Jamaica Money Market Brokers Limited

Financial Statements
31 March 2015

Jamaica Money Market Brokers Limited
Index
31 March 2015

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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 financial statements of Jamaica Money Market Brokers Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 3 to 92, which comprise the consolidated and separate statements of financial position as at 31 March 2015, and the consolidated and separate 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 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.

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

R. Tarun Handa
Patricia O. Dailey-Smith
Linroy J. Marshall
Cynthia L. Lawrence

Norman O. Rainford
Nigel R. Chambers
W. Gihan C. de Mel
Nyssa A. Johnson

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 at 31 March 2015, 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 these 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

29 May, 2015

Jamaica Money Market Brokers Limited

Consolidated Profit and Loss Account

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Net Interest Income and Other Revenue			
Interest income	5	13,337,816	12,279,750
Interest expense	5	(8,076,145)	(7,017,265)
Net interest income		**5,261,671**	**5,262,485**
Fee and commission income		546,233	426,935
Gains on securities trading, net		3,420,817	2,325,348
Fees earned from managing funds on behalf of clients		154,806	129,551
Foreign exchange margins from cambio trading		936,134	587,931
Operating revenue net of interest expense		**10,319,661**	**8,732,250**
Other income			
Dividends		14,255	8,578
Other		25,801	-
Gain on sale of property, plant and equipment		22,018	1,000
		10,381,735	**8,741,828**
Operating Expenses			
Staff costs	6	(3,911,132)	(2,877,717)
Other expenses	8	(3,876,565)	(2,792,530)
		(7,787,697)	(5,670,247)
Operating Profit		**2,594,038**	**3,071,581**
Impairment loss on financial assets	7	(259,262)	(10,898)
Gain on acquisition of subsidiaries	27	19,263	361,657
Share of loss of associated companies (net of tax)		-	(24,289)
Profit before Taxation		**2,354,039**	**3,398,051**
Taxation	9	(306,757)	(335,992)
Profit for the Year		**2,047,282**	**3,062,059**
Attributable to:			
Equity holders of the parent		1,931,980	2,832,855
Non-controlling interest		115,302	229,204
		2,047,282	**3,062,059**
Earning per stock unit	10	**$1.18**	**$1.74**

The notes on pages 16 to 92 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 $'000	2014 $'000
Profit for the Year	**2,047,282**	**3,062,059**
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Unrealised gains/(losses) on available-for-sale securities	1,619,731	(1,483,011)
Foreign exchange differences on translation of foreign subsidiaries	(94,847)	157,944
Total other comprehensive income/(loss), net of tax	1,524,884	(1,325,067)
Total comprehensive income for year, net of tax	**3,572,166**	**1,736,992**
Total comprehensive income attributable to:		
Equity holders of the parent	3,167,368	1,902,943
Non-controlling interest	404,798	(165,951)
	3,572,166	**1,736,992**

The notes on pages 16 to 92 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
ASSETS			
Cash and cash equivalents	12	18,672,388	23,326,420
Interest receivable		2,561,634	2,619,996
Income tax recoverable		2,130,926	2,043,597
Loans and notes receivable	13	31,924,543	26,551,175
Other receivables	14	1,245,160	1,927,206
Securities purchased under agreements to resell	15	272,596	652,986
Investment securities	16	157,226,757	145,777,726
Investment properties	18	457,591	457,591
Intangible assets	19	1,060,277	1,005,314
Property, plant and equipment	20	2,033,688	1,841,497
Deferred income tax assets	21	38,933	150,384
Customers' liability acceptances, guarantees and letters of credit as per contra		90,809	352,227
		217,715,302	206,706,119

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position (Continued)

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
STOCKHOLDERS' EQUITY			
Share capital	22	1,850,279	1,850,279
Share premium		13,775	13,775
Retained earnings reserve	23	9,605,055	9,605,055
Investment revaluation reserve	23	2,037,032	636,397
Cumulative translation reserve	23	(109,014)	56,233
Retained earnings		7,567,587	6,173,689
		20,964,714	18,335,428
Non-controlling interest		758,350	353,552
		21,723,064	18,688,980
LIABILITIES			
Customer deposits		38,463,504	35,887,750
Due to other banks		435,032	283,386
Securities sold under agreements to repurchase	24	144,501,658	143,302,425
Notes payable	25	3,644,384	-
Redeemable preference shares	22	4,228,705	4,228,705
Deferred income tax liabilities	21	682,307	627,360
Interest payable		1,185,595	1,182,974
Income tax payable		397,758	83,671
Other payables		2,362,486	2,068,641
Liabilities under acceptances, guarantees and letters of credit as per contra		90,809	352,227
		195,992,238	188,017,139
		217,715,302	206,706,119

Approved for issue by the Board of Directors on 29 May 2015 and signed on its behalf by:

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

The notes on pages 16 to 92 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2015

(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	Retained Earnings $'000	Total Attributable to Equity holders of the Parent $'000	Non-Controlling Interest $'000	Total $'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 losses 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	-	(929,912)	(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	23	-	-	495,277	-	-	(495,277)	-	-	-
Transactions with owners of the company										
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**
Profit for the year		-	-	-	-	-	1,931,980	1,931,980	115,302	2,047,282
Other comprehensive income for 2015:										
Unrealised gains on available-for-sale securities		-	-	-	1,400,635	-	-	1,400,635	219,096	1,619,731
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	-	(165,247)	-	(165,247)	70,400	(94,847)
Total other comprehensive income for 2015		-	-	-	1,400,635	(165,247)	-	1,235,388	289,496	1,524,884
Total comprehensive income for 2015		-	-	-	1,400,635	(165,247)	1,931,980	3,167,368	404,798	3,572,166
Transactions with owners of the company										
Dividends	11	-	-	-	-	-	(538,082)	(538,082)	-	(538,082)
Balances at 31 March 2015		**1,850,279**	**13,775**	**9,605,055**	**2,037,032**	**(109,014)**	**7,567,587**	**20,964,714**	**758,350**	**21,723,064**

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash Flows from Operating Activities			
Profit for the year		2,047,282	3,062,059
Adjustments for:			
Interest income	5	(13,337,816)	(12,279,750)
Interest expense	5	8,076,145	7,017,265
Income tax charge	9	306,757	335,992
Gain on acquisition of subsidiaries	27	(19,263)	(361,657)
Share of loss of associated company		-	24,289
Impairment of financial assets	7	259,262	10,898
Amortisation of intangible assets	19	156,700	97,684
Depreciation of property, plant and equipment	20	285,636	220,178
Gain on sale of property, plant and equipment		(22,018)	(1,000)
Unrealised loss on trading securities		56,057	57,196
Foreign currency translation gains		(273,162)	(476,668)
		(2,464,420)	(2,293,514)
Changes in operating assets and liabilities -			
Income tax recoverable, net		(87,306)	(184,375)
Notes receivable		(5,373,368)	(3,129,882)
Other receivables		715,831	(719,629)
Securities purchased under agreements to resell		477,789	3,237,927
Customer deposits		2,575,754	5,119,335
Due to other banks		151,646	(95,174)
Loan participation		-	(341,082)
Other payables		167,056	709,978
Securities sold under agreements to repurchase		1,199,233	7,395,114
		(2,637,785)	9,698,698
Interest received		13,396,178	11,880,618
Interest paid		(8,073,524)	(7,027,689)
Taxation paid		(208,696)	(33,534)
Net cash provided by operating activities (Page 9)		**2,476,173**	**14,518,093**

The notes on pages 16 to 92 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash Flows from Operating Activities (Page 8)		**2,476,173**	**14,518,093**
Cash Flows from Investing Activities			
Investment securities, net		(9,727,379)	(6,754,510)
Purchase of computer software	19	(167,380)	(73,064)
Purchase of property, plant and equipment	20	(465,017)	(311,589)
Proceeds from disposal of property, plant and equipment		39,242	10,076
Acquisition of subsidiaries, net of cash acquired	27	(12,191)	8,897,513
Net cash (used in)/provided by investing activities		**(10,332,725)**	**1,768,426**
Cash Flows from Financing Activities			
Proceeds from issue of redeemable preference shares		-	1,469,359
Notes payable		3,644,384	-
Dividends paid	11	(538,082)	(260,888)
Net cash provided by financing activities		**3,106,302**	**1,208,471**
Effect of exchange rate changes on cash and cash equivalents		96,218	-
Net (decrease)/increase in cash and cash equivalents		(4,654,032)	17,494,990
Cash and cash equivalents at beginning of year		23,326,420	5,831,430
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**18,672,388**	**23,326,420**

Jamaica Money Market Brokers Limited

Profit and Loss Account

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Net Interest Income and Other Revenue			
Interest income from securities	5	8,221,960	7,670,214
Interest expense	5	(5,701,834)	(4,737,318)
Net interest income		**2,520,126**	**2,932,896**
Fee and commission income		95,305	82,351
Gains on securities trading, net		2,329,085	1,049,282
Fees earned on managing funds on behalf of clients		14,649	19,829
Foreign exchange margins from cambio trading		246,299	285,766
Operating revenue net of interest expense		**5,205,464**	**4,370,124**
Other income			
Dividends		4,287	2,873
Other		24,006	45,300
Gain on sale of property plant and equipment		23,651	1,000
		5,257,408	**4,419,297**
Operating Expenses			
Staff costs	6	(2,004,912)	(1,671,833)
Other expenses	8	(1,846,635)	(1,598,094)
		(3,851,547)	(3,269,927)
Operating Profit		**1,405,861**	**1,149,370**
Impairment loss on financial assets	7	(218,355)	-
Profit before Taxation		**1,187,506**	**1,149,370**
Taxation	9	(245,982)	(199,238)
Profit for the Year		**941,524**	**950,132**

Jamaica Money Market Brokers Limited

Statement of Comprehensive Income

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 $'000	2014 $'000
Profit for the Year	941,524	950,132
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Unrealised gains/(losses) on available-for-sale securities	372,648	(161,733)
Total comprehensive income for year, net of tax	**1,314,172**	**788,399**

The notes on pages 16 to 92 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Statement of Financial Position

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
ASSETS			
Cash and cash equivalents	12	4,801,893	7,463,523
Interest receivable		1,643,222	1,606,665
Income tax recoverable		1,770,654	1,694,249
Loans and notes receivable	13	4,406,134	3,468,014
Other receivables	14	2,123,701	2,105,891
Due from fellow subsidiary	26	1,594,798	-
Securities purchased under agreements to resell	15	13,294,476	13,522,982
Investment securities	16	106,000,797	97,776,242
Interest in subsidiaries	17	7,819,873	7,777,963
Intangible assets	19	248,676	148,360
Property, plant and equipment	20	1,287,613	1,186,645
		144,991,837	136,750,534
STOCKHOLDERS' EQUITY			
Share capital	22	1,850,279	1,850,279
Share premium		13,775	13,775
Retained earnings		3,135,431	2,731,989
Retained earnings reserve	23	9,605,055	9,605,055
Investment revaluation reserve		296,856	(75,792)
		14,901,396	14,125,306
LIABILITIES			
Securities sold under agreements to repurchase	24	119,529,981	116,464,345
Notes payable	25	2,370,864	75,464
Redeemable preference shares	22	4,228,705	4,228,705
Deferred income tax liabilities	21	663,212	593,093
Interest payable		919,154	853,542
Income tax payable		359,376	40,958
Other payables		424,351	369,121
Due to fellow subsidiary	26	1,594,798	-
		130,090,441	122,625,228
		144,991,837	136,750,534

Approved for issue by the Board of Directors on 29 May 2015 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 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Share Premium $'000	Investment Revaluation Reserve $'000	Retained Earnings Reserve $'000	Retained Earnings $'000	Total $'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 losses on available-for-sale securities		-	-	(161,733)	-	-	(161,733)
Total comprehensive income for 2014		-	-	(161,733)	-	950,132	788,399
Transfer from retained earnings		-	-	-	495,277	(495,277)	-
Transactions with owners of the company							
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**
Profit for year		-	-	-	-	941,524	941,524
Other comprehensive income for 2015:							
Unrealised gains on available-for-sale securities		-	-	372,648	-	-	372,648
Total comprehensive income for 2015		-	-	372,648	-	941,524	1,314,172
Transactions with owners of the company							
Dividends	11	-	-	-	-	(538,082)	(538,082)
Balances at 31 March 2015		**1,850,279**	**13,775**	**296,856**	**9,605,055**	**3,135,431**	**14,901,396**

Jamaica Money Market Brokers Limited

Statement of Cash Flows

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash Flows from Operating Activities			
Profit for the year		941,524	950,132
Adjustments for:			
Interest income	5	(8,221,960)	(7,670,214)
Interest expense	5	5,701,834	4,737,318
Income tax charge	9	245,982	199,238
Impairment loss on financial assets	7	218,355	-
Amortisation of intangible assets	19	30,800	22,320
Depreciation of property, plant and equipment	20	136,364	125,111
Gains on sale of property, plant and equipment		(23,651)	(1,000)
Unrealised loss on trading securities		60,734	-
Foreign currency translation gains		(154,135)	-
		(1,064,153)	(1,637,095)
Changes in operating assets and liabilities -			
Income tax recoverable, net		(76,405)	(221,041)
Notes receivable		(938,120)	(707,639)
Other receivables		(17,810)	(523,168)
Other payables		55,230	20,018
Securities purchased under agreements to resell		228,506	3,674,658
Securities sold under agreements to repurchase		3,065,636	4,875,600
		1,252,884	5,481,333
Interest received		8,185,403	7,345,382
Interest paid		(5,636,222)	(4,853,104)
Taxation paid		(43,741)	-
Net cash provided by operating activities (Page 15)		**3,758,324**	**7,973,611**

Jamaica Money Market Brokers Limited

Statement of Cash Flows (Continued)

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash Flows from Operating Activities (Page 14)		**3,758,324**	**7,973,611**
Cash Flows from Investing Activities			
Investment securities, net		(7,886,783)	(3,353,139)
Interest in subsidiary		(41,910)	(1,577,014)
Purchase of computer software	19	(135,687)	(71,678)
Purchase of property, plant and equipment	20	(244,107)	(189,277)
Proceeds from disposal of property, plant and equipment		34,997	3,505
Net cash used in investing activities		**(8,273,490)**	**(5,187,603)**
Cash Flows from Financing Activities			
Proceeds from the issue of redeemable preference shares		-	1,469,359
Notes payable		2,295,400	(305,406)
Dividends paid	11	(538,082)	(260,888)
Net cash provided by financing activities		**1,757,318**	**903,065**
Effect of exchange rate changes on cash and cash equivalents		96,218	-
Net (decrease)/increase in cash and cash equivalents		(2,661,630)	3,689,073
Cash and cash equivalents at beginning of year		7,463,523	3,774,450
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**4,801,893**	**7,463,523**

The notes on pages 16 to 92 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2015

(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. The principal activities of the Company are securities brokering, securities trading, merchant and commercial banking, dealing in money market instruments, operating a foreign exchange cambio and managing funds on behalf of clients

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

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".

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 and its subsidiary		100	Trinidad and Tobago	Securities brokering
AIC Securities Limited		100		Stock 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	100		St. Lucia	Investment holding and management
JMMB Holdings, SRL and its subsidiaries	100		Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa,S.A.		80	Dominican Republic	Securities brokering
JMMB Sociedad Administradora De Fondos De Inversion, S.A.		70	Dominican Republic	Mutual fund administration
JMMB Real Estate Holdings Limited	100		Jamaica	Real estate holding
Capital & Credit Financial Group Limited and its subsidiaries	100		Jamaica	Investment holding
JMMB Money Transfer Limited, formerly Capital & Credit Remittance Limited		100	Jamaica	Funds transfer
Capital & Credit Holdings Inc.		100	United States of America	Investment holding
JMMB 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 30 April 2014, JMMB Investments (Trinidad and Tobago) Limited, a 100% owned subsidiary, acquired 100% equity of AIC Securities Limited for TT$5.21 million (J$89.98 million) (Note 27).

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 measurement of available-for-sale financial assets and financial assets at fair value through profit or loss, as well as investment properties at fair value.

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 adopted those which are relevant to its operations, but their adoption did not result in any changes to amounts recognised or disclosed in these financial statements.

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:

(i) IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

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1. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

(ii) IFRS 15, *Revenue From Contracts With Customers*, effective for annual reporting periods beginning on or after January 1, 2017, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers,* and SIC-31, *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

(iii) IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*, have been amended by the issue of "Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation",* which are effective for annual reporting periods beginning on or after January 1, 2016, as follows:

- The amendment to IAS 16 explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
- The amendment to IAS 38 introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

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

- IFRS 3, *Business Combinations*, has been amended to clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, *Financial Instruments: Presentation*, rather than to any other IFRSs. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss. Consequential amendments are also made to IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 9, *Financial Instruments* to prohibit contingent consideration from subsequently being measured at amortised cost. In addition, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* has been amended to exclude provisions related to contingent consideration of an acquirer. IFRS 3, has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11, *Joint Arrangements* - i.e. including joint operations in the financial statements of the joint arrangements themselves.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

(iv) *Improvements to* IFRS *2010-2012 and 2011-2013* cycles (continued)

- IFRS 2, *Share-based Payments,* has been amended to clarify the definition of 'vesting condition' by *separately* defining 'performance condition' and 'service condition'. The amendment also clarifies how to distinguish between a market and a non-market performance condition and the basis on which a performance condition can be differentiated from a non-vesting condition.

- 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,* have been amended to clarify that, at the date of revaluation:

  - 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;

  - 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 management 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.

- IAS 40*, Investment Property,* has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

(v) *Improvements to IFRS, 2012-2014 Cycle*, contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after January 1, 2016. The main amendments applicable to the branch are as follows:

- IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

(vi) IAS *1 Presentation of Financial Statements*, effective for annual reporting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

- specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
- the order of notes to the financial statements is not prescribed;
- line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
- specific criteria are provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
- the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

(vii) *IAS 27, Separate Financial Statements*, has been amended, with the issue of "*Equity Method in Separate Financial Statements"*, amended effective for annual reporting periods beginning on or after January 1, 2016, to allow the use of the equity method in separate financial statements, and applies to the accounting for subsidiaries, associates, and joint ventures.

(viii) IFRS 10, *Consolidated Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* have been amended, in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognized when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

The Group is assessing the impact, if any, that these new, revised and amended standards and interpretations will, when they become effective, have on its future financial statements.

2. Summary of Significant Accounting Policies (Continued)

(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.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights of an investee, there is exposure to variability of returns and the company can use its power to influence the returns. 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.

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.

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the 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. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of revenue and expenses.

(i) Non-controlling interest

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

(ii) 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.

(iii) 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.

2. Summary of Significant Accounting Policies (Continued)

(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.

(i) Classification of financial instruments

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

Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased. The Group classifies non-derivative financial assets into the following categories:

Loans and receivables: This comprises securities acquired, loans granted with fixed or determinable payments and which are not quoted in an active market.

Held-to-maturity: This comprises securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

Fair value through profit or loss: This comprises securities that the Group acquires for the purpose of selling or repurchasing in the near term, or that it holds as part of a portfolio that is managed together for short-term profit or position taking, or that it designates as such at the time of acquisition.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition or not classified in any of the other categories.

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities –

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers not retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

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2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets

Loans and receivables: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. 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.

Held-to-maturity: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments that are not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the financial year in which sale or reclassification occurs and the following two financial years.

Financial assets at fair value through profit or loss: On initial recognition these are measured at fair value, with directly attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, as well as any interest or dividend income, are recognised in profit or loss.

A*vailable-for-sale:* On initial recognition, these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

- When securities classified as available-for-sale are sold or impaired, and therefore derecognised, the fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

(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.

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(ii) Investment securities

Investment securities are classified, recognised/derecognised and measured in the manner set out for financial assets under "General" in this note 2(c) above.

(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 allowance for impairment.

(v) Account payable

Accounts payable are stated at their 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 cost, with any difference between cost and redemption 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.

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2. Summary of Significant Accounting Policies (Continued)

(e) Intangible assets (continued)

(ii) Goodwill

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

(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 ranges from 8 to 15 years.

(iv) Licences

These assets represents the value of the JMMB Securities Limited seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for Intercommercial Bank Limited and AIC Securities Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset may be impaired, the carrying amount is reduced to the recoverable amount.

(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.

2. Summary of Significant Accounting Policies (Continued)

(f) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, 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.

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.

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2. Summary of Significant Accounting Policies (Continued)

(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.

(h) Taxation

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

2. Summary of Significant Accounting Policies (Continued)

(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 for any asset, the asset's recoverable amount is estimated at each reporting date. 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 profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified to 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.

(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.

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 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) Revenue recognition

Revenue is income that arises from the ordinary activities of the Group. The principal types of revenue and the manner in which they are recognised are as follows:

(i) Interest income

Interest income is recorded on the accrual basis. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-earning instrument and its amount at maturity calculated on the effective interest rate basis. 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. 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.

(iii) Dividends

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

2. Summary of Significant Accounting Policies (Continued)

(k) 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 30). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged off when due.

(l) Operating leases

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

(m) 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.

(n) 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.

(o) 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.

(p) 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. Fair value is determined every third year by an independent professional valuer, and in each of the two intervening years by the directors. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit and loss on the straight line basis over the tenor of the lease.

(q) Comparative information

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The 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.

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

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(a) 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 suggest 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

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach; the fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 16 and 29).

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

(b) *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:

- In classifying financial assets or liabilities as ''trading'', the Group has determined that they meet the description of trading assets and liabilities set out in accounting policy 2 (c).
- In designating financial assets and liabilities at fair value through profit or loss, the Group has determined that they have met the criteria for this designation set out in accounting policy 2(c).

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 2015				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	14,106,369	4,248,340	103,171	-	18,457,880
Inter-segment revenue	616,670	43,188	9,253	(669,111)	-
Total segment revenue	14,723,039	4,291,528	112,424	(669,111)	18,457,880
Segment results	2,118,497	469,846	5,695	-	2,594,038
Impairment loss on financial asset					(259,262)
Gain on acquisition of subsidiaries					19,263
Profit before tax					2,354,039
Income tax expense					(306,757)
Profit for the year					2,047,282
Total segment assets	188,714,368	61,105,189	975,945	(33,080,200)	217,715,302
Total segment liabilities	165,552,460	52,348,316	913,020	(22,821,558)	195,992,238
Interest income	10,039,267	3,297,471	1,078	-	13,337,816
Interest expense	6,758,071	1,318,074	-	-	8,076,145
Operating expenses	5,171,943	2,502,174	113,580	-	7,787,697
Depreciation and amortisation	318,008	118,239	6,089	-	442,336
Capital expenditure	501,338	105,770	25,289	-	632,397

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4. Segment Reporting (Continued)

	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 profit 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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5. Net Interest Income

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Interest income				
Cash and cash equivalents	46,162	15,978	23,266	16,861
Loans and notes receivable	2,510,568	1,590,326	438,788	349,840
Resale agreements	812,789	11,110	426,560	436,268
Investment securities	9,968,297	10,662,336	7,333,346	6,867,245
Total interest income	13,337,816	12,279,750	8,221,960	7,670,214
Interest expense				
Repurchase agreements	6,915,906	6,258,983	5,230,347	4,399,621
Notes payable	806,809	451,610	118,057	31,025
Redeemable preference shares	353,430	306,672	353,430	306,672
Total interest expense	8,076,145	7,017,265	5,701,834	4,737,318
Net interest income	**5,261,671**	**5,262,485**	**2,520,126**	**2,932,896**
Total interest income on financial assets not at fair value through profit or loss	13,337,816	12,279,750	8,221,960	7,670,214

6. Staff Costs

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and benefits, including profit-related pay	3,112,102	2,284,451	1,620,681	1,338,092
Statutory payroll contributions	249,497	181,553	146,308	124,820
Pension costs (Note 30)	128,062	88,735	51,604	46,673
Training and development	67,702	31,873	41,408	27,734
Other staff benefits	353,769	291,105	144,911	134,514
	3,911,132	**2,877,717**	**2,004,912**	**1,671,833**

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 in arriving at profit before taxation

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Marketing, corporate affairs and donation	353,168	251,510	221,701	184,826
Bad debts, less recoveries	56,044	13,372	-	13,372
Depreciation and amortisation	442,336	317,862	167,164	147,432
Directors' fees	107,466	61,357	40,739	29,741
Irrecoverable - GCT	179,255	148,360	125,218	111,931
Insurance	124,561	60,162	34,294	34,651
Auditors' remuneration	57,544	52,995	16,450	16,436
Asset tax	374,241	194,756	313,827	167,897
Information technology	320,668	269,697	200,288	189,402
Legal and professional fees	437,208	353,459	185,312	183,634
Repairs and maintenance	115,607	81,955	73,969	76,894
Office rental	296,462	186,458	28,420	25,758
Loan loss, less recoveries	181,151	192,037	3,784	-
Security	140,086	79,875	81,115	71,019
Stationery, printing and postage	93,797	104,753	58,701	87,902
Utilities	204,681	135,622	102,128	98,820
Bank charges and interest	198,841	171,021	128,722	117,088
Other	193,449	117,279	64,803	41,291
	3,876,565	**2,792,530**	**1,846,635**	**1,598,094**

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9. Taxation

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
1% tax on assets	2,035	2,286	-	-
Green Fund Levy	2,148	1,876	-	-
Current income tax	518,600	101,497	362,159	40,958
Deferred income tax (Note 21)	(216,026)	230,333	(116,177)	158,280
	306,757	335,992	245,982	199,238

(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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	2,354,039	3,398,051	1,187,506	1,149,370
Tax calculated at 33⅓%	784,680	1,132,684	395,835	383,123
Adjusted for the effects of:				
Income not subject to tax	(635,859)	(617,618)	(415,889)	(274,751)
Disallowed expenses	338,854	157,601	268,706	90,893
Tax losses not recognized	70,461	189,850	-	-
Effect of taxation under different tax regime	(275,076)	(526,237)	-	-
Green fund levy	2,077	1,876	-	-
Other	21,620	(2,164)	(2,670)	(27)
	306,757	335,992	245,982	199,238

(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 $1,177,945,000 (2013: $2,553,453,000) for the Group and nil (2014: $885,455,000) for the company.

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10. Earnings per Stock Unit

Earning per stock unit (‘’ EPS’’) is computed by dividing the profit attributable to stockholders of the parent of $1,931,980,000 (2014: $2,832,855,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,630,552,530 (2014: 1,630,555,230).

11. Dividends

	The Group and The Company	
	2015	**2014**
	$’000	**$’000**
Final dividend in respect of 2014 @17.0 cents per stock unit	277,194	-
Interim dividend in respect of 2015 @ 16.0 cents per stock unit	260,888	-
Interim dividend in respect of 2014 @ 16.0 cents per stock unit	-	260,888
	538,082	260,888

12. Cash and Cash Equivalents

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$’000	**$’000**	**$’000**	**$’000**
Cash	7,507,954	13,711,524	4,258,590	6,898,222
Cash equivalents	11,164,434	9,614,896	543,303	565,301
	18,672,388	23,326,420	4,801,893	7,463,523

Cash equivalents of the Group and company include $543,240,000 (2014: $548,759,000) 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 also has restricted amount of $7,685,160 (2014: $7,595,574) deposited at an interest rate of 2.5% (2014: 2.5%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the Group for its employees.

Jamaica Money Market Brokers Limited

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13. Loans and Notes Receivable

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Corporate	17,642,910	14,829,906	1,219,688	1,051,194
Financial institutions	6,344,748	2,415,140	567,017	209,636
Individuals	8,977,175	10,200,588	2,639,433	2,220,983
	32,964,833	27,445,634	4,426,138	3,481,813
Less: provision for impairment	(1,040,290)	(894,459)	(20,004)	(13,799)
	31,924,543	26,551,175	4,406,134	3,468,014

Provision for impairment

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	894,459	521,650	13,799	17,745
Provision acquired	3,666	153,149	3,666	-
Charge for year	181,151	428,426	3,784	-
Write-offs	(46,541)	(207,153)	(1,245)	(3,946)
Translation gains	7,555	(1,613)	-	-
Balance at 31 March	1,040,290	894,459	20,004	13,799

Notes receivable include the balance on an interest-free revolving advance of $324,036,605 (2014: $324,036,605) 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 2015 was 162,138,701 (2014: 158,501,767).

14. Other Receivables

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Receivables from related parties	-	-	1,418,656	1,567,045
Other receivables	937,645	1,658,251	408,015	269,467
Staff loans	308,905	276,507	297,953	276,507
	1,246,550	1,934,758	2,124,624	2,113,019
Less: provision for impairment	(1,390)	(7,552)	(923)	(7,128)
	1,245,160	1,927,206	2,123,701	2,105,891

Provision for impairment

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at 1 April	7,552	5,254	7,128	3,182
Charge for year	43	13,372	-	13,372
Recoveries/write-off	(6,205)	(11,074)	(6,205)	(9,426)
Balance at 31 March	1,390	7,552	923	7,128

15. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	72,162	338,520	527,426	538,000
Denominated in United States dollars	200,434	218,559	12,404,910	12,658,965
Denominated in Dominican Republic Pesos	-	-	362,140	326,017
Denominated in Trinidad and Tobago dollars	-	95,907	-	-
	272,596	652,986	13,294,476	13,522,982

Resale agreements include balances with related parties as set out in Note 26. 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 24).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $294,036,000 (2014: $685,635,000) and $15,911,514,000 (2014: $13,756,305,000) for the Group and company, respectively.

16. Investment Securities

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables:				
Government of Jamaica securities	22,433,743	25,969,157	16,395,464	20,030,547
Sovereign	213,053	195,887	213,053	195,887
Corporate:				
Government of Jamaica guaranteed	6,048,483	6,115,895	2,876,929	2,997,918
Other	133,248	69,053	-	4,250
	28,828,527	32,349,992	19,485,446	23,228,602
Available-for-sale securities:				
Government of Jamaica securities	73,345,970	65,231,606	69,598,277	60,596,560
Certificates of deposit	12,292,110	3,213,523	10,830,897	2,515,739
Government of Jamaica Treasury Bills	33,421	-	-	-
Government of Jamaica guaranteed	4,951,841	4,417,831	4,951,841	4,417,831
Corporate bonds	8,504,821	9,606,972	496,830	5,165,231
Other sovereign bonds	16,750,687	18,376,802	123,992	84,458
Quoted securities	310,937	219,550	57,054	51,857
Units in unit trusts	75,268	80,253	22,075	50,882
Money Market Funds	440,819	513,926	440,819	508,688
Other	838,848	834,899	-	-
	117,544,722	102,495,362	86,521,785	73,391,246
Fair value through profit and loss:				
Government of Jamaica securities	1,614	593,812	1,614	593,812
Credit default swap	469,145	663,456	-	-
Corporate bonds	144,238	213,954	144,238	213,954
Other sovereign bonds	1,576,640	922,313	66,069	348,628
Quoted securities	50,362	182,903	-	-
Unquoted equities	12,956	12,956	-	-
	2,254,955	2,589,394	211,921	1,156,394
Held to maturity:				
Credit linked note	8,803,785	8,207,138	-	-
Sovereign bonds	54,030	135,840	-	-
	8,857,815	8,342,978	-	-
	157,486,019	145,777,726	106,219,152	97,776,242
Less: provision for impairment losses	(259,262)	-	(218,355)	-
	157,226,757	145,777,726	106,000,797	97,776,242

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16. Investment Securities (Continued)

Provision for impairment

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Balance as 1 April	-	57,009	-	-
Recoveries	-	(57,009)	-	-
Charge for the year	(259,262)	-	(218,355)	-
Balance as 31 March	(259,262)	-	(218,355)	-

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica securities:				
Within 3 months	1,465,232	51,142	708,010	1,148
From 3 months to 1 year	5,586,835	1,499,056	5,550,023	857,838
From 1 year to 5 years	29,487,193	31,675,803	26,871,254	25,589,827
Over 5 years	59,275,488	58,568,574	52,866,068	54,772,106
	95,814,748	91,794,575	85,995,355	81,220,919
Certificates of deposit:				
Within 3 months	11,571,295	2,784,779	10,830,897	2,515,739
From 3 months to 1 year	124,011	428,744	-	-
From 1 year to 5 years	596,804	-	-	-
	12,292,110	3,213,523	10,830,897	2,515,739
Sovereign bonds and corporate bonds:				
Within 3 months	1,550,301	699,686	-	-
From 3 months to 1 year	5,966,116	3,068,581	1,271,589	2,654,963
From 1 year to 5 years	12,794,383	15,957,157	182,228	1,556,313
Over 5 years	27,729,691	30,022,369	7,214,608	9,216,880
	48,040,491	49,747,793	8,668,425	13,428,156
Other [see (c) below]	1,079,408	1,021,835	506,120	611,428
	157,226,757	145,777,726	106,000,797	97,776,242

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (Note 24).

(b) Government of Jamaica securities having an aggregate face value of $165,000,000 (2014: $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.

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16. Investment Securities (Continued)

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

17. Interest in Subsidiaries

	The Company	
	2015	**2014**
	$'000	**$'000**
JMMB Securities Limited		
Shares, at cost – equity	26,050	26,050
– preference	55,000	79,000
	81,050	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	1,642,924	1,577,014
Loan	336,765	336,765
	1,979,689	1,913,779
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, SRL		
Shares, at cost - equity	9	9
Loan	98,665	98,665
	98,674	98,674
Balance carried forward to page 44	**2,794,414**	**2,752,504**

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17. Interest in Subsidiaries (Continued)

	The Company	
	2015	2014
	$'000	$'000
Balance brought forward from page 43	**2,794,414**	**2,752,504**
Capital & Credit Financial Group Limited		
Shares, at cost – equity	4,644,589	4,644,589
Capital & Credit Securities Limited		
Shares, at cost – equity	126,315	126,315
JMMB Fund Managers Limited		
Shares, at cost - equity	254,555	254,555
	7,819,873	**7,777,963**

18. Investment Properties

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 $1,938,590 (2014: $2,378,000) and expenses of $6,663,000 (2014: $4,929,000) for the year.

The fair value of the Group's investment properties is categorised into Level 3 of the fair value hierarchy.

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

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19. Intangible Assets

	Group					
	License	Other	Customer List	Computer Software	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2013	-	174,000	315,456	481,037	16,744	987,237
Acquired in business combination (Note 27)	177,452	128,612	210,012	-	-	516,076
Transfer	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
Acquired in business combination (Note 27)	10,707	208	8,348	-	-	19,263
Transfer						
Additions	-	-	10,710	156,670	-	167,380
Exchange rate adjustment	11,686	8,146	13,638	(4,573)	-	28,897
31 March 2015	227,995	316,496	567,194	706,198	17,363	1,835,246
Accumulated Amortisation						
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
Charge for the year	-	70,308	54,303	32,089	-	156,700
Exchange rate adjustment	-	3,064	813	-	-	3,877
31 March 2015	-	213,908	125,092	435,969	-	774,969
Net Book Value						
31 March 2015	**227,995**	**102,588**	**442,102**	**270,229**	**17,363**	**1,060,277**
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**

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19. Intangible Assets (Continued)

	Company	
	Computer Software	**Total**
	$'000	**$'000**
Cost		
31 March 2013	437,256	437,256
Additions	71,678	71,678
31 March 2014	508,934	508,934
Additions	135,687	135,687
Adjustments	(4,571)	(4,571)
31 March 2014	640,050	640,050
Accumulated Amortisation		
31 March 2013	338,254	338,254
Charge for the year	22,320	22,320
31 March 2014	360,574	360,574
Charge for the year	30,800	30,800
31 March 2015	391,374	391,374
Net Book Value		
31 March 2015	**248,676**	**248,676**
31 March 2014	**148,360**	**148,360**
31 March 2013	**99,004**	**99,004**

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20. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	**Leasehold Improvement**	**Motor Vehicles**	**Computer Equipment**	**Equipment, Furniture and Fittings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost						
At 31 March 2013	902,902	160,248	41,617	489,808	447,752	2,042,327
Acquisition of subsidiaries (Note 27)	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 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
Acquisition of subsidiaries (Note 27)	-	-	-	10,776	11,675	22,451
Additions	181,300	53,764	8,732	111,735	109,486	465,017
Transfer	(32,724)	-	-	-	32,724	-
Disposals	(6,775)	(17,283)	(8,688)	(8,897)	(11,220)	(52,863)
Exchange adjustment	1,286	14,182	(616)	(8,913)	49,188	55,127
31 March 2015	**1,213,100**	**575,915**	**57,617**	**663,437**	**1,516,794**	**4,026,863**
Accumulated Depreciation						
31 March 2013	86,344	89,724	18,099	340,190	211,834	746,191
Acquisition of subsidiaries (Note 27)	-	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 adjustment	-	8,598	-	234	24,441	33,273
31 March 2014	103,398	323,045	19,665	407,419	842,107	1,695,634
Acquisition of subsidiaries (Note 27)	-	-	-	8,600	6,062	14,662
Charge for the year	18,504	47,583	11,912	76,073	131,564	285,636
Disposals	-	(17,283)	(4,146)	(9,149)	(5,061)	(35,639)
Exchange adjustment	-	13,408	(283)	(11,951)	31,708	32,882
31 March 2015	**121,902**	**366,753**	**27,148**	**470,992**	**1,006,380**	**1,993,175**
Net Book Value						
31 March 2015	**1,091,198**	**209,162**	**30,469**	**192,445**	**510,414**	**2,033,688**
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**

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20. 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 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
Additions	141,480	-	-	56,313	46,314	244,107
Disposals	(6,775)	-	-	-	-	(6,775)
31 March 2015	**1,035,720**	**101,013**	**59,514**	**601,072**	**446,723**	**2,244,042**
Accumulated Depreciation						
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 2015	97,278	83,135	28,157	388,269	223,226	820,065
Charge for the year	14,775	8,581	9,331	71,750	31,927	136,364
31 March 2015	**112,053**	**91,716**	**37,488**	**460,019**	**255,153**	**956,429**
Net Book Value						
31 March 2015	**923,667**	**9,297**	**22,026**	**141,053**	**191,570**	**1,287,613**
31 March 2014	**803,737**	**17,878**	**31,357**	**156,490**	**177,183**	**1,186,645**
31 March 2013	**745,230**	**25,147**	**15,058**	**153,030**	**186,517**	**1,124,982**

21. 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 in full on temporary differences under the liability method using a principal tax rate of 33⅓% as deferred tax is currently applicable only to the jurisdiction that apply this rate.

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets	38,933	150,384	-	-
Deferred income tax liabilities	(682,307)	(627,360)	(663,212)	(593,093)
Net deferred income tax liabilities	(643,374)	(476,976)	(663,212)	(593,093)

21. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Net balance at beginning of year	(476,976)	(88,747)	(593,093)	(531,493)
Deferred tax acquired on acquisition	-	(14,457)	-	-
(Charge)/credited to profit or loss (Note 9)	216,026	(230,333)	116,177	(158,280)
Charged to other comprehensive income	(381,672)	(142,660)	(186,296)	96,680
Exchange rate adjustment	(752)	(779)	-	-
Net balance at end of year	**(643,374)**	**(476,976)**	**(663,212)**	**(593,093)**

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

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred income tax assets -				
Investments	680,406	822,452	670,482	723,146
Other payables	9,893	12,894	9,186	12,279
Property, plant and equipment	102	106	-	-
Interest payable	372,369	348,436	306,496	284,486
Tax losses carried forward	125,517	391,448	-	295,122
	1,188,287	1,575,336	986,164	1,315,033
Deferred income tax liabilities -				
Investments	121,100	41,075		-
Unrealised foreign exchange gains	1,152,433	1,412,989	1,150,376	1,409,078
Property, plant and equipment	14,332	15,051	5,594	7,552
Interest receivable	543,796	583,197	493,406	491,496
	1,831,661	2,052,312	1,649,376	1,908,126
Net deferred income tax liabilities	**(643,374)**	**(476,976)**	**(663,212)**	**(593,093)**

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22. Share Capital

	2015 Number of Shares 000	2014 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	4,000,000	4,000,000
	5,816,400	5,816,400

	2015 Number of Shares 000	2014 Number of Shares 000
Issued ordinary share capital:		
Ordinary stock units in issue	1,630,552	1,630,552

	2015 $'000	2014 $'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	1,430,964
15,358,000 7.25% cumulative redeemable preference stock units	38,395	38,395
	6,078,984	6,078,984
Less redeemable preference stock units required by IFRS to be accounted for as liabilities in the financial statements	(4,228,705)	(4,228,705)
	1,850,279	1,850,279

During August 2013, the company issued, 715,482,000 7.50% fixed rate cumulative redeemable preference shares and 15,358,000 7.25% fixed rate cumulative redeemable preference shares at a price of $2.00 and $2.50 per share, respectively, to the public by public offering.

22. Share Capital (Continued)

The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Annual General meetings of the Company.

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 shares include the following:

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

(ii) Entitlement to one vote per shareat meetings of the Company.

23. Retained Earnings Reserve

(a) Retained Earnings Reserve

In previous years, in accordance with a board resolution, the Company transferred a portion of its profit after tax to a 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.

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24. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	44,034,480	42,725,093	44,554,761	42,822,963
Denominated in United States dollars	89,252,857	85,841,109	71,172,323	69,433,419
Denominated in Pound Sterling	3,094,179	3,425,236	3,094,179	3,425,236
Denominated in Euro	129,492	255,037	129,492	255,037
Denominated in Dominican Republic Peso	7,032,692	10,528,260	-	-
Denominated in Canadian dollars	579,226	527,690	579,226	527,690
Denominated in Trininad and Tobago dollars	378,732	-	-	-
	144,501,658	143,302,425	119,529,981	116,464,345

Repurchase agreements are collateralised by certain securities and other instruments held by the Group and the company with a carrying value of $153,455,379,000 (2014: $148,776,000) and $120,588,082,000 (2014: $117,590,300,000), respectively, (Notes 12, 15 and 16).

Repurchase agreements include balances with related parties as set out in Note 26. Certain of the securities described in Note 16 and interest accrued thereon are pledged as security for these repurchase agreements.

25. Notes Payable

		The Group		The Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
(i)	Senior Unsecured US$ Fixed Note	2,295,400	-	2,295,400	-
(ii)	Capital and Credit Financial Group Limited 7% promissory note	-	-	75,464	75,464
(iii)	Subordinated debt	1,348,984	-	-	-
		3,644,384	-	2,370,864	75,464

(i) This note is unsecured and bears interest at 6.75% per annum, with interest payable on quarterly basis. The note matures July 18, 2016; however, noteholders have an option to either redeem their notes on the maturity date or extend the maturity to July 18, 2019 at an interest rate of 7.75% per annum.

(ii) This promissory note is unsecured, bears interest at 7% per annum and repayable 31 May 2015.

(iii) This represent subordinated debt of TT$80 million issued by subsidiary during the financial year for a term of eight (8) years, maturing on 28 March 2022, at a fixed rate of 4.5% per annum.

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26. 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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Notes receivable	109,277	34,753	36,001	14,463
Interest payable	(439)	(639)	(387)	(587)
Customer deposits	(126,159)	(68,304)	-	-
Repurchase agreements	(105,422)	(185,173)	(105,422)	(185,173)
Major shareholders -				
Notes receivable	324,037	324,037	324,037	324,037
Interest payable	(190)	(29)	(190)	(29)
Repurchase agreements	(33,612)	(14,197)	(33,612)	(14,197)
Subsidiaries -				
Resale agreements	-	-	14,620,616	12,966,422
Notes receivable	-	-	624,558	209,636
Interest receivable	-	-	17,081	11,187
Accounts receivable	-		1,594,798	-
Repurchase agreements	-	-	(3,541,875)	(350,520)
Notes payable	-	-	(75,464)	(75,464)
Interest payable	-	-	(9,901)	(1,615)
Accounts payable			(1,594,798)	-

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26. 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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Interest income	9,761	4,732	1,526	646
Interest expense	(7,862)	(6,002)	(5,614)	(4,836)
Major Shareholders -				
Interest income	1,829	4,141	1,829	4,141
Interest expense	(15,197)	(582)	(15,197)	(582)
Subsidiaries -				
Interest income	-	-	490,469	417,020
Interest expense	-	-	(192,605)	(30,998)
Managed funds				
Gain on sale of securities	451,400	591,180	451,400	591,180

(iii) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors, senior management of the company and company secretary. The compensation paid or payable to key management for employee services is as shown below:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Directors emoluments:				
Fees (Note 6)	107,466	61,357	40,739	29,741
Management remuneration	52,216	43,932	52,216	43,932
Key management compensation:				
Short-term employee benefits (Note 6)	250,657	238,525	171,499	130,768
Post-employment benefits	12,051	11,081	11,147	10,247
	422,390	354,895	275,601	214,688

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27. Business Combinations

Acquisition of AIC Securities Limited (AIC)

On 30 April 2014, JMMB Investments (Trinidad and Tobago) Limited, a 100% owned subsidiary, acquired 100% equity of AIC Securities Limited for TT$5.21 million (J$89.97 million).

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

	$'000
Purchase consideration	89,977
Fair value of net assets acquired	(109,240)
Negative goodwill	(19,263)

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

	Fair Value $'000
Cash and cash equivalents	77,786
Investment and resale agreements	97,399
Intangible assets	19,263
Property, plant and equipment and intangible assets	7,790
Income tax recoverable	23
Accounts receivable	33,785
Taxation payable	(17)
Accounts payable	(126,789)
Net assets	109,240
Cash consideration	(89,977)
Cash and cash equivalents acquired	77,786
Net cash outflow on acquisition	(12,191)

In the eleven month period ended 31 March 2015, AIC Securities Limited contributed revenue of J$37,999,000 and net profit of J$4,206,000 to the Group's results. If the acquisition had occured on the 1 April 2014, management estimates that revenue would have been J$40,520,000, and net profit for the year would have been J$1,681,000. 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 2014.

27. Business Combinations (Continued)

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)

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27. Business Combinations (Continued)

Loans and notes receivable are stated after IFRS provisions of J$228,352,000.

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 occur on the 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.

28. 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.

28. Financial Risk Management (Continued)

Risk management framework (continued)

(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.

(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.

28. 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 constantly reviewed by the Credit and Risk Management Committees.

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28. 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 infringement of 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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28. 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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Loan commitments	2,267,955	2,405,817	-	-
Guarantees and letters of credit	77,274	349,438	-	-
	2,345,229	2,755,255	-	-

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	
	2015	**2014**
	$'000	**$'000**
Loans and notes receivable	1,086,773	901,124

(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 $1,073,542,000 (2014: $1,623,118,000).

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 $1,898,560,000 (2014: $1,626,756,000) for the Group and company.

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28. 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. 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 was $10,380,000 (2014: $4,160,000).

(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				
	2015				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amounts	18,672,388	31,924,543	272,596	157,226,757	208,096,284
Concentration by sector					
Government of Jamaica	-	-	-	107,022,013	107,022,013
Other sovereign bonds	-	-	-	4,821,519	4,821,519
Bank of Jamaica	2,384,354	-	-	11,627,701	14,012,054
Corporate bonds	-	10,356,563	-	14,494,645	24,851,208
Financial institutions	16,288,034	9,067,248	272,596	19,260,880	44,888,758
Retail	-	12,500,732	-	-	12,500,732
	18,672,388	31,924,543	272,596	157,226,757	208,096,284
Concentration by location					
Jamaica	6,114,941	15,040,060	272,596	129,339,138	150,766,735
North America	2,593,080	-	-	943	2,594,023
Trinidad and Tobago	9,964,367	16,884,483	-	6,758,438	33,607,288
Other	-	-	-	21,128,238	21,128,238
	18,672,388	31,924,543	272,596	157,226,757	208,096,284

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

	The Group				
	2014				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	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
Other 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 and Tobago	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

	The Company				
	2015				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amounts	4,801,893	4,406,134	13,294,476	106,000,797	128,503,300
Concentration by sector					
Government of Jamaica				93,824,125	93,824,125
Sovereign bonds	-	-	-	198,587	198,587
Bank of Jamaica	1,266,360	-	-	10,830,897	12,097,257
Corporate	-	1,199,684	-	684,294	1,883,978
Financial institutions	3,535,533	567,017	13,294,476	462,894	17,859,920
Retail	-	2,639,433	-	-	2,639,433
	4,801,893	4,406,134	13,294,476	106,000,797	128,503,300
Concentration by location					
Jamaica	4,258,590	4,406,134	13,294,476	105,174,732	127,133,932
North America	280,501	-	-	943	281,444
Trinidad and Tobago	262,802	-	-	67,957	330,759
Other	-	-	-	757,165	757,165
	4,801,893	4,406,134	13,294,476	106,000,797	128,503,300

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

	The Company				
	2014				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	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 and Tobago	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

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 (2014: no collateral held).

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28. 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:								
Cash secured	3,577,518	3,367,567	-	-	2,840,749	2,710,538	-	-
Property	19,300,979	13,901,303	-	-	3,660	-	-	-
Debt securities	2,614,018	1,639,008	294,036	3,497,987	1,802,592	789,517	15,911,514	13,756,305
Liens on motor vehicles	2,206,460	1,660,939	-	-	8,632	29,407	-	-
Equities	188,889	169,392	-	-	-	-	-	-
Other	8,051,983	6,714,775	-	-	-	-	-	-
Subtotal	**35,939,847**	**27,452,984**	**294,036**	**3,497,987**	**4,655,633**	**3,529,462**	**15,911,514**	**13,756,305**
Against past due but not impaired financial assets:								
Cash secured	32,703	21,496	-	-	-	-	-	-
Property	1,931,468	1,605,033	-	-	10,272	19,663	-	-
Liens on motor vehicles	373,040	252,953	-	-	22,422	19,527	-	-
Other	305,504	362,099	-	-	-	-	-	-
Subtotal	**2,642,715**	**2,241,581**	**-**	**-**	**32,694**	**39,190**	**-**	**-**
Against past due and impaired financial assets:								
Debt securities		-	-	-	-		-	-
Property	784,312	1,306,609	-	-	83,392	95,986	-	-
Liens on motor vehicles	40,754	34,066	-	-	10,250	6,100	-	-
Other	342,118	384,529	-	-	-	-	-	-
Subtotal	**1,167,184**	**1,725,204**	**-**	**-**	**93,642**	**102,086**	**-**	**-**
Total	**39,749,746**	**31,419,769**	**294,036**	**3,497,987**	**4,781,969**	**3,670,738**	**15,911,514**	**13,756,305**

28. 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 has 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 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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28. 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.

	2015				
	The Group				
	Within 3 Months	3 to 12 Months	1-5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Customer deposits	10,845,973	15,115,275	14,682,905	40,644,153	38,463,504
Due to other banks	82,569	-	477,195	559,764	435,032
Securities sold under agreements to repurchase	114,051,059	27,427,167	5,309,502	146,787,728	144,501,658
Notes payable	145,312	421,705	3,117,170	3,684,187	3,644,384
Redeemable preference shares	-	-	4,256,259	4,256,259	4,228,705
Payables	2,362,486	-	-	2,362,486	2,362,486
	127,487,399	42,964,147	27,843,031	198,294,577	193,635,769

	2014				
	The Group				
	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

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28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2015				
	The Company				
	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	93,230,233	27,427,167	678,764	121,336,164	119,529,981
Notes payable	-	-	2,410,667	2,410,667	2,370,864
Redeemable preference shares	-	4,259,204	-	4,259,204	4,228,705
Payables	424,351	-	-	424,351	424,351
	93,654,584	31,686,371	3,089,431	128,430,386	126,553,901

	2014				
	The Company				
	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
Payables	369,121	-	-	369,121	369,121
	90,610,749	27,805,835	4,693,321	123,109,905	121,137,635

28. 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 fair 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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28. Financial Risk Management (Continued)

(d) Market risk (continued)

A summary of the VaR position of the Group's overall portfolio as at 31 March 2015 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2015 Overall VaR	2,125,891	3,137,163	8,839,834	1,259,592
2014 Overall VaR	4,279,539	3,090,307	12,733,451	843,813

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	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
United States dollars	(3,088,699)	(1,359,023)	3,524,224	113,273	114.77	109.28
Great Britain pounds	202,528	(114,647)	190,856	(69,502)	169.16	180.58
Euros	64,781	63,292	60,181	16,148	124.33	150.31
Trinidad and Tobago dollars	281,300	133,764	281,300	133,764	18.01	16.98
Canadian dollars	(89,161)	-	(89,135)	-	89.92	98.06
Peso	-	-	367,761	330,894	2.57	2.54

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28. 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 2015 %	**Effect on Profit 2015 $'000**	**Change in Currency Rate 2014 %**	**Effect on Profit 2014 $'000**
Currency:				
USD	5	(154,435)	5	(67,951)
GBP	5	10,126	5	(5,732)
EUR	5	3,239	5	3,165
CAD	5	(4,458)	5	-
TT$	5	14,065	5	6,688
		(131,463)		(63,830)

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

	The Company			
	Change in Currency Rate	**Effect on Profit**	**Change in Currency Rate**	**Effect on Profit**
	2015	**2015**	**2014**	**2014**
	%	**$'000**	**%**	**$'000**
Currency:				
USD	5	176,211	5	5,664
GBP	5	9,543	5	(3,475)
EUR	5	3,009	5	807
PESO	5	18,388	5	16,545
CAD	5	(4,340)	5	-
TT$	5	14,065	5	6,688
		216,876		26,229

(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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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2015 The Group					
	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
At 31 March 2015:						
Assets						
Cash and cash equivalents	18,672,388	-	-	-	-	18,672,388
Loans and notes receivable	3,904,342	17,291,371	1,557,683	7,080,862	2,090,285	31,924,543
Securities purchased under agreements to resell	272,596	-	-	-	-	272,596
Investment securities	23,427,116	7,891,509	9,463,489	115,804,256	640,387	157,226,757
Total interest bearing assets	46,276,442	25,182,880	11,021,172	122,885,118	2,730,672	208,096,284
Liabilities						
Securities sold under agreements to repurchase	108,181,890	16,393,302	15,228,360	4,698,106	-	144,501,658
Redeemable preference shares	4,228,705	-	-	-	-	4,228,705
Notes payable	2,203,584	-	-	1,440,800	-	3,644,384
Due to other financial institutions	-	-	80,511	354,521	-	435,032
Deposits	30,617,388	2,411,024	871,810	211,021	4,352,261	38,463,504
Other	-	-	-	-	2,362,486	2,362,486
Total interest bearing liabilities	145,231,567	18,804,326	16,180,681	6,704,448	6,714,747	193,635,769
Total interest sensitivity gap	(98,955,125)	6,378,554	(5,159,509)	116,180,670	(3,984,075)	14,460,515
Cumulative interest sensitivity gap	(98,955,125)	(92,576,571)	(97,736,080)	18,444,590	14,460,515	

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2014					
	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
At 31 March 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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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2015 The Company					
	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**
At 31 March 2015:						
Assets						
Cash and cash equivalents	4,801,893	-	-	-	-	4,801,893
Loans and notes receivable	3,747,363	48,198	610,573	-	-	4,406,134
Securities purchased under agreements to resell	13,294,476	-	-	-	-	13,294,476
Investment securities	22,206,388	1,417,820	5,703,792	76,371,203	301,594	106,000,797
Total interest bearing assets	44,050,120	1,466,018	6,314,365	76,371,203	301,594	128,503,300
Liabilities						
Securities sold under agreements to repurchase	92,390,267	11,344,968	15,228,360	566,386	-	119,529,981
Notes payable	2,370,864	-	-	-	-	2,370,864
Redeemable preference shares	4,228,705	-	-	-	-	4,228,705
Other payables	-	-	-	-	424,351	424,351
Total interest bearing liabilities	98,989,836	11,344,968	15,228,360	566,386	424,351	126,553,901
Total interest sensitivity gap	(54,939,716)	(9,878,950)	(8,913,995)	75,804,817	(122,757)	1,949,399
Cumulative interest sensitivity gap	(54,939,716)	(64,818,666)	(73,732,661)	2,072,156	1,949,399	

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2014 The Company					
	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**
At 31 March 2014:						
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	

28. 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 2015 $'000	Effect on Equity 2015 $'000	Effect on Profit 2014 $'000	Effect on Equity 2014 $'000
Change in basis points				
JMD/USD				
-100/-50	(245,879)	3,669,976	(444,300)	3,554,373
+ 250/+200	613,751	(10,386,868)	1,249,824	(10,056,533)

	The Company			
	Effect on Profit 2015 $'000	Effect on Equity 2015 $'000	Effect on Profit 2014 $'000	Effect on Equity 2014 $'000
Change in basis points				
JMD/USD				
-100/-50	(212,293)	3,254,355	(390,461)	3,131,652
+ 250/+200	498,650	(8,793,639)	1,010,260	(7,704,336)

28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

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.

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 $15,565,736 (2014: $9,669,886) for the Group and $5,217,867 (2014: $9,353,974) for the company.

28. Financial Risk Management (Continued)

(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.

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28. 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 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 regulated authorities requires each regulated entity to:

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

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

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

(i) Tier 1 capital: share capital, share premium, retained earnings, 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), Intercommercial Trust and Merchant bank Limited (ITMBL), JMMB Investment (Trinidad and Tobago) Limited (JMMBTT) and AIC Securities Limited (AIC).

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 2015 and 31 March 2014.

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28. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMB	JMMB	JMMBSL	JMMBSL	JMMBIB	JMMBIB
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	J$'000	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**
Tier 1 capital	14,604,539	14,125,307	282	220	85,672	82,908
Tier 2 capital	1,175,487	2,021,228	-	39	-	-
Total regulatory capital	15,780,026	16,146,535	282	259	85,672	82,908
Risk-weighted assets:						
On-balance sheet	107,386,100	94,660,502	302	174	-	-
Foreign exchange exposure	4,427,356	594,078	133	164	-	-
Total risk-weighted assets	111,813,456	95,254,580	435	338	-	-
Actual regulatory capital to risk weighted assets	14%	17%	65%	77%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-

	ITMBL		IBL		JMMBMB	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	TT$'000	**TT$'000**	**TT$'000**	**TT$'000**	**J$'000**	**J$'000**
Regulatory capital –						
Tier 1 capital	23,036	22,389	109,125	106,059	4,581,869	4,541,939
Tier 2 capital	304	369	72,358	11,017	81,256	62,521
Total regulatory capital	23,340	22,758	181,483	117,076	4,663,125	4,604,460
Total required capital	-	-	-	-	2,687,184	2,547,666
Risk-weighted assets –						
On statement of financial position	39,698	46,179	915,240	840,006	24,629,073	22,456,448
Of statement of financial position	-	-	-	-	1,403,279	1,525,902
Foreign exchange exposure	-	-	-	-	839,489	1,694,308
	39,698	46,179	915,240	840,006	26,871,841	25,676,658
Actual regulatory capital to risk weighted assets	59%	49%	20%	14%	17%	18%
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	10%	10%

28. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBFM	
	2015	**2014**
	$'000	**$'000**
Tier 1 capital	241,378	205,803
Tier 2 capital	-	-
Actual regulatory capital	241,378	205,803
Required level of regulatory capital	23,392	16,139
Total risk-weighted assets	167,085	115,258
Tier one capital ratio to total capital	145%	179%

The increase of the regulatory capital in 2015 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.

(iii) The capital requirement of JMMB Investments (Trinidad and Tobago) Limited and AIC Securities Limited is to maintain a minimum capital base of TT$15 million and TT$5 million respectively.

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

29. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

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

When measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of available input data; the Group uses observable data as far as possible. Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There were no transfers between levels during the year.

29. Financial Instruments - Fair Value (Continued)

(b) Techniques for measuring fair value of investment securities classified as Level 2

Type of Financial Instrument	Method of estimating fair value
Cash and cash equivalents, other receivables, resale agreements, accounts payable, repurchase agreements, Bank of Jamaica certificates of deposit	Considered to approximate their carrying values, due to their short-term nature
Units in unit trusts	Prices quoted by unit trust managers
Non-Jamaican sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers.
Government of Jamaica securities	
Traded overseas	Estimated using bid-prices published by major overseas brokers.
Other	Estimated using mid-market prices using JSDA yield curve.
Interest in money market fund	Considered to be the carrying value because of the short-term nature and variable interest rate.
Loans and notes receivable	Considered to be carrying value as the coupon rates approximates the market rate.
Notes payable	Considered to be carrying value as the coupon rate approximates the market rate.

(c) Accounting classifications and fair values

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities are not measured at fair value, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

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29. Financial Instruments - Fair Value (Continued)

The Group

	Loan and receivables $'000	Available-for-sale $'000	At fair value through profit & loss account $'000	Held to maturity $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
	2015									
Financial assets measured as fair value										
Ordinary shares quoted	-	310,937	50,362	-	-	361,299	361,299	-	-	361,299
Ordinary share unquoted	-	-	12,956	-	-	12,956	-	12,956	-	12,956
Certificate of Deposit	-	12,292,110	-	-	-	12,292,110	-	12,292,110	-	12,292,110
Government of Jamaica Securities	-	73,379,391	1,614	-	-	73,381,005	-	73,381,005	-	73,381,005
Credit default swap	-		469,145	8,803,785	-	9,272,930	-	9,272,930	-	9,272,930
Corporate Bonds	-	12,959,832	144,238	-	-	13,104,070	-	13,104,070	-	13,104,070
Foreign Government Securities	-	16,750,687	1,576,640	54,030	-	18,381,357	-	18,381,357	-	18,381,357
Money Market Funds	-	440,819	-	-	-	440,819	-	440,819	-	440,819
Units in Unit Trust	-	75,268	-	-	-	75,268	-	75,268	-	75,268
Other	-	1,294,771	-	-	-	1,294,771	-	1,294,771	-	1,294,771
	-	**117,503,815**	**2,254,955**	**8,857,815**	**-**	**128,616,585**	**361,299**	**128,255,286**	**-**	**128,616,585**
Financial assets not measured at fair value										
Cash and cash equivalent	18,672,388	-	-	-	-	18,672,388				
Security purchased under agreement to resell	272,596	-	-	-	-	272,596		272,596		
Government of Jamaica Securities	22,433,743	-	-	-	-	22,433,743		24,357,087		
Sovereign	213,053	-	-	-	-	213,053		83,357		
Corporate	6,181,731		-	-	-	6,181,731		6,272,813		
Loans receivable	31,924,543	-	-	-	-	31,924,543				
Other receivable	1,245,160	-	-	-	-	1,245,160				
	80,943,214	**-**	**-**		**-**	**80,943,214**				
Financial liabilities not measured at fair value										
Customer deposits	-	-	-	-	38,463,504	38,463,504				
Due to other banks	-	-	-	-	435,032	435,032				
Redeemable preference shares	-	-	-	-	4,228,705	4,228,705				
Other liabilities	-	-	-	-	2,362,486	2,362,486				
Securities sold under agreements to repurchase	-	-	-	-	144,501,658	144,501,658				
	-		**-**	**-**	**189,991,385**	**189,991,385**				

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29. Financial Instruments - Fair Value (Continued)

The Group

	2014									
	Loan and receivables $'000	Available-for-sale $'000	At fair value through profit & loss account $'000	Held-to-maturity $'000	Other financial liabilities $'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
Certificate of Deposit	-	3,213,523	-	-	-	3,213,523	-	3,213,523	-	3,213,523
Government of Jamaica Securities	-	65,231,606	593,812	-	-	65,825,418	-	65,825,418	-	65,825,418
Credit default swap	-	-	663,456	-	-	663,456	-	663,456	-	663,456
Corporate Bonds	-	14,024,803	213,954	8,207,138	-	22,445,895	-	22,445,895	-	22,445,895
Foreign Government Securities	-	18,376,802	922,313	135,840	-	19,434,955	-	19,434,955	-	19,434,955
Money Market Funds	-	513,926	-	-	-	513,926	-	513,926	-	513,926
Units in Unit Trust	-	80,253	-	-	-	80,253	-	80,253	-	80,253
Other	-	834,899	-	-	-	834,899	-	834,899	-	834,899
	-	**102,495,362**	**2,589,394**	**8,342,978**	**-**	**113,427,734**	**402,453**	**113,025,281**	**-**	**113,427,734**
Financial assets not measured at fair value										
Cash and cash equivalent	23,326,420	-	-	-	-	23,326,420				
Security purchased under agreement to resell	652,986	-	-	-	-	652,986		652,986		
Government of Jamaica Securities	25,969,157	-	-	-	-	25,969,157		26,035,681		
Sovereign	195,887	-		-	-	195,887		146,872		
Corporate	6,184,948	-	-	-		6,184,948		5,574,977		
Loans receivable	26,551,175	-	-	-	-	26,551,175				
Other receivable	1,927,206	-	-	-	-	1,927,206				
	84,807,779	**-**	**-**	**-**	**-**	**84,807,779**				
Financial liabilities not measured at fair value										
Customer deposits	-	-	-	-	35,887,750	35,887,750				
Due to other banks	-	-	-	-	283,386	283,386				
Redeemable preference shares	-	-	-	-	4,228,705	4,228,705				
Other liabilities	-	-	-	-	2,068,641	2,068,641				
Securities sold under agreements to repurchase	-	-	-	-	143,302,425	143,302,425				
	-	**-**	**-**	**-**	**185,770,907**	**185,770,907**				

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29. Financial Instruments - Fair Value (Continued)

The Company

	2015									
	Loan and receivables $'000	**Available-for-sale $'000**	**At fair value through profit & loss account $'000**	**Held-to-maturity $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets measured as fair value										
Ordinary shares quoted	-	57,054	-	-	-	57,054	57,054	-	-	57,054
Certificate of Deposit	-	10,830,897	-	-	-	10,830,897	-	10,830,897	-	10,830,897
Government of Jamaica Securities	-	69,598,277	1,614	-	-	65,599,891	-	85,995,355	-	69,599,891
Corporate Bonds	-	5,448,671	144,238	-	-	5,592,909	-	8,469,838	-	5,592,909
Foreign Government Securities	-	123,992	66,069	-	-	190,061	-	403,114	-	190,061
Money Market Funds	-	440,819	-	-	-	440,819	-	440,819	-	440,819
Unit in Unit Trust	-	22,075	-	-	-	22,075	-	22,075	-	22,075
	-	**86,521,785**	**211,921**	**-**	**-**	**86,733,706**	**57,054**	**86,676,652**	**-**	**86,733,706**
Financial assets not measured at fair value										
Cash and equivalent	4,801,893	-	-	-	-	4,801,893				
Security purchased under agreement to resell	13,294,476	-	-	-	-	13,294,476		13,294,476		
Government of Jamaica Securities	16,395,464	-	-	-	-	16,395,464		17,525,815		
Government of Jamaica guarantee	2,876,929	-	-	-	-	2,876,929		2,971,951		
Sovereign	213,053	-	-	-	-	213,053		83,357		
Loans receivable	4,406,134	-	-	-	-	4,406,134				
Other receivable	2,123,701	-	-	-	-	2,123,701				
	44,111,650	**-**	**-**	**-**	**-**	**44,111,650**				
Financial liabilities not measured at fair value										
Notes payable	-	-	-	-	2,370,864	2,370,864				
Redeemable preference shares	-	-	-	-	4,228,705	4,228,705				
Other liabilities	-	-	-	-	424,351	424,351				
Securities sold under agreements to repurchase	-	-	-	-	119,529,981	119,529,981				
	-	**-**	**-**	**-**	**126,553,901**	**126,553,901**				

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29. Financial Instruments - Fair Value (Continued)

The Company

	2014									
	Loan and receivables $'000	**Available-for-sale $'000**	**At fair value through profit & loss account $'000**	**Held-to-maturity $'000**	**Other financial liabilities $'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
Certificate of Deposit	-	2,515,739	-	-	-	2,515,739	-	2,515,739	-	2,515,739
Government of Jamaica Securities	-	60,596,560	593,812	-	-	61,190,372	-	61,190,372	-	61,190,372
Corporate Bonds	-	9,583,062	213,954	-	-	9,797,016	-	9,797,016	-	433,086
Foreign Government Securities	-	84,458	348,628	-	-	433,086	-	433,086	-	433,086
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**	**-**	**-**	**74,547,640**	**51,857**	**74,495,783**	**-**	**74,547,640**
Financial assets not measured at fair value										
Cash and cash equivalent	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	20,030,547	-	-	-		20,030,547		20,010,132		
Government of Jamaica guarantee	2,997,918	-	-	-	-	2,997,918		2,793,397		
Sovereign	195,887	-	-	-	-	195,887		146,872		
Other	4,250	-	-	-	-	4,250		4,278		
Loans receivable	3,468,014	-	-		-	3,468,014				
Other receivable	2,105,891	-	-	-	-	2,105,891				
	49,789,012	**-**	**-**	**-**	**-**	**49,789,012**				
Financial liabilities not measured at fair value										
Notes payable	-	-	-	-	75,464	75,464				
Redeemable preference shares	-	-	-	-	4,228,705	4,228,705				
Other liabilities	-	-	-	-	369,121	369,121				
Securities sold under agreements to repurchase	-	-	-	-	116,464,345	116,464,345				
	-	**-**	**-**	**-**	**121,137,635**	**121,137,635**				

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30. 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. 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 10% 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 31). 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, revealed a funding surplus, a portion of which the trustees allocated to the members' accounts.

The contributions for the year amounted to $128,062,000 (2014: $88,735,000) for the Group and $51,604,000 (2014: $46,673,000) 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.

31. 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 30). 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 2015, for the Group and the company, funds managed in this way amounted to $58,664,469,000 (2014: $37,140,776,000) which includes assets of the Group's pension scheme (Note 30), amounting to $355,920,000 (2014: $105,450,000) for the Group and the company. The financial statements included the following assets held in (liabilities payable to) the managed funds:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Investments	440,819	508,688	410,819	508,688
Interest payable	(57,018)	(553)	(57,018)	(553)
Securities sold under agreements to repurchase	(25,578,798)	(13,080,333)	(25,578,798)	(13,080,333)
Customer deposits	(1,597,611)	(549,951)	-	-

Jamaica Money Market Brokers Limited

32. Contingencies and Commitments

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 $220,925,000 (2014: $113,446,000).

The total annual commitment to be paid is as follows:

	The Group	
	2015	**2014**
	$'000	**$'000**
2015	253,345	134,404
2016	158,542	123,970
2017	150,932	123,773
2018	117,339	117,417
2019	117,077	117,417
Over 5 years	634,997	615,966

Jamaica Money Market Brokers Limited

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33. Group Reorganisation

On 13 April 2015, Jamaica Money Market Brokers Limited under an approved Scheme of Arrangement were delisted from the Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE) and Trinidad & Tobago Stock Exchange (TTSE). Simultaneously the ordinary shares of the new ultimate Parent company JMMB Group Limited were listed on those exchanges. The mechanics of the scheme involved the following:

(i) The 1,630,552,530 existing JMMB ordinary shares held by members of the public being cancelled and simultaneously 1,630,552,530 new ordinary shares issued to JMMB Group Limited, making Jamaica Money Market Brokers Limited (JMMB) a wholly owned subsidiary of JMMB Group Limited (JMMB Group).

(ii) In consideration of the cancellation of the existing JMMB ordinary shares, JMMB Group Limited issued ordinary shares for the benefit of each eligible person (credited and fully paid up) distributed at a rate of one new JMMB Group ordinary share for each cancelled JMMB ordinary share.

(iii) JMMB Group applying and listing its ordinary shares on the JSE, TTSE and BSE:

The main reasons for the reorganisation of the current group structure were as follows:

(i) Several companies within the JMMB Group operate in the financial services sector, and there is a great deal of overlap between some member companies. It is therefore intended that the new Group structure will eliminate those overlaps and allow the combined Group to be optimally structured to take advantage of operational and strategic synergies as well as to reduce costs of administration.

(ii) Inclusion within the combined Group, an entity listed under the Financial Institutions Act of Jamaica (the FIA) and therefore subject to the supervision of the Bank of Jamaica (BOJ) pursuant to Section 29 of the FIA. The combined Group must be structured in a way that permits the BOJ to effectively carry out its supervisory mandate under the FIA. The approved Group structure allows JMMB Group Limited to be an approved financial holding company and facilitates full and unhindered access by BOJ to information from all members of the Group.

There was no financial impact to the Group financial results as a result of the reorganisation.