or which have a risk of material adjustment in the next year, are as follows:

Jamaica Money Market Brokers Limited

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

Key sources of estimation uncertainty

(i) Allowance for losses

In determining amounts recorded for allowance for losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from investments, notes receivable and other financial assets, for example, repayment default and adverse economic conditions. The specific counterparty of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes assumptions about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the work out strategy and estimate of cash flows considered recoverable are independently approved by the Credit and Market Risk functions.

(ii) Fair value of financial instruments

In the absence of quoted market prices, the fair value of a significant proportion of the Group's financial instruments was determined using a generally accepted alternative method. Considerable judgement is required in interpreting market data to arrive at estimates of fair values as set out in note 32. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

It is possible that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

Critical accounting judgements in applying the Group's accounting policies

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

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

Management is sometimes also required to make critical judgements in applying accounting policies. In classifying financial assets, management makes judgements about whether the criteria are met. For example, the determination of whether a security may be classified as 'loans and receivables' (note 16) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 32) requires judgement as to whether a market is active, or designating a security as held-to-maturity (note 16) requires judgment about the ability to hold the security to maturity.

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4. Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's activities are organised into three main business segments:

i) Financial and related services which include securities brokering, stock brokering, portfolio planning, funds management and investment advisory services.

ii) Banking and related services which include taking deposits, granting loans and other credit facilities and foreign currency trading.

iii) "Other" represents remittance and related services, insurance brokering, investment and real estate holding.

	The Group				
	Year ended 31 March 2014				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	12,947,022	2,730,549	81,522	-	15,759,093
Inter-segment revenue	485,298	63,700	5,488	(554,486)	-
Total segment revenue	13,432,320	2,794,249	87,010	(554,486)	15,759,093
Segment results	2,624,528	443,290	3,763	-	3,071,581
Impairment loss on financial asset					(10,898)
Gain on acquisition of subsidiaries					361,657
Share of results of associated companies					(24,289)
Profit before tax					3,398,051
Income tax expense					(335,992)
Profit for the year					3,062,059
Total segment assets	176,427,565	56,767,815	891,254	(27,380,515)	206,706,119
Total segment liabilities	157,227,188	48,882,631	826,277	(18,918,957)	188,017,139
Interest income	10,140,635	2,137,275	1,840	-	12,279,750
Interest expense	6,108,163	909,102	-	-	7,017,265
Operating expenses	4,173,959	1,413,042	83,246	-	5,670,247
Depreciation and amortisation	237,063	77,081	3,718	-	317,862
Capital expenditure	322,055	62,598	-	-	384,653

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4. Segment Reporting (Continued)

	The Group				
	Year ended 31 March 2013				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	11,466,343	1,350,817	103,549	-	12,920,709
Inter-segment revenue	475,566	20,844	-	(496,410)	-
Total segment revenue	11,941,909	1,371,661	103,549	(496,410)	12,920,709
Segment results	1,660,798	32,732	6,697	-	1,700,227
Impairment loss on financial asset					(73,798)
Impairment loss on intangible assets					(107,000)
Gain on acquisition of subsidiaries					2,055,592
Share of profit of associated companies					72,354
Profit before tax					3,647,375
Income tax expense					209,488
Profit for the year					3,856,863
Total segment assets	168,123,610	21,074,966	808,001	(23,145,616)	166,860,961
Total segment liabilities	150,141,331	16,348,736	744,242	(17,586,224)	149,648,085
Interest income	10,254,955	984,219	12,379	-	11,251,553
Interest expense	6,010,322	593,535	-	-	6,603,857
Operating expenses	3,795,223	724,550	96,852	-	4,616,625
Depreciation and amortisation	148,441	26,757	2,835	-	178,033
Capital expenditure	277,501	38,871	-	-	316,372

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5. Net Interest Income

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Interest income				
Cash and cash equivalents	15,978	18,027	16,861	13,353
Loans and notes receivable	1,590,326	682,393	349,840	345,785
Resale agreements	11,110	619,279	436,268	506,868
Investment securities	10,662,336	9,931,854	6,867,245	7,270,449
Total interest income	12,279,750	11,251,553	7,670,214	8,136,455
Interest expense				
Repurchase agreements	6,258,983	6,107,848	4,399,621	4,654,419
Notes payable	451,610	222,550	31,025	6,647
Loans payable	-	32,246	-	-
Redeemable preference shares	306,672	241,213	306,672	241,213
Total interest expense	7,017,265	6,603,857	4,737,318	4,902,279
Net interest income	**5,262,485**	**4,647,696**	**2,932,896**	**3,234,176**
Total interest income on financial assets not at fair value through profit or loss	12,279,750	11,251,553	7,670,214	8,136,455

6. Staff Costs

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and benefits, including profit-related pay	2,284,451	1,815,338	1,338,092	1,327,159
Statutory payroll contributions	181,553	150,597	124,820	119,683
Pension scheme contributions (Note 33)	88,735	52,349	46,673	40,523
Training and development	31,873	32,408	27,734	30,937
Other staff benefits	291,105	205,485	134,514	136,994
	2,877,717	2,256,177	1,671,833	1,655,296

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7. Impairment Loss on Financial Assets

The impairment charge was for a provision on certain of the Group's investments in its equity and corporate bond portfolio.

8. Operating Expenses

The following are among the items charged/(credited) in arriving at profit before taxation:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Marketing, corporate affairs and donations	251,510	315,840	184,826	278,689
Bad debts, less recoveries	13,372	34,967	13,372	34,967
Depreciation and amortisation	317,862	178,033	147,432	108,697
Directors' fees	61,357	35,691	29,741	31,481
Irrecoverable - GCT	148,360	164,781	111,931	137,504
Insurance	60,162	51,606	34,651	32,438
Auditors' remuneration	35,425	30,826	16,436	12,600
Assets tax	194,756	168,850	167,897	153,050
Information technology	269,697	178,176	189,402	134,629
Legal and other professional fees	371,029	298,565	183,634	200,709
Repairs and maintenance	81,955	69,777	76,894	65,482
Loan loss, less recoveries	192,037	269,063	-	-
Security	79,875	63,714	71,019	63,611
Stationery, printing and postage	104,753	82,602	87,902	80,438
Utilities	135,622	102,806	98,820	94,588
Bank charges and interest	171,021	121,726	117,088	87,721
Other	303,737	193,425	67,049	32,947
	2,792,530	2,360,448	1,598,094	1,549,551

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9. Taxation

(a) Income tax for the parent is computed at 33⅓% of the profit for the year, as adjusted for tax purposes. Income and other taxes for the subsidiaries is based on statutory income tax rates prevailing in each relevant jurisdiction:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
1% tax on assets	2,286	-	-	-
Green fund levy	1,876	-	-	-
Current income tax	101,497	69,501	40,958	-
Deferred income tax (Note 23)	230,333	(278,989)	158,280	(96,855)
	335,992	(209,488)	199,238	(96,855)

(b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 33⅓% as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	3,398,051	3,647,375	1,149,370	401,891
Tax calculated at 33⅓%	1,132,684	1,215,792	383,123	133,964
Adjusted for the effects of:				
Income not subject to tax	(617,618)	(1,216,354)	(274,751)	(316,102)
Disallowed expenses	157,601	139,569	90,893	85,283
Effect of lower tax rate on associated company share of profits	-	(19,484)	-	-
Tax losses not recognized	189,850	19,267	-	-
Effect of taxation under different tax regime	(526,237)	(345,318)	-	-
Green fund levy	1,876	-	-	-
Adjustment to prior year estimate	(2,164)	(2,960)	(27)	-
	335,992	(209,488)	199,238	(96,855)

(c) At the reporting date, taxation losses, subject to agreement with the relevant Tax Authorities, available for set off against future taxable profits, amounted to approximately $2,553,453,000 (2013: $4,121,099,000) for the Group and $885,455,000 (2013: $1,072,487,000) for the company. The tax losses of the Jamaican subsidiaries may be carried forward indefinitely, but in any one year, prior year losses can be used to offset only 50% of chargeable income (before deduction of any prior year losses).

10. Earnings per Stock Unit

Earnings per stock unit ('' EPS'') is computed by dividing the profit attributable to stockholders of the parent of $2,832,855,000 (2013: $3,739,058,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,630,552,530 (2013: 1,588,761,066).

11. Dividends

	The Group and The Company	
	2014	**2013**
	$'000	**$'000**
Final dividend in respect of 2012 @ 11.0 cents per stock unit	-	160,973
Final dividend in respect of 2013 @10.0 cents per stock unit	-	163,055
Interim dividend in respect of 2013 @ 13.0 cents per stock unit	-	211,972
Interim dividend in respect of 2014 @ 16.0 cents per stock unit	260,888	-
	260,888	536,000

12. Cash and Cash Equivalents

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash	13,711,524	5,426,635	6,898,222	3,409,234
Cash equivalents	9,614,896	404,795	565,301	365,216
	23,326,420	5,831,430	7,463,523	3,774,450

Cash equivalents of the Group and company include $548,759,000 (2013: $364,936,000) held by an investment broker as security for funding provided on certain investment securities, which is not available for immediate use. In addition, the Group has a restricted amount of $7,595,574 (2013: $7,533,009) deposited at an interest rate of 2.5% (2013: 2.5%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme for the Groups employees.

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13. Loans and Notes Receivable

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Corporate	14,829,906	5,611,519	1,051,194	108,521
Financial institutions	2,415,140	3,563	209,636	-
Individuals	10,200,588	5,133,694	2,220,983	2,669,599
	27,445,634	10,748,776	3,481,813	2,778,120
Less: provision for impairment	(894,459)	(521,650)	(13,799)	(17,745)
	26,551,175	10,227,126	3,468,014	2,760,375

Provision for impairment

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	521,650	119,993	17,745	36,551
Provision acquired	153,149	628,020	-	-
Charge for year	428,426	269,063	-	-
Recoveries/write-off	(207,153)	(495,426)	(3,946)	(18,806)
Translation gains	(1,613)	-	-	-
Balance at 31 March	894,459	521,650	13,799	17,745

Notes receivable include the balance on an interest-free revolving advance of $324,036,605 (2013: $344,036,605) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not yet been fixed. The number of shares held by the ESOP at 31 March 2014 was 158,501,767 (2013: 164,726,375).

14. Other Receivables

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Receivables from related parties	-	-	1,567,045	1,078,611
Other receivables	1,658,251	637,056	269,467	270,924
Staff loans	276,507	236,370	276,507	236,370
	1,934,758	873,426	2,113,019	1,585,905
Less: provision for impairment	(7,552)	(5,254)	(7,128)	(3,182)
	1,927,206	868,172	2,105,891	1,582,723

Provision for impairment

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at 1 April	5,254	825,819	3,182	825,819
Charge for year	13,372	34,967	13,372	34,967
Recoveries/write-off	(11,074)	(855,532)	(9,426)	(857,604)
Balance at 31 March	7,552	5,254	7,128	3,182

15. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	338,520	1,815,662	538,000	1,615,000
Denominated in United States dollars	218,559	2,075,251	12,658,965	14,916,330
Denominated in Dominican Republic Pesos	-	-	326,017	666,310
Denominated in Trinidad & Tobago dollars	95,907	-	-	-
	652,986	3,890,913	13,522,982	17,197,640

Resale agreements include balances with related parties as set out in Note 29. All resale agreements mature within twelve months after the reporting date.

The securities that the Group obtains as collateral under resale agreements may be used as collateral under repurchase agreements. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (Note 27).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $685,635,000 (2013: $3,833,851,000) and $13,756,305,000 (2013: $17,403,868,000) for the Group and company, respectively.

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16. Investments Securities

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables:				
Government of Jamaica securities	25,969,157	20,642,824	20,030,547	16,382,458
Sovereign	195,887	174,144	195,887	174,144
Corporate:				
Government of Jamaica guaranteed	6,115,895	10,610,080	2,997,918	6,485,450
Other	69,053	5,724	4,250	-
	32,349,992	31,432,772	23,228,602	23,042,052
Available-for-sale securities:				
Government of Jamaica securities	65,231,606	70,441,723	60,596,560	61,327,559
Certificates of deposit	3,213,523	800,206	2,515,739	400,000
US Treasury Bills	-	442,382	-	-
Corporate bonds	14,024,803	16,410,000	9,583,062	8,451,049
Sovereign bonds other than Jamaican	18,376,802	17,432,947	84,458	100,588
Quoted securities	219,550	125,191	51,857	54,321
Units in unit trusts	80,253	32,588	50,882	17,682
Money Market funds	513,926	511,405	508,688	511,405
Other	834,899	17,442	-	-
	102,495,362	106,213,884	73,391,246	70,862,604
Fair value through profit and loss:				
Government of Jamaica securities	593,812	632,604	593,812	632,604
Credit default swap	663,456	-	-	-
Corporate bonds	213,954	74,803	213,954	74,803
Sovereign bonds other than Jamaican	922,313	69,452	348,628	69,453
Quoted securities	182,903	33,482	-	-
Unquoted equities	12,956	12,956	-	-
	2,589,394	823,297	1,156,394	776,860
Held to maturity:				
Credit linked note	8,207,138	-	-	-
Sovereign bonds	135,840	-	-	-
	8,342,978	-	-	-
	145,777,726	138,469,953	97,776,242	94,681,516
Less: Provision for impairment losses	-	(57,009)	-	-
	145,777,726	138,412,944	97,776,242	94,681,516

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16. Investments Securities (Continued)

Movement on provision for impairment

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	57,009	32,442	-	32,442
Written off/recovered	(57,009)	(32,442)	-	(32,442)
Charge for the year	-	57,009	-	-
Balance at end of year	-	57,009	-	-

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica securities:				
Within 3 months	51,142	2,500	1,148	2,500
From 3 months to 1 year	1,499,056	3,534,818	857,838	3,659,462
From 1 year to 5 years	31,675,803	26,397,799	25,589,827	24,369,048
Over 5 years	59,930,592	61,782,037	54,772,106	50,311,613
	93,156,593	91,717,154	81,220,919	78,342,623
Certificates of deposit:				
Within 3 months	2,784,779	800,206	2,515,739	400,000
From 3 months to 1 year	433,983	-	-	-
	3,218,762	800,206	2,515,739	400,000
US Treasury Bills:				
Within 3 months	-	442,382	-	-
Sovereign bonds and corporate bonds:				
Within 3 months	699,686	71,386	-	-
From 3 months to 1 year	3,063,342	2,025,422	2,654,963	2,463
From 1 year to 5 years	15,957,157	8,438,113	1,556,313	1,655,957
Over 5 years	28,660,351	34,180,396	9,216,880	13,697,065
	48,380,536	44,715,317	13,428,156	15,355,485
Other [see (c) below]	1,021,835	737,885	611,428	583,408
	145,777,726	138,412,944	97,776,242	94,681,516

16. Investments Securities (Continued)

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (Note 27) and notes payable (Note 28).

(b) Government of Jamaica securities having an aggregate face value of $165,000,000 (2013: $165,000,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the company's bankers.

(c) Other includes quoted equities, unit trusts and interest pooled money market fund for which there are no fixed maturity dates.

17. Membership Share

This was the cost to the Group of membership in, and a seat on the Council of, Jamaica Stock Exchange ("JSE") (by two subsidiaries - JMMB Securities Limited and Capital & Credit Securities Limited). This also licensed them to operate as broker/dealers, and represented the holding by each of 10,200,000 ordinary shares in JSE.

	2014	**2013**
	$'000	**$'000**
At beginning of year		
Holding by JMMB Securities Limited	20,520	20,520
Holding by Capital & Credit Securities Limited	30,000	30,000
	50,520	50,520
During the year		
License sold	(30,000)	-
License retained	20,520	50,250
Retained license reclassified to intangible assets (note 21)	(20,520)	-
At end of year	-	50,250

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18. Interest in Subsidiaries

	The Company	
	2014	**2013**
	$'000	**$'000**
JMMB Securities Limited		
Shares, at cost – equity	26,050	26,050
– preference	79,000	79,000
	105,050	105,050
JMMB Insurance Brokers Limited		
Shares, at cost - equity	125,000	125,000
Loan	10,000	10,000
	135,000	135,000
Jamaica Money Market Brokers (Trinidad and Tobago) Limited		
Shares, at cost – equity	1,577,014	-
Loan	336,765	336,765
	1,913,779	336,765
JMMB International Limited		
Shares, at cost – equity	500,000	500,000
JMMB Real Estate Holdings Limited		
Shares, at cost – equity	1	1
JMMB Holdings Limited		
Shares, at cost - equity	9	9
Loan	98,665	98,665
	98,674	98,674
Balance carried forward to page 44	**2,752,504**	**1,175,490**

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18. Interest in Subsidiaries (Continued)

	The Company	
	2014	**2013**
	$'000	**$'000**
Balance brought forward from page 43	**2,752,504**	**1,175,490**
Capital and Credit Financial Group Limited		
Shares, at cost - equity	4,644,589	4,644,589
Capital and Credit Securities Limited		
Shares, at cost - equity	126,315	126,315
JMMB Fund Managers Limited		
Shares, at cost - equity	254,555	254,555
	7,777,963	**6,200,949**

19. Investment Properties

	The Group	
	2014	**2013**
	$'000	**$'000**
Balance at beginning of year	457,591	457,591
Asset acquired at fair value	-	70,370
Disposed during year	-	(70,370)
Balance at end of year	457,591	457,591

The properties are stated at fair market value, as appraised by professional, independent valuers. The valuation model considers the present value of the net cash flows that can be generated from the property, condition of the buildings and its location (prime vs secondary), in addition to recent market transactions in the same proximity.

Investment properties generated revenue of $2,378,000 (2013: $5,289,867) and expenses of $4,929,000 (2013: $18,777,357) for the year.

The fair value of the Group's investment properties is categorised as Level 2 of the fair value hierarchy.

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20. Interest in Associated Company

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Shares, at cost	331,042	331,042	-	-
Share of post-acquisition profits	315,844	340,133	-	-
Share of investment revaluation reserve	(28,197)	(25,837)	-	-
Cumulative translation reserve	236,841	162,968	-	-
	855,530	808,306	-	-
Transfer to investment in subsidiaries (Notes 18 and 30)	(855,530)	-	-	-
	-	808,306	-	-

The summarized financial information for the associates is as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Assets	-	23,792,542	-	-
Liabilities	-	22,124,286	-	-
Revenue	-	1,187,960	-	-
Profit	-	144,734	-	-

On 3 October 2013, Jamaica Money Market Brokers (Trinidad & Tobago) Limited, a 100% owned subsidiary acquired the remaining 50% equity of Intercommercial Bank Limited (IBL), which thereby became a 100% subsidiary of the JMMB Group (Note 30).

Jamaica Money Market Brokers Limited

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21. Intangible Assets

	Group					
	License	**Other**	**Customer List**	**Computer Software**	**Goodwill**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost						
31 March 2012	-	-	10,456	408,935	16,744	436,135
Acquired in business combination	-	174,000	305,000	16,456	-	495,456
Additions	-	-	-	54,662	-	54,662
Exchange rate adjustment	-	-	-	984	-	984
31 March 2013	-	174,000	315,456	481,037	16,744	987,237
Acquired in business combination (Note 30)	177,452	128,612	210,012	-	-	516,076
Reclassified from membership share (note 17)	20,520	-	-	-	-	20,520
Additions	-	-	-	73,064	-	73,064
Exchange rate adjustment	7,630	5,530	9,030	-	619	22,809
31 March 2014	205,602	308,142	534,498	554,101	17,363	1,619,706
Accumulated Amortisation						
31 March 2012	-	-	-	350,045	-	350,045
Impairment charge	-	107,000	-	-	-	107,000
Charge for the year	-	-	26,557	31,113	-	57,670
31 March 2013	-	107,000	26,557	381,158	-	514,715
Charge for the year	-	31,956	43,006	22,722	-	97,684
Exchange rate adjustment	-	1,580	413	-	-	1,993
31 March 2014	-	140,536	69,976	403,880	-	614,392
Net Book Value						
31 March 2014	**205,602**	**167,606**	**464,522**	**150,221**	**17,363**	**1,005,314**
31 March 2013	-	67,000	288,899	99,879	16,744	472,522
31 March 2012	-	-	10,456	58,890	16,744	86,090

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21. Intangible Assets (Continued)

	Company
	Computer Software
	$'000
Cost	
31 March 2012	382,596
Additions	54,662
31 March 2013	437,258
Additions	71,678
31 March 2014	508,936
Accumulated Amortisation	
31 March 2012	323,597
Charge for the year	14,657
31 March 2013	338,254
Charge for the year	22,320
31 March 2014	360,574
Net Book Value	
31 March 2014	148,362
31 March 2013	99,004
31 March 2012	58,999

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22. Property, Plant and Equipment

	Freehold Land and Buildings $'000	Leasehold Improvement $'000	Motor Vehicles $'000	Computer Equipment $'000	Equipment, Furniture and Fittings $'000	Total $'000
			The Group			
Cost						
31 March 2012	860,163	112,735	38,903	405,773	330,357	1,747,931
Acquisition of subsidiaries	19,026	7,340	1,528	1,461	30,093	59,448
Additions	33,334	37,995	14,645	95,154	80,582	261,710
Transfer	(9,621)	2,178	-	-	7,443	-
Disposals	-	-	(13,459)	(12,580)	(723)	(26,762)
31 March 2013	902,902	160,248	41,617	489,808	447,752	2,042,327
Acquisition of subsidiaries (Note 30)	12,194	339,812	-	-	792,397	1,144,403
Additions	154,393	11,593	24,151	70,495	50,957	311,589
Transfer	-	-	-	(2,836)	2,836	-
Disposals	-	(4,574)	(8,495)	(31)	(4,697)	(17,797)
Exchange rate adjustment	524	18,173	916	1,300	35,696	56,609
31 March 2014	1,070,013	525,252	58,189	558,736	1,324,941	3,537,131
Accumulated Depreciation						
31 March 2012	72,159	77,271	19,324	303,705	172,524	644,983
Charge for the year	14,185	12,436	7,350	47,104	39,288	120,363
Disposals	-	-	(8,579)	(10,667)	-	(19,246)
Exchange rate adjustment	-	17	4	48	22	91
31 March 2013	86,344	89,724	18,099	340,190	211,834	746,191
Acquisition of subsidiaries (Note 30)	-	189,418	-	-	515,294	704,712
Charge for the year	17,054	35,305	10,061	67,179	90,579	220,178
Disposals	-	-	(8,495)	(31)	(194)	(8,720)
Transfer	-	-	-	(153)	153	-
Exchange rate adjustment	-	8,598	-	234	24,441	33,273
31 March 2014	103,398	323,045	19,665	407,419	842,107	1,695,634
Net Book Value						
31 March 2014	**966,615**	**202,207**	**38,524**	**151,317**	**482,834**	**1,841,497**
31 March 2013	816,558	70,524	23,518	149,618	235,918	1,296,136
31 March 2012	788,004	35,464	19,579	102,068	157,833	1,102,948

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22. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land and Buildings	**Leasehold Improvement**	**Motor Vehicles**	**Computer Equipment**	**Equipment, Furniture and Fittings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost						
31 March 2012	804,707	77,456	32,606	398,702	312,459	1,625,930
Additions	33,334	21,379	5,855	89,439	58,511	208,518
Transfers	(9,621)	2,178	-	-	7,443	-
Disposals	-	-	-	(11,585)	-	(11,585)
31 March 2013	828,420	101,013	38,461	476,556	378,413	1,822,863
Additions	72,595	-	23,984	68,203	24,495	189,277
Disposals	-	-	(2,931)	-	(2,499)	(5,430)
31 March 2014	901,015	101,013	59,514	544,759	400,409	2,006,710
Accumulated Depreciation						
31 March 2012	70,773	72,315	18,276	288,443	164,314	614,121
Charge for the year	12,417	3,551	5,127	45,363	27,582	94,040
Disposals	-	-	-	(10,280)	-	(10,280)
31 March 2013	83,190	75,866	23,403	323,526	191,896	697,881
Charge for the year	14,088	7,269	7,681	64,743	31,330	125,111
Disposals	-	-	(2,927)	-	-	(2,927)
31 March 2013	97,278	83,135	28,157	388,269	223,226	820,065
Net Book Value						
31 March 2014	803,737	17,878	31,357	156,526	177,183	1,186,645
31 March 2013	745,230	25,147	15,058	153,030	186,517	1,124,982
31 March 2012	733,934	5,141	14,330	110,259	148,145	1,011,809

23. Deferred Income Taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same fiscal authority on either the taxable entity or a different taxable entity where there is an intention to settle the balances on the net basis.

Deferred income tax is calculated using a principal tax rate of 33⅓% as deferred tax is currently applicable only to the jurisdiction that applies this rate.

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

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets	150,384	447,951	-	-
Deferred income tax liabilities	(627,360)	(536,698)	(593,093)	(531,493)
Net deferred income tax liabilities	(476,976)	(88,747)	(593,093)	(531,493)

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23. Deferred Income Taxes (Continued)

The movement in the net deferred income tax balance is as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year - liabilities	(88,747)	(749,776)	(531,493)	(752,393)
Deferred tax acquired on acquisition	(14,457)	211,218	-	-
(Charged)/credited to profit or loss (Note 9)	(230,333)	278,989	(158,280)	96,855
Charged to other comprehensive income	(142,660)	170,822	96,680	124,045
Exchange rate adjustment	(779)	-	-	-
Balance at end of year - liabilities	(476,976)	(88,747)	(593,093)	(531,493)

Deferred income tax assets and deferred income liabilities are due to the following items:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets -				
Investments	822,452	778,677	723,146	464,712
Other payables	12,894	10,811	12,279	7,450
Property, plant and equipment	106	51	-	-
Interest payable	348,436	363,874	284,486	323,077
Tax losses carried forward	391,448	564,982	295,122	357,460
	1,575,336	1,718,395	1,315,033	1,152,699
Deferred income tax liabilities -				
Investments	41,075	35,677	-	-
Unrealised foreign exchange gains	1,412,989	1,275,021	1,409,078	1,270,025
Property, plant and equipment	15,051	29,805	7,552	22,439
Interest receivable	583,197	466,639	491,496	391,728
	2,052,312	1,807,142	1,908,126	1,684,192
Net deferred income tax liabilities	(476,976)	(88,747)	(593,093)	(531,493)

24. Share Capital

	2014 Number of Shares 000	2013 Number of Shares 000
Authorised:		
Ordinary stock units of no par value	1,816,400	1,816,400
Fixed rate cumulative redeemable preference shares of no par value	4,000,000	4,000,000
	5,816,400	5,816,400

	2014 Number of Shares 000	2013 Number of Shares 000
Issued ordinary share capital:		
Ordinary stock units in issue at beginning of year	1,630,552	1,463,386
Ordinary stock units issued in consideration for 100% equity in CCFG	-	167,166
Ordinary stock units in issue at end of year	1,630,552	1,630,552

	2014 $'000	2013 $'000
Stated capital:		
1,630,552,530 ordinary stock units	1,850,279	1,850,279
889,073,000 8.75% cumulative redeemable preference stock units	2,667,219	2,667,219
26,322,000 8.5% cumulative redeemable preference stock units	92,127	92,127
715,482,000 7.50% cumulative redeemable preference stock units	1,430,964	-
15,358,000 7.25% cumulative redeemable preference stock units	38,395	-
	6,078,984	4,609,625
Less redeemable preference stock units required by IFRS to be accounted for as liabilities in the financial statements	(4,228,705)	(2,759,346)
	1,850,279	1,850,279

From 21 August 2013 to 30 August 2013, 715,482,000 7.50% fixed rate cumulative redeemable preference shares and 15,358,000 7.25% fixed rate cumulative redeemable preference shares were sold at a price of $2.00 and $2.50 per share, respectively, by public offering.

24. Share Capital (Continued)

The significant terms and conditions of the preference stock units are as follows:

(i) The right to a cumulative preferential dividend payable monthly at the rate agreed for each class;

(ii) The right, on winding up, to receive all arrears of dividend and repayment of the capital in priority to the ordinary shareholders;

(iii) No right to vote, except where dividends are not paid for twelve months or on winding up of the company.

The rights attaching to the ordinary stock units include the following:

(i) Entitlement to dividends as declared from time to time (Note 11)

(ii) Entitlement to one vote per share at meetings of the company.

25. Retained Earnings Reserve

(a) Retained Earnings Reserve
In accordance with a board resolution, the company transferred 7% of its total assets to non-distributable retained earnings reserve. This reserve constitutes a part of the company's capital base in determining the capital adequacy ratio.

(b) Investment Revaluation Reserve
The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognized or impaired

(c) Cumulative Translation Reserve
The cumulative translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

26. Loan Participation

	The Group	
	2014	**2013**
	$'000	**$'000**
Personal	-	56,948
Financial institutions	-	8,934
Commercial and business enterprises	-	275,200
	-	341,082

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27. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Denominated in Jamaica dollars	42,725,093	47,778,362	42,822,963	47,144,268
Denominated in United States dollars	85,841,109	74,018,096	69,433,419	61,326,137
Denominated in Pound Sterling	3,425,236	2,455,361	3,425,236	2,455,361
Denominated in Euro	255,037	218,150	255,037	218,150
Denominated in Dominican Republic Peso	10,528,260	10,992,513	-	-
Denominated in Canadian dollars	527,690	444,829	527,690	444,829
	143,302,425	135,907,311	116,464,345	111,588,745

Repurchase agreements are collateralised by certain securities and other instruments held by the Group and the company with a carrying value of $148,776,000 (2013: $142,669,651,000) and $117,590,300,000 (2013: $113,470,677,000), respectively, (Notes 12, 15 and 16).

Repurchase agreements include balances with related parties as set out in Note 29. Certain of the securities described in Note 16 and interest accrued thereon are pledged as security for these repurchase agreements.

28. Notes Payable

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
(i) Capital and Credit Merchant Bank Limited 7% promissory note	-	-	-	305,406
(ii) Capital and Credit Financial Group Limited 7% promissory note	-	-	75,464	75,464
	-	-	75,464	380,870

(i) This promissory note, which is secured by real estate (note 22), bears interest at 7% per annum for the first three months and 8.5% thereafter. The note was repaid during the financial year.

(ii) This promissory note is unsecured, bears interest at 7% per annum and repayable 30 August 2014.

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29. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related companies include ultimate parent company, parent company, fellow subsidiaries and associated company. Related parties include directors, key management and companies for which the Group provides management services.

(i) The statement of financial position includes balances, arising in the normal course of business, with related parties, as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Notes receivable	34,753	76,995	14,463	7,336
Interest payable	(639)	(1,073)	(587)	(1,073)
Customer deposits	(68,304)	-	-	-
Repurchase agreements	(185,173)	(146,103)	(185,173)	(146,103)
Major shareholders -				
Notes receivable	324,037	436,480	324,037	436,480
Interest payable	(29)	(160)	(29)	(160)
Repurchase agreements	(14,197)	(56,019)	(14,197)	(56,019)
Subsidiaries -				
Resale agreements	-	-	12,966,422	15,976,719
Notes receivable	-	-	209,636	-
Interest receivable	-	-	11,187	15,159
Repurchase agreements	-	-	(350,520)	-
Notes payable	-	-	(75,464)	(380,870)
Interest payable	-	-	(1,615)	(7,337)

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29. Related Party Transactions and Balances (Continued)

(ii) The income statement includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Interest income	4,732	2,371	646	1,412
Interest expense	(6,002)	(6,021)	(4,836)	(6,021)
Major Shareholders -				
Interest income	4,141	6,870	4,141	6,870
Interest expense	(582)	(1,507)	(582)	(1,507)
Subsidiaries -				
Interest income	-	-	417,020	518,857
Interest expense	-	-	(30,998)	(15,148)
Managed funds				
Gain on sale of securities	591,180	426,846	591,180	426,846

(iii) Key management personnel are those persons having authority and responsibility for planning,directing and controlling the activities of the group, directly or indirectly, including any director. Compensation for such persons was as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Directors emoluments:				
Fees	61,357	35,691	29,741	31,481
Management remuneration	64,856	43,427	43,932	43,427
Other key management personnel:				
Short-term employee benefits	217,601	202,432	130,768	132,428
Post-employment benefits	11,081	7,754	10,247	7,754
	354,895	289,304	214,688	215,090

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30. Business Combinations

Acquisition of Intercommercial Bank Limited

On 3 October 2013, the company acquired the remaining 50% of the share capital of Intercommercial Bank Limited (IBL) for US$8,750,000; IBL thereby became a 100% subsidiary of the JMMB Group.

Valuations of acquired tangible and intangible assets are now finalised. Details of the purchase price allocation among net assets acquired and goodwill are as follows:

	J$'000
Purchase consideration	916,038
Fair value of JMMB's 50% shareholding	855,530
Total consideration paid	1,771,568
Fair value of net assets acquired	2,133,225
Negative goodwill	361,657

The assets and liabilities arising from the acquisition are as follows:

	Fair Value J$'000
Cash and cash equivalents	9,813,551
Investment securities	1,468,993
Loans and notes receivable, net of provisions	13,194,167
Deferred tax assets	9,117
Property, plant and equipment	439,691
Intangible assets	516,076
Income tax recoverable	27,009
Accounts receivable	339,404
Deferred tax liability	(23,573)
Deposits	(23,201,035)
Accounts payable	(450,175)
Net assets	2,133,225

Cash consideration	916,038
Cash and cash equivalents acquired	(9,813,551)
Net cash inflow on acquisition	(8,897,513)

30. Business Combinations (Continued)

In the six month period ended 31 March 2014, Intercommercial Bank Limited contributed revenue of J$794,210,000 and net profit of J$156,445,000 to the Group's results. If the acquisition had occurred on 1 April 2013, management estimates that revenue would have been J$1,436,439,000, and net profit for the year would have been J$106,459,000. In determining these amounts, management has assumed that the fair value adjustments, determined previously, that arose on the acquisition date would have been the same if the acquisition had occurred on the 1 April 2013.

31. Financial Risk Management

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

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk management framework

The risks are managed through an established risk management framework for the Group, which involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

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

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees/departments for managing and monitoring risks, as follows:

(i) Risk Management Committee

The Risk Management Committee is a Board Committee responsible for the supervision of the overall risk management functions of the Group. The committee decides the policies and strategy for integrated risk management of the various risk exposures of the Group.

(ii) Board Credit Committee

The Board Credit Committee is responsible for approving all credit requests above a specified threshold and ensuring that all lending facilities conform to standards agreed by the Board and embodied in Credit Risk Policy. The committee is ultimately responsible for determining the composition and management of the credit portfolio and has available a number of measures it can employ in this respect including the making of specific and general provisions against actual or potential bad debts. The committee is supported in its work by the Management Credit Committee.

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

(iii) Audit Committee

The Audit Committee monitors the quality of the Group's internal controls and compliance with regulatory requirements. The Audit Committee is assisted in its oversight role by the Internal Audit Function and the Risk Management unit and Compliance Unit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported quarterly to the Audit Committee.

The management of certain specific aspects of operational risk, such as fraud, is also within the purview of the Audit Committee.

(iv) Investment Committee

The Investment Committee is a senior management level committee responsible for the management of market risks. The committee monitors the composition of assets and liabilities, evaluates potential market risk involved in launching new products, reviews and articulates funding policy and decides optimal ways of managing the Group's liquidity.

(b) Credit risk

The Group assumes credit risk, which is the risk that its customers or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally in lending and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty, or groups of related counterparties and to geographical and industry segments.

Credit review process

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

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Loans and notes receivable

The Group assesses the probability of default of individual counterparties using internal ratings. Clients of the Group are segmented into rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Group's internal rating scale:

Rating grades	Description of the grade
1	Excellent
2	Good credit
3	Average credit
4	Acceptable
5	Marginal
6	Substandard
7	Doubtful

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

Loan and notes receivable that are cash secured are not included in a credit classification, based on the Group's rating grades.

(ii) Investments and resale agreements

The Group limits its exposure to credit risk by investing in liquid securities and with counterparties that have high credit quality. As a consequence, management's expectation of default is low.

The Group has documented investment policies which facilitate the management of credit risk on investment securities and resale agreements. The Group's exposure and the credit ratings of its counterparties are continually monitored.

(iii) Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is continually reviewed by the Credit and Risk Management Committees.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

Collateral and other credit enhancements

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

The main types of collateral obtained are as follows:

Notes receivable – Cash and other near cash securities, mortgages over commercial and residential properties, charges over general business assets such as premises, equipment, inventory, accounts receivable, marketable securities and motor vehicles.

Resale agreements – Government of Jamaica securities and Bank of Jamaica securities. The collateral obtained (including accrued interest) is at least 100% of the sum of the principal value of the resale agreement plus interest to be earned.

Management monitors the market value of collateral held and where necessary requests additional collateral in accordance with the underlying agreement.

Exposure to credit risk

Impairment

The main considerations for the loans and notes receivable impairment assessment include arrears of principal, or interest overdue by more than 90 days, or whether there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or default on the original terms of the contract.

The Group addresses impairment assessment by reviewing all loans and notes receivable with risk ratings of 5 and above.

Individually assessed allowances are provided for financial assets based on a review conducted at least annually, or more regularly, when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The internal rating tool assists management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower’s competitive position; and
- Deterioration in the value of collateral.

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum credit exposure, that is, the amount of loss that would be suffered if every counter-party to the Group's financial assets were to default at once, is represented as follows:

(1) For financial assets recognised at the reporting date:

The carrying amounts of financial assets as shown on the statement of financial position.

(2) For financial assets not recognised at the reporting date:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Loan commitments	2,405,817	1,255,374	-	-
Guarantees and letters of credit	349,438	44,276	-	-
	2,755,255	1,299,650	-	-

Loans and notes receivable, other receivables and investment securities

(i) Financial assets – individually impaired

Financial assets that are individually impaired before taking into consideration the cash flows from collateral held are as follows:

	The Group and Company	
	2014	**2013**
	$'000	**$'000**
Loans and notes receivable	901,124	482,196

(ii) Full provision has been made for financial assets that are individually impaired.

The fair value of the collateral that the Group and company held as security for individually impaired loans and notes receivable was $1,623,118,000 (2013: $6,700,000,000).

There are no financial assets other than loans and notes receivable and other receivables that were individually impaired.

(iii) Financial assets that are past due but not impaired amount to $1,626,756,000 (2013: $1,118,503,000) for the Group and company.

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. In general, the Group does not occupy repossessed properties for business or other use.

The carrying value of the loans on which the collateral was repossessed during the year is $4,160,000 (2013: $155,800,000).

(v) Renegotiated loans and leases

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continual review.

There are no loans, that would otherwise be past due or impaired, whose terms have been negotiated.

(vi) The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	The Group				
	2014				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investments	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amounts	23,326,420	26,551,175	652,986	145,777,726	196,308,307
Concentration by sector					
Government of Jamaica	-	-	-	112,560,915	112,560,915
Sovereign bonds	-	-	285,968	19,813,116	20,099,084
Bank of Jamaica	-	-	367,018	2,905,791	3,272,809
Corporate bonds	-	13,655,273	-	8,663,196	22,318,469
Financial institutions	23,326,420	2,768,154	-	1,834,708	27,929,282
Retail	-	10,127,748	-	-	10,127,748
	23,326,420	26,551,175	652,986	145,777,726	196,308,307
Concentration by location					
Jamaica	9,025,243	12,768,047	524,227	139,606,176	161,923,693
North America	525,224	13,114	-	-	538,338
Trinidad	12,970,887	13,770,014	128,759	2,651,744	29,521,404
Other	805,066	-	-	3,519,806	4,324,872
	23,326,420	26,551,175	652,986	145,777,726	196,308,307

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

	The Group				
	2013				
	Cash and cash equivalents	**Loans and notes receivable**	**Resale agreements**	**Investments**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amounts	5,831,430	10,227,126	3,890,913	138,412,944	158,362,413
Concentration by sector					
Government of Jamaica	-	-	-	91,717,104	91,717,104
Sovereign bonds	-	-	87,560	18,061,880	18,149,440
Bank of Jamaica	-	-	257,181	365	257,546
Corporate bonds	-	5,052,315	-	27,049,915	32,102,230
Financial institutions	5,831,430	58,570	3,546,172	946,428	10,382,600
Retail	-	5,116,241	-	637,252	5,753,493
	5,831,430	10,227,126	3,890,913	138,412,944	158,362,413
Concentration by location					
Jamaica	3,726,271	10,227,126	2,906,813	115,985,492	132,845,702
North America	1,532,475	-	-	1,968,200	3,500,675
Trinidad	156,902	-	-	71,868	228,770
Dominican Republic	415,782	-	-	17,465,210	17,880,992
Other	-	-	984,100	2,922,174	3,906,274
	5,831,430	10,227,126	3,890,913	138,412,944	158,362,413

	The Company				
	2014				
	Cash and cash equivalents	**Loans and notes receivable**	**Resale agreements**	**Investments**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amounts	7,463,523	3,468,014	13,522,982	97,776,242	122,230,761
Concentration by sector					
Government of Jamaica	-	-	-	88,636,669	88,636,669
Sovereign bonds	-	-	-	628,973	628,973
Bank of Jamaica	-	-	-	2,515,739	2,515,739
Corporate	-	1,051,194	-	5,435,291	6,486,485
Financial institutions	7,463,523	209,636	13,522,982	559,570	21,755,711
Retail	-	2,207,184	-	-	2,207,184
	7,463,523	3,468,014	13,522,982	97,776,242	122,230,761
Concentration by location					
Jamaica	6,857,333	3,468,014	13,522,982	94,128,480	117,976,809
North America	520,303	-	-	-	520,303
Trinidad	85,887	-	-	127,956	213,843
Other	-	-	-	3,519,806	3,519,806
	7,463,523	3,468,014	13,522,982	97,776,242	122,230,761

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

	The Company				
	2013				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investments	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amounts	3,774,450	2,760,375	17,197,640	94,681,516	118,413,981
Concentration by sector					
Government of Jamaica	-	-	-	78,342,622	78,342,622
Sovereign bonds	-	-	-	344,184	344,184
Bank of Jamaica	-	-	-	400,000	400,000
Corporate	-	108,521	-	15,011,302	15,119,823
Financial institutions	3,774,450	-	17,197,640	583,408	21,555,498
Retail	-	2,651,854	-	-	2,651,854
	3,774,450	2,760,375	17,197,640	94,681,516	118,413,981
Concentration by location					
Jamaica	2,132,151	2,760,375	17,197,640	94,580,096	116,670,262
North America	1,512,334	-	-	-	1,512,334
Trinidad	129,965	-	-	16,701	146,666
Other	-	-	-	84,719	84,719
	3,774,450	2,760,375	17,197,640	94,681,516	118,413,981

Collateral and other credit enhancements held against financial assets

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities, and no such collateral was held at the reporting date (2013: no collateral held).

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

An estimate, made at the time of borrowing, of the fair value of collateral and other security enhancements held against loans to borrowers and others is shown below:

	The Group				The Company			
	Loans and notes receivable		Resale agreements		Loans and notes receivable		Resale agreements	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:								
Cash secured	3,367,567	2,337,161	-	-	2,710,538	2,061,955	-	-
Property	13,901,303	3,016,305	-	-	-	14,871	-	-
Debt securities	1,639,008	1,175,615	3,497,987	3,833,851	789,517	460,054	13,756,305	17,403,868
Liens on motor vehicles	1,660,939	788,145	-	-	29,407	42,072	-	-
Equities	169,392	-	-	-	-	-	-	-
Other	6,714,775	-	-	-	-	-	-	-
Subtotal	**27,452,984**	**7,317,226**	**3,497,987**	**3,833,851**	**3,529,462**	**2,578,952**	**13,756,305**	**17,403,868**
Against past due but not impaired financial assets:								
Cash secured	21,496	79,907	-	-	-	-	-	-
Property	1,605,033	1,103,708	-	-	19,663	46,866	-	-
Liens on motor vehicles	252,953	279,027	-	-	19,527	25,578	-	-
Other	362,099	-	-	-	-	-	-	-
Subtotal	**2,241,581**	**1,462,642**	**-**	**-**	**39,190**	**72,444**	**-**	**-**
Against past due and impaired financial assets:								
Debt securities	-	2,665	-	-	-	-	-	-
Property	1,306,609	4,035,389	-	-	95,986	74,434	-	-
Liens on motor vehicles	34,066	52,856	-	-	6,100	13,940	-	-
Other	384,529	-	-	-	-	-	-	-
Subtotal	**1,725,204**	**4,090,910**	**-**	**-**	**102,086**	**88,374**	**-**	**-**
Total	**31,419,769**	**12,870,778**	**3,497,987**	**3,833,851**	**3,670,738**	**2,739,770**	**13,756,305**	**17,403,868**

31. Financial Risk Management (Continued)

(c) Liquidity risk

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

The Group is exposed to daily calls on its available cash resources from overnight placement of funds, maturing placement of funds and loan draw-downs. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group, includes:

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

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

(iii) Optimising cash returns on investments;

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

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31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

The tables below present the residual contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Group's and the company's financial liabilities.

	The Group				
	2014				
	Within 3 Months	**3 to 12 Months**	**1-5 Years**	**Contractual Cash Flow**	**Carrying Amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities					
Customer deposits	7,802,039	17,178,729	11,376,997	36,357,765	35,887,750
Due to other banks	-	2,872	372,633	375,505	283,386
Securities sold under agreements to repurchase	111,000,491	29,957,077	5,176,935	146,134,503	143,302,425
Redeemable preference shares	-	-	4,256,259	4,256,259	4,228,705
Payables	2,068,640	-	-	2,068,640	2,068,641
	120,871,170	47,138,678	21,182,824	189,192,672	185,770,907

	2013				
	Within 3 Months	**3 to 12 Months**	**1-5 Years**	**Contractual Cash Flow**	**Carrying Amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities					
Customer deposits	6,143,420	1,524,965	13,895	7,682,280	7,567,380
Due to other banks	-	177,869	337,649	515,518	378,560
Loan participation	319,558	22,728	-	342,286	341,082
Securities sold under agreements to repurchase	105,412,599	31,166,074	6,739	136,585,412	135,907,311
Redeemable preference shares	-	-	2,780,493	2,780,493	2,759,346
Payables	908,488	-	-	908,488	908,488
	112,784,065	32,891,636	3,138,776	148,814,477	147,862,167

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31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

The Company

2014

	Within 3 Months	3 to 12 Months	1-5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	90,241,628	27,728,772	437,062	118,407,462	116,464,345
Notes payable	-	77,063	-	77,063	75,464
Redeemable preference shares	-	-	4,256,259	4,256,259	4,228,705
Other payables	369,121	-	-	369,121	369,121
	90,610,749	27,805,835	4,693,321	123,109,905	121,137,635

2013

	Within 3 Months	3 to 12 Months	1-5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	90,059,395	23,313,104	6,739	113,379,238	111,588,745
Notes payable	-	387,590	-	387,590	380,870
Redeemable preference shares	-	-	2,780,493	2,780,493	2,759,346
Other payables	349,103	-	-	349,103	349,103
	90,408,498	23,700,694	2,787,232	116,896,424	115,078,064

Jamaica Money Market Brokers Limited

31. Financial Risk Management (Continued)

(d) Market risk

The Group assumes market risks, which are the changes in market prices, such as interest rates, equity prices, foreign exchange rates and commodity prices, that will affect the Group's income or value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return on risk.

The overall responsibility for market risk management is vested in the Board Risk Management Committee. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board Risk Management Committee) and for the day-to-day review of their implementation.

The principal tool used to measure and control market risk exposures within the Group is Value at Risk (VaR). The VaR of a portfolio is the estimated loss that will arise on the portfolio over a specified period of time (the holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Group is based on a 99 percent confidence level and assumes a 10 day holding period. The VaR model used is based mainly on the Monte Carlo simulation model. Taking account of market data from the previous year and observed relationships between differences in market prices, the model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10 day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a reasonable assumption, but may not be the case in situations in which there is severe market illiquidity for a prolonged period;
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used, there is a one percent probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;
- The use of historical data to determine the relationships between different market prices may not cover all possible scenarios, as these relationships may break down in times of market stress;
- The VaR Measure is dependent on the Group's positions and volatility of market prices. The VaR of an unchanged position reduces if the market prices volatility declines and vice-versa.

The Group uses VaR limits for its overall portfolio and for sub-portfolios. The overall structure of VaR limits is subject to review and approval by the Board Risk Management Committee. VaR is measured at least once daily. Daily reports of utilization of VaR limits are prepared by the Risk department and regular summaries submitted to the Board Risk Management Committee.

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

A summary of the VaR position of the Group's overall portfolio as at 31 March 2014 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2014 Overall VaR	4,279,539	3,090,307	12,733,451	843,813
2013 Overall VaR	2,752,892	2,065,828	8,220,671	672,063

The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration of risks within the portfolio.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of the Group that are not denominated in its functional currency. The Group ensures that the risk is kept to an acceptable level by monitoring its value at risk exposure.

At the reporting date, the Jamaica dollar equivalents of net foreign currency assets/(liabilities) were as follows:

	The Group		The Company		Exchange rates	
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
United States dollars	(1,359,023)	3,086,192	113,273	812,232	109.28	98.41
Great Britain pounds	(114,647)	180,611	(69,502)	91,529	180.58	149.97
Euros	63,292	55,053	16,148	39,862	150.31	125.55
Trinidad and Tobago dollars	133,764	62,295	133,764	69,295	16.98	15.32
Canadian dollars	-	64,624	-	79,017	98.06	97.25
Peso	-	-	330,894	660,931	2.54	2.34

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31. Financial Risk Management (Continued)

(d) Market risk

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rates below represents management's assessment of a reasonable possible change in foreign exchange rates at the reporting date:

	The Group			
	Change in Currency Rate 2014 %	**Effect on Profit 2014 $'000**	**Change in Currency Rate 2013 %**	**Effect on Profit 2013 $'000**
Currency:				
USD	5	(67,951)	5	154,310
GBP	5	(5,732)	5	9,031
EUR	5	3,165	5	2,753
PESO	5	-	5	-
CAD	5	-	5	3,231
TT$	5	6,688	5	3,115
		63,830		172,440

31. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

	The Company			
	Change in Currency Rate 2014 %	**Effect on Profit 2014 $'000**	**Change in Currency Rate 2013 %**	**Effect on Profit 2013 $'000**
Currency:				
USD	5	5,664	5	40,612
GBP	5	(3,475)	5	4,576
EUR	5	807	5	1,993
PESO	5	16,545	5	33,047
CAD	5	-	5	3,951
TT$	5	6,688	5	3,115
		26,229		87,294

(ii) Interest rate risk

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

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

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

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group					
	Within 3 Months	**3 to 6 Months**	**6 to 12 Months**	**1 to 5 Years**	**Non Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
			2014			
Assets						
Cash and cash equivalents	23,326,420	-	-	-	-	23,326,420
Loans and notes receivable	6,289,435	12,422,157	743,242	7,096,341	-	26,551,175
Securities purchased under agreements to resell	652,986	-	-	-	-	652,986
Investment securities	2,242,522	3,709,793	5,609,342	134,216,069	-	145,777,726
Total interest bearing assets	32,511,363	16,131,950	6,352,584	141,312,410	-	196,308,307
Liabilities						
Securities sold under agreements to repurchase	110,100,160	17,843,905	11,073,842	4,284,518	-	143,302,425
Redeemable preference shares	4,228,705	-	-	-	-	4,228,705
Due to other financial institutions	-	2,768	-	280,618	-	283,386
Deposits	31,540,915	2,080,209	-	2,266,626	-	35,887,750
Other	-	-	-	-	2,068,641	2,068,641
Total interest bearing liabilities	145,869,780	19,926,882	11,073,842	6,831,762	2,068,641	185,770,907
Total interest sensitivity gap	(113,358,417)	(3,794,932)	(4,721,258)	134,480,648	(2,068,641)	10,537,400
Cumulative interest sensitivity gap	(113,358,417)	(117,153,349)	(121,874,607)	12,606,041	10,537,400	-

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group					
	Within 3 Months	**3 to 6 Months**	**6 to 12 Months**	**1 to 5 Years**	**Non Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	2013					
Assets						
Cash and cash equivalents	5,831,430	-	-	-	-	5,831,430
Loans and notes receivable	2,966,257	717,896	1,456,903	3,077,588	2,008,482	10,227,126
Securities purchased under agreements to resell	3,890,913	-	-	-	-	3,890,913
Investment securities	57,479,340	247,072	6,499,364	73,806,157	381,011	138,412,944
Total interest bearing assets	70,167,940	964,968	7,956,267	76,883,745	2,389,493	158,362,413
Liabilities						
Notes payable	318,931	22,131	-	-	-	341,082
Securities sold under agreements to repurchase	109,924,158	16,318,589	9,658,266	6,298	-	135,907,311
Redeemable preference shares	-	-	-	2,759,346	-	2,759,346
Due to other financial institutions	-	-	-	378,560	-	378,560
Deposits	6,093,430	1,461,343	-	12,607	-	7,567,380
Other	-	-	-	-	908,488	908,488
Total interest bearing liabilities	116,336,519	17,802,063	9,658,266	3,156,811	908,488	147,862,167
Total interest sensitivity gap	(46,168,579)	(16,837,115)	(1,701,999)	73,726,934	1,481,005	10,500,246
Cumulative interest sensitivity gap	(46,168,579)	(63,005,694)	(64,707,693)	9,019,241	10,500,246	-

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	2014					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non Interest Bearing $'000	Total $'000
Assets						
Cash and cash equivalents	7,463,523	-	-	-	-	7,463,523
Loans and notes receivable	2,867,115	256,259	344,640	-	-	3,468,014
Securities purchased under agreements to resell	13,522,982	-	-	-	-	13,522,982
Investment securities	25,603,448	50,271	3,618,693	68,401,091	102,739	97,776,242
Total interest bearing assets	49,457,068	306,530	3,963,333	68,401,091	102,739	122,230,761
Liabilities						
Securities sold under agreements to repurchase	89,358,615	15,681,451	11,073,842	350,437	-	116,464,345
Notes payable	75,464	-	-	-	-	75,464
Redeemable preference shares	4,228,705	-	-	-	-	4,228,705
Other payables	-	-	-	-	369,121	369,121
Total interest bearing liabilities	93,662,784	15,681,451	11,073,842	350,437	369,121	121,137,635
Total interest sensitivity gap	(44,205,716)	(15,374,921)	(7,110,509)	68,050,654	(266,382)	1,093,126
Cumulative interest sensitivity gap	(44,205,716)	(59,580,637)	(66,691,146)	1,359,508	1,093,126	-

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	2013					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non Interest Bearing $'000	Total $'000
Assets						
Cash and cash equivalents	3,774,450	-	-	-	-	3,774,450
Loans and notes receivable	2,618,430	100,000	41,945	-	-	2,760,375
Securities purchased under agreements to resell	17,197,640	-	-	-	-	17,197,640
Investment securities	26,830,082	-	3,625,216	64,154,215	72,003	94,681,516
Total interest bearing assets	50,420,602	100,000	3,667,161	64,154,215	72,003	118,413,981
Liabilities						
Securities sold under agreements to repurchase	89,157,359	12,737,299	9,687,789	6,298	-	111,588,745
Notes payable	-	-	380,870	-	-	380,870
Redeemable preference shares	-	-	-	2,759,346	-	2,759,346
Total interest bearing liabilities	89,157,359	12,737,299	10,068,659	2,765,644	-	114,728,961
Total interest sensitivity gap	(38,736,757)	(12,637,299)	(6,401,498)	61,388,571	72,003	3,685,020
Cumulative interest sensitivity gap	(38,736,757)	(51,374,056)	(57,775,554)	3,613,017	3,685,020	-

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2014

(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's interest income in the profit and loss account and gains recognised in other comprehensive income.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net profit based on the floating rate financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the gross effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

	The Group			
	Effect on Profit 2014 $'000	Effect on Equity 2014 $'000	Effect on Profit 2013 $'000	Effect on Equity 2013 $'000
Change in basis points				
JMD/USD				
-100/-50	(444,300)	3,554,373	(678,574)	6,299,005
+ 250/+200	1,249,824	(10,056,533)	678,574	(5,201,942)

	The Company			
Change in basis points JMD/USD	Effect on Profit 2014 $'000	Effect on Equity 2014 $'000	Effect on Profit 2013 $'000	Effect on Equity 2013 $'000
Change in basis points				
-100/-50	(390,461)	3,131,652	(590,675)	1,679,734
+ 250/+200	1,010,260	(7,704,336)	590,675	(1,679,734)

The impact on stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk.

Equity price risk

Equity price risk arises on equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximize investment returns while managing risk so as to minimize potential adverse effects on the Group's financial performance.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Equity price risk (continued)

The Group's equity securities are listed on the Jamaica and Trinidad and Tobago Stock Exchanges. A 5% increase or decrease in quoted bid prices at the reporting date would result in an increase or decrease, respectively, in equity of $9,669,886 (2013: $5,625,361) for the Group and $9,353,974 (2013: $1,960,779) for the company.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of control and procedures;
- requirement for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks indentified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan;
- risk mitigation, including insurance where this is effective.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Audit Committee.

31. Financial Risk Management (Continued)

(f) Capital management

The Group's lead regulator, the Financial Services Commission (FSC), monitors the capital requirements for the Group as a whole.

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

(i) To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;

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

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

Capital adequacy and the use of regulatory capital are monitored monthly by the Group's management, employing techniques based on the guidelines developed by the Financial Services Commission (FSC), Jamaica Stock Exchange (JSE) and the Risk Management Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

The FSC requires each regulated entity to:

(i) Hold the minimum level of regulatory capital; and

(ii) Maintain a minimum ratio of total regulatory capital to risk-weighted assets.

The Group's regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, share premium, retained earnings, negative investment revaluation reserve and cumulative translation reserve.

(ii) Tier 2 capital: redeemable preference shares and investment revaluation reserve.

The risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

There have been no material changes in the Group's management of capital during the period,

The regulated companies within the Group are: Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers (JMMBFM), JMMB Insurance Brokers Limited (JMMBIB), JMMB Puesto de Bolsa, S.A, JMMB Merchant Bank Limited (JMMBMB) and Intercommercial Bank Limited (IBL).

The table below summarises the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2014 and 31 March 2013.

Jamaica Money Market Brokers Limited

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31. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMB	JMMB	JMMBSL	JMMBSL	JMMBIB	JMMBIB
	2014	2013	2014	2013	2014	2013
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Tier 1 capital	14,125,307	13,467,679	220	194	82,908	79,140
Tier 2 capital	2,021,228	1,103,739	24	24	-	-
Total regulatory capital	16,146,535	14,571,418	244	218	82,908	79,140
Risk-weighted assets:						
On-statement of financial position	94,660,502	86,862,638	153	93	-	-
Foreign exchange exposure	594,078	1,622,038	140	122	-	-
Total risk-weighted assets	95,254,580	88,484,676	293	215	-	-
Total regulatory capital to risk weighted assets	17%	17%	120%	101%	-	-
Actual capital base to risk weighted assets	17%	17%	120%	101%	-	-
Required capital base to risk weighted assets	10%	10%	10%	10%	-	-

	IBL	IBL	JMMBMB	JMMBMB
	2014	2013	2014	2013
	TT$'000	TT$'000	J$'000	J$'000
Regulatory capital:				
Tier 1 capital	106,059	80,361	4,541,939	3,313,044
Tier 2 capital	11,017	7,758	62,521	41,562
Total regulatory capital	117,076	88,119	4,604,460	3,354,606
Total required capital	-	-	2,547,666	2,009,807
Risk-weighted assets:				
On statement of financial position	840,006	741,297	22,456,448	15,841,303
Off statement of financial position	-	-	1,525,902	968,218
Foreign exchange exposure	-	-	1,694,308	3,288,544
	840,006	741,297	25,676,658	20,098,065
Actual capital base to risk weighted assets	14%	12%	18%	17%
Required capital base to risk weighted assets	10%	10%	10%	10%

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31. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBFM	
	2014	**2013**
	$'000	**$'000**
Tier 1 capital	205,803	176,955
Tier 2 capital	-	-
Actual regulatory capital	205,803	176,955
Required level of regulatory capital	16,139	14,480
Total risk-weighted assets	115,258	124,064
Tier one capital to risk weighted assets	178.6%	142.6%
Total regulatory capital to risk weighted assets	178.6%	142.6%

The increase of the regulatory capital in 2014 for JMMBFM is mainly due to the contribution of the current period profit.

(i) The capital requirement for JMMBIB is to maintain a minimum capital base of $10 million.

(ii) The capital requirement for JMMB Puesto de Bolsa is RD$5 million plus other reserve which is 5% of liquid profits. This subsidiary has exceeded all capital requirements.

The individually regulated entities within the Group have complied with all externally imposed capital requirements throughout the year.

Jamaica Money Market Brokers Limited

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32. Fair Value of Financial Instruments

The Group's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. 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.

Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. An active market is one where quoted prices are readily and regularly available from an exchange dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

However, market prices are not available for some of the financial assets held and liabilities issued by the Group. For such financial instruments the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at reporting date. The values derived from applying these techniques are affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

When measuring fair value of an asset or liability, the Group uses observable data as far as possible. Fair values are categorized into different levels in a three-level fair value hierarchy. The classification of financial instruments into these levels is determined by reference to the source of inputs used to derive the fair value, and the degree to which the fair value is affected by significant unobservable inputs, as follows:

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

There were no transfers between levels during the period/year.

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

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

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32. Fair Value of Financial Instruments (Continued)

The Group

2014

	Loan and Receivables $'000	Available-for-Sale $'000	Through Profit & Loss $'000	Held to Maturity $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured as fair value									
Ordinary shares quoted	-	219,550	182,903	-	402,453	402,453	-	-	402,453
Ordinary share unquoted	-	-	12,956	-	12,956	-	12,956	-	12,956
Certificates of deposit	-	3,213,523	-	-	3,213,523	-	3,213,523	-	3,213,523
Government of Jamaica securities	25,969,157	65,231,606	593,812	-	91,794,575	-	91,794,575	-	91,794,575
Credit default swap	-	-	663,456	-	663,456	-	663,456	-	663,456
Corporate bonds	195,887	14,024,803	213,954	8,207,138	22,641,782		22,641,782	-	22,641,782
Foreign Government securities	6,115,895	18,376,802	922,313	135,840	25,550,850	-	25,550,850	-	25,550,850
Money market funds	-	513,926	-	-	513,926	-	513,926	-	513,926
Units in unit trust	-	80,253	-	-	80,253	-	80,253	-	80,253
Other	69,053	834,899	-	-	903,952	-	903,952	-	903,952
	32,349,992	**102,495,362**	**2,589,394**	**8,342,978**	**145,777,726**	**402,453**	**145,375,273**	**-**	**145,777,726**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Value $'000	Total Carrying Amount $'000
Financial assets not measured at fair value					
Cash and cash equivalents	-	23,326,420	-	23,326,420	23,326,420
Security purchased under agreement to resell	-	685,635	-	685,635	652,986
Government of Jamaica securities	-	26,129,003	-	26,129,003	25,969,157
Sovereign	-	146,872	-	146,872	195,887
Corporate	-	5,544,738	-	5,544,738	6,184,948
Loans receivable	-	26,551,175	-	26,551,175	26,551,175
Other receivable	-	1,927,206	-	1,927,206	1,927,206
	-	**84,311,049**	**-**	**84,311,049**	**84,807,779**
Financial liabilities not measured at fair value					
Customer deposits	-	35,887,750	-	35,887,750	35,887,750
Due to other banks	-	283,386	-	283,386	283,386
Redeemable preference shares	-	4,228,705	-	4,228,705	4,228,705
Other liabilities	-	2,066,641	-	2,066,641	2,066,641
Securities sold under agreements to repurchase	-	143,302,425	-	143,302,425	143,302,425
	-	**185,768,907**	**-**	**185,768,907**	**185,768,907**

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32. Fair Value of Financial Instruments (Continued)

The Group

2013

	Loan and Receivables $'000	Available-for-Sale $'000	Through Profit & Loss $'000	Held to Maturity $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured as fair value									
Ordinary shares quoted	-	125,191	33,482	-	158,673	158,673	-	-	158,673
Ordinary share unquoted	-	-	12,956	-	12,956	-	12,956	-	12,956
US Treasury bills	-	442,382	-	-	442,382	-	442,382	-	442,382
Certificates of deposit	-	800,206	-	-	800,206	-	800,206	-	880,206
Government of Jamaica securities	20,642,824	70,441,723	632,604	-	91,717,151	-	91,717,151	-	91,717,151
Corporate bonds	174,144	16,352,991	74,803	-	16,601,938	-	16,601,938	-	16,601,938
Foreign Government securities	10,610,080	17,432,947	69,452	-	28,112,479	-	28,112,479	-	28,112,479
Money market funds	-	511,405	-	-	511,405	-	511,405	-	511,405
Units in unit trust	-	32,588	-	-	32,588	-	32,588	-	32,588
Other	5,724	17,442	-	-	23,166	-	23,166	-	23,166
	31,432,772	**106,213,884**	**823,297**	**-**	**138,412,944**	**158,673**	**138,254,271**	**-**	**138,412,944**

	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying Amount
Financial assets not measured at fair value					
Cash and equivalent	-	5,831,430	-	5,831,430	5,831,430
Security purchased under agreement to resell	-	3,833,851	-	3,833,851	3,890,913
Loans receivable	-	10,227,126	-	10,227,126	10,227,126
Government of Jamaica securities	-	20,449,693	-	20,449,693	20,642,824
Sovereign	-	164,049	-	164,049	174,144
Corporate	-	11,664,565	-	11,664,565	10,615,804
Other assets	-	868,172	-	868,172	868,172
	-	**53,038,886**	**-**	**53,038,886**	**52,250,413**
Financial liabilities not measured at fair value					
Customer deposits	-	7,567,380	-	7,567,380	7,567,380
Due to other banks	-	378,560	-	-	378,560
Loan participation	-	341,082	-	-	341,082
Redeemable preference shares	-	2,759,346	-	2,759,346	2,759,346
Other liabilities	-	908,488	-	908,488	908,488
Securities sold under agreements to repurchase	-	135,907,311	-	135,907,311	135,907,311
	-	**147,862,167**	**-**	**147,862,167**	**147,862,167**

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32. Fair Value of Financial Instruments (Continued)

The Company

2014

	Loan and Receivables $'000	Available-for-Sale $'000	Through Profit & Loss $'000	Held for Trading $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured as fair value									
Ordinary shares quoted	-	51,857	-	-	51,857	51,857	51,857	-	51,857
Certificates of deposit	-	2,515,739	-	-	2,515,739	-	2,515,739	-	2,515,739
Government of Jamaica securities	20,030,547	60,596,560	593,812	-	81,220,919	-	81,220,919	-	81,220,919
Corporate bonds	3,002,168	9,583,062	213,954	-	12,799,184	-	12,801,184	-	12,801,184
Foreign Government securities	195,887	84,458	348,628	-	628,973	-	628,973	-	628,973
Money market funds	-	508,688	-	-	508,688	-	508,688	-	508,688
Unit in unit trust	-	50,882	-	-	50,882	-	50,882	-	50,882
	23,228,602	**73,391,246**	**1,156,394**	**-**	**97,776,242**	**51,857**	**97,726,385**	**-**	**97,778,242**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Value $'000	Total Carrying Amount $'000
Financial assets not measured at fair value					
Cash and equivalent	-	7,463,523	-	7,463,523	7,463,523
Security purchased under agreement to resell	-	13,522,982	-	13,522,982	13,522,982
Government of Jamaica securities	-	20,103,454	-	20,103,454	20,030,547
Government of Jamaica guaranteed bonds	-	2,763,186	-	2,763,186	2,997,918
Sovereign	-	146,872	-	146,872	195,887
Other	-	4,250	-	4,250	4,250
Loans receivable	-	3,468,014	-	3,468,014	3,468,014
Other receivable	-	2,105,891	-	2,105,891	2,105,891
	-	**49,578,172**	**-**	**49,578,172**	**49,789,012**
Financial liabilities not measured at fair value					
Notes payable	-	75,464	-	75,464	75,464
Redeemable preference shares	-	4,228,705	-	4,228,705	4,228,705
Other liabilities	-	369,121	-	369,121	369,121
Securities sold under agreements to repurchase	-	116,464,345	-	116,464,345	116,464,345
	-	**121,137,635**	**-**	**121,135,635**	**121,135,635**

Jamaica Money Market Brokers Limited

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32. Fair Value of Financial Instruments (Continued)

The Company

2013

	Loan and receivables $’000	Available-for-Sale $’000	Through Profit & Loss $’000	Held for trading $’000	Total $’000	Level 1 $’000	Level 2 $’000	Level 3 $’000	Total $’000
Financial assets measured as fair value									
Ordinary shares quoted	-	54,321	-	-	54,321	54,321	-		
Certificates of deposit	-	400,000	-	-	400,000		400,000	-	400,000
Government of Jamaica securities	16,382,458	61,327,559	632,604	-	78,342,621	-	78,342,621	-	78,342,621
Corporate bonds	174,144	8,451,049	74,808	-	8,699,996	-	8,699,996	-	8,699,996
Foreign Government securities	6,485,450	100,588	69,453	-	6,655,491	-	6,655,491	-	6,655,491
Money market funds	-	511,405	-	-	511,405	-	511,405	-	511,405
Unit in Unit Trust	-	17,682	-	-	17,682	-	17,682	-	17,682
	23,042,052	**70,862,604**	**776,860**	**-**	**94,681,516**	**54,321**	**94,627,195**	**-**	**94,681,516**

	Level 1 $’000	Level 2 $’000	Level 3 $’00	Total Fair Value $’000	Total Carrying Amount $’000
Financial assets not measured at fair value					
Cash and equivalent	-	3,774,450	-	3,774,450	3,774,450
Security purchased under agreement to resell	-	17,403,868	-	17,403,868	17,197,640
Government of Jamaica securities	-	16,223,226	-	16,223,226	16,382,458
Government of Jamaica guaranteed bonds	-	7,758,807	-	7,758,807	6,485,450
Sovereign	-	164,049	-	164,049	174,144
Loans receivable	-	2,760,375	-	2,760,375	2,760,375
Other receivable		1,584,723	-	1,584,723	1,584,723
	-	**49,669,498**	**-**	**49,669,498**	**48,359,240**

Financial liabilities not measured at fair value					
Notes payable	-	380,870	-	380,870	380,870
Redeemable preference shares	-	4,338,705	-	4,338,705	4,338,705
Other liabilities	-	349,103	-	349,103	349,103
Securities sold under agreements to repurchase	-	111,588,745	-	111,588,745	111,588,745
	-	**116,547,423**	**-**	**116,547,423**	**116,547,423**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2014

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32. Fair Value of Financial Instruments (Continued)

Fair value measurement:

The following methods and assumptions have been used to estimate fair values:

	Financial Instrument	Fair value estimation technique
(i)	Cash and cash equivalents, other receivables, resale agreements, accounts payable, repurchase agreements, Bank of Jamaica certificates of deposits	Considered to approximate their carrying values, due to their short-term nature
(ii)	Quoted equities	Quoted market bid prices.
(iii)	Units in unit trusts	Prices quoted by unit trust managers
(iv)	Non-Jamaican sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers
(v)	Government of Jamaica securities:	
	• Eurobonds	Estimated using bid-prices published by major overseas brokers.
	• Bonds issued in Jamaica	• Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids). • Using this yield, determine price using accepted formula. • Apply price to estimate fair value.
(vi)	Interest in money market funds	Considered to be the carrying value because of the short-term nature and variable interest rate.
(vii)	Loans and notes receivable	The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the carrying value is assumed to be equal to their fair value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

(expressed in Jamaican dollars unless otherwise indicated)

32. Fair Value of Financial Instruments (Continued)

Fair value measurement (continued):

The following methods and assumptions have been used to estimate fair values (continued):

	Financial Instrument	Fair value estimation technique
(viii)	Credit default swap	• Estimated a discount rate based on observable market information • Applied that rate to the cashflows of the host contract
(ix)	Notes payable	Considered to be carrying value as the coupon rate approximates the market rates.
(x)	Demand deposits and other accounts with no specific maturity	Considered to be the amount payable on demand on the reporting date.
(xi)	Deposits and other liabilities maturing after one year	Discounting future cash flows using reporting date yields of similar investments.

33. Post-employment Benefits

Pensions are the only post-employment benefits to which the Group is committed. To better secure the payment of promised benefits, the company operates a defined-contribution pension plan for the Group's Jamaican employees who have satisfied certain minimum service requirements. Under the plan, a Fund has been established to pay the cost of plan entitlements. The Fund is financed by equal contributions of employer and employees of 5% of pensionable salaries with an option for employees to contribute up to an additional 5% of pensionable salaries.

The Fund is administered by trustees and the assets are held separately from those of the Group, except for some of the assets which are included in funds being managed by the company (Note 34). Under the rules of the Fund, an actuarial valuation should be carried out by the appointed actuaries every three years. An actuarial valuation of the Fund was done as at 31 December 2011 by ACTMAN International Limited, independent actuaries. The valuation report dated 29 May 2009 revealed a funding surplus, a portion of which the trustees allocated to the members' accounts.

The contributions for the year amounted to $88,735,000 (2013: $52,349,000) for the Group and $46,673,000 (2013: $40,523,000) for the company.

The pension benefit is the annuity that can be purchased by the amount standing to the credit of the member's account at the date of retirement.

34. Managed Funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. This includes some of the assets of the Group's pension scheme (Note 33). Although the Group is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the client's funds are invested have been excluded from these financial statements.

At 31 March 2014, for the Group and the company, funds managed in this way amounted to $28,194,178,000 (2013: $25,641,432,000) which includes pension scheme contributions (Note 33), inclusive of accrued interest, amounting to $45,764,000 (2013: $86,578,000) for the Group and the company. The financial statements included the following assets held in (liabilities payable to) the managed funds:

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Administration Expenses

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34. Managed Funds (Continued)

	The Group		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Investments	508,688	511,405	508,688	511,405
Interest payable	(553)	(2,138)	(553)	(2,138)
Securities sold under agreements to repurchase	(13,080,333)	(11,748,034)	(13,080,333)	(11,748,034)
Customer deposits	(549,951)	(900,970)	-	-

35. Contingencies and Commitments

(a) Litigation

The Group is subject to claims, disputes and legal proceedings in the normal course of business. Provision is made for such matters when in the opinion of management, after obtaining legal advice, it is probable that a payment will be made and the amount can be reasonably estimated. At 31 March 2014, there was one legal proceeding outstanding against the Group. Based on legal advice, the directors do not expect the outcome of that action to have a material impact on the Group's financial position and as such no provisions were required. (2013: Nil).

(b) Operating leases

The Group has entered into several lease agreements for rental of offices. The amount charged in the profit and loss account during the year is $113,446,000 (2013: $59,199,000).

The total annual commitment to be paid is as follows:

	The Group	
	2014	2013
	$'000	$'000
2104	-	90,109
2015	134,404	66,517
2016	123,970	66,774
2017	123,773	67,050
2018	117,417	-
2019	117,417	-
Over 5 years	615,966	-

36. Subsequent Event

On 30 April 2014, the company, through its wholly-owned subsidiary, JMMB Investments (Trinidad and Tobago) Limited, acquired 100% ownership of AIC Securities Limited, for TT$5,363,995 (equivalent to approximately J$91,510,000 at the exchange rate prevailing at that date).