National Housing Trust
...the key to your home

Annual Report & Financial Statements *2018/2019*

VISION

The NHT will be ranked among the leading housing finance institutions in the world, renowned for customer service and contribution to national development.

MISSION

Improving the quality of life of Jamaicans by facilitating home ownership and community development, particularly among lower income contributors, while ensuring prudent financial management.

CORE *Values*

INNOVATION

To constantly challenge ourselves to identify new approaches to meet the needs of our customers, stakeholders and the organisation.

EXCELLENCE

To apply exceptional knowledge, understanding and creative thinking in our analyses, processes and decision-making.

PROFESSIONALISM

To adhere to a set of principles comprising both formally agreed upon codes of conduct and informal expectations of colleagues, customers and society.

ACCOUNTABILITY

To meet our commitments and accept responsibility for our actions and decisions.

CARING

To treat all persons fairly and with respect.

INTEGRITY

To employ the highest ethical standards, demonstrating honesty, sincerity and fairness in every action or decision.

TEAMWORK

To work collaboratively to achieve the organisation's goals, using individual skills, providing feedback, and treating each colleague with respect.

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Letter to the *Prime Minister*

July 31, 2019

The Most Hon. Andrew Holness, O.N., M.P.
Prime Minister
Jamaica House
Hope Road
Kingston 6

Dear Prime Minister,

In accordance with Paragraph 6 of the First Schedule, referred to in Section 3 of the National Housing Trust Act 1979, I have the pleasure to present the NHT report for the year ended March 31, 2019, and a copy of its Statement of Accounts at March 31, 2019, duly certified by the Auditors.

Yours respectfully,

Lennox Channer
Chairman

7-Year
Statistical Summary

Year Ended March 31,	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Total Assets	291,636,569	275,535,254	254,462,806	236,965,897	220,950,445	206,289,926	194,612,864
Inventories	16,819,342	11,911,675	8,403,520	6,988,501	8,303,657	8,822,275	11,372,815
Loans Receivable	239,090,471	222,052,812	206,056,713	192,964,602	180,909,435	166,336,403	148,065,717
Refundable Contributions	107,965,077	99,168,539	91,251,418	87,816,287	80,658,857	75,539,203	67,971,646
Accumulated Profit+	158,999,953	147,361,777	137,930,098	127,552,754	121,669,927	115,120,488	113,353,683
Results From Operations							
Total Operating Income*	36,358,162	32,005,523	33,803,379	27,127,142	26,954,190	22,604,097	22,800,802
Operating Expenditure	8,505,103	7,284,503	6,526,598	5,638,683	4,968,250	5,106,979	4,290,512
Net Profit/(loss) After Taxation	23,747,627	20,951,054	24,173,070	18,119,330	18,668,454	14,149,563	14,458,141
Financial Ratios							
Average Interest on Loans (%)***	4.8	4.9	4.9	5.1	4.9	4.9	4.8
Yield on Investments (%)*	5.6	5.9	6.9	7.1	7.5	7.4	8.4
Efficiency Ratio (%)*	87.3	68.7	69.9	61.5	61.5	71.3	60.6
Return on Capital (%)	14.2	13.2	16.5	13.7	14.4	11.4	12.5
Return on Assets (%)	8.4	7.9	9.8	8.2	8.7	7.2	7.8
Other Information							
Annual Housing Expenditure	37,514,043	28,426,546	22,392,706	17,899,900	20,001,448	21,485,419	22,607,055
Contributions Received*	37,411,244	31,545,284	30,333,895	24,585,409	23,361,346	21,412,380	19,901,498
Contributions Refunded*	6,175,922	5,514,115	5,268,297	5,090,898	5,339,328	4,437,518	3,908,254
Number of Mortgages Created Since Inception	199,782	192,544	186,210	180,646	174,768	168,744	160,937
Number of Individual Benefits Provided Since Inception	211,262	204,024	197,690	192,126	186,248	180,224	172,420

* Restated for 2018
*** Comprises all loan types: Mortgage, Institutional, Interim Financed etc.

Board of *Directors*

MR. LENNOX CHANNER
BOARD CHAIRMAN

MR. MARTIN MILLER
MANAGING DIRECTOR

MR. O'NEIL WILTON GRANT

SEN. KERENSIA MORRISON

MR. LENNOX CHANNER was appointed Chairman of the NHT Board, effective July 16, 2018. He is currently the Vice President of Accounting at the Jamaica Broilers Group and has previously served in senior management positions at NCB, Digicel and Caribbean Bottlers (Jamaica) Ltd. He is a Fellow of both the Association of Chartered Certified Accountants and the Institute of Chartered Accountants of Jamaica.

A Munro College old boy, Mr. Channer was a 2002 Fulbright Scholar. He holds a BSc. in Actuarial Sciences from the UWI and an MSc. in Decision and Information Sciences from the University of Florida.

MR MARTIN MILLER was appointed Managing Director of the National Housing Trust in October 2016 after acting in the position since August 2013. Before his appointment, he served the Trust as Senior General Manager, Finance. He has been with the Trust since 1984 and has progressed through a variety of positions including that of Assistant General Manager, Treasury Management; General Manager, Finance and Accounting; as well as Chief Financial Officer to his present position.

In addition to his present role of Managing Director, Mr. Miller is one of the NHT's representatives on the Board of Harmonization Limited. A Certified Accountant by profession, Mr. Miller holds an MBA from the University of Manchester and Wales.

MR. O'NEIL WILTON GRANT currently serves as President of the Jamaica Civil Service Association. Additionally, he is a Director of the Jamaica Cooperative Credit Union League, Vice Chairman of First Heritage Cooperative (FHC) Credit Union, Chairman of the FHC Foundation and Director of the FHC Investments Limited.

In the past, Mr. Grant has served as a Director at the Ministry of Agriculture, Vice President of the Caribbean Public Services Association and 1st Vice President of GSB Cooperative Credit Union 2010 - 2011.

SEN. KERENSIA MORRISON works as a Creative Director and Communication Consultant. Passionate about youth advocacy, community development, child welfare, gender and the environment, Senator Morrison is a political representative/Caretaker.

She has served as a teacher with over 13 years of experience and remains committed to facilitating learning which prepares students to excel.

Board of *Directors* continued...

MRS. NESTA-CLAIRE HUNTER

SEN. KAVAN GAYLE, C.D.

MS. DEBORAH A. NEWLAND

MR. DAVID P. WAN

MR. GRANVILLE VALENTINE, C.D.

MRS. NESTA-CLAIRE HUNTER Nesta-Claire Hunter has served as an Attorney-at-Law for the past 25 years and is currently a Partner in the law firm Ernest A. Smith and Company.

Ms. Hunter specializes in Litigation - civil and family matters at the Supreme Court and Court of Appeal as well as Legal Conveyancing. She is a Board Director of the National Insurance Fund and also serves as Chairman of the Board of the Marcus Garvey Technical High School.

SEN. KAVAN GAYLE, C.D. serves as an Executive of the Bustamante Industrial Trade Union (BITU) and was elected as President of the Union in 2007. A member of a Global Trade Union called Union Network International of the Americas, he was appointed to the Senate in 2012.

Senator Gayle is also a member of the Boards of the HEART Trust NTA; the Overseas Examination Commission; The Sugar Industry Authority; and the Labour Advisory Commission.

MS. DEBORAH A. NEWLAND served as Director of the Commercial Division in the Attorney General's Chamber and was seconded to serve as Chief of Staff in the Office of the Prime Minister. She is currently the General Manager, Logistics and Corporate Development at the Development Bank of Jamaica.

A practicing Attorney-at-Law with over 25 years of extensive experience in management, corporate governance and regulatory matters in both the private and public sectors. Ms. Newland has served as member and Chairman on several Government Boards.

MR. DAVID P. WAN works as an Executive in the financial services sector locally and internationally. He has served as Chief Executive Officer in Investment and Stock-broking, Life Insurance and Banking.

Mr. Wan has served on several boards in the banking and tertiary education sector as well as government financial restructuring agencies.

MR. GRANVILLE VALENTINE C.D. is a Trade Unionist and Industrial Relations Consultant who has seen meteoric growth in the labour movement. He currently serves as the General Secretary for the National Workers Union and has worked with the union for the past 17 years.

Mr. Valentine is a Vice President of the Jamaica Confederation of Trade Unions; A commissioner of the Ministry of Labour and Social Security's Overseas Programmes; A member of the Ministry of Finance's Public Sector Monitoring Committee; a member of the Labour Advisory Commission; and a former director of the National Insurance Fund Board.

MR. JEFFERY McGOWAN HALL

MS. ANTHONETTE PATTERSON BARTLEY

MR. DORAN EVAN DIXON, J.P.

MR. RYAN PARKES

MR. JEFFERY McGOWAN HALL currently serves as the Chief Executive Officer of the Jamaica Producers Group Limited. He has practiced banking and securities law in New York as a member of the New York Bar. Recruited by the government to serve as an Intervention Specialist at FINSAC Limited, Mr Hall negotiated the restructuring of Jamaica's banking and life insurance groups.

Mr. Hall is the Chairman of Scotiabank Group in Jamaica, Scotia Investments, Kingston Wharves Limited and the Banana Board. He also serves as Director of Blue Power Group. In the past he has served as a Director of the Jamaica Stock Exchange and the Bank of Jamaica (Jamaica's central bank).

MS. ANTHONETTE PATTERSON BARTLEY has over 20 years of experience as a Nurse and has served as President of the Nurses Association of Jamaica and the Caribbean Nurses Organisation.

A graduate of the University of the West Indies School of Nursing, Ms. Patterson Bartley has used her keen sense of detail and interpersonal skills to achieve academic and professional success.

MR. DORAN EVAN DIXON, J.P. serves as Principal Lecturer at the Mico University College and has over 33 years of experience in teaching education. This two-time President of the Jamaica Teachers Association currently serves as Regional Officer, South Central Region (Clarendon, Manchester, St. Elizabeth) of that organisation and is also a recipient of the Prime Minister's Medal of Appreciation for Service to Education 2017.

Mr. Dixon is a member of the Teacher Services Commission and the National Council on Education. He is also a Certified Mediator at the Parish Court and a Lay Magistrate.

MR. RYAN PARKES has extensive experience in Corporate and Retail Banking and is Chief of Business Banking & Public Sector Engagement at JN Bank Limited.

Mr. Parkes is currently a Director of the Jamaica Mortgage Bank Board and Chairman of its Audit and Finance Sub-Committee. He is also a Past President of the Optimist Club of Knutsford Circle.

CO-OPTED MEMBERS:

The following persons are co-opted to the stated committees of the Board:

MR. GARY-VAUGHN WHITE – Finance & Investment Committee (August 2016)

MR. JUSTIN NAM – Finance & Investment Committee (August 2016)

MR. RICARDO CASE – HRM & Information Technology Committee (November 2016)

Senior Executive *Management*

MARTIN MILLER
Managing
Director

DR. LANIE-MARIE OAKLEY WILLIAMS
Senior General Manager,
Customer Relations Management

DONALD MOORE
Senior General Manager,
Construction &
Development

NEIL MILLER
Senior General
Manager,
Corporate Services

ERROL THOMPSON
Senior General Manager,
Finance

LEIGHTON PALMER
Chief Information Officer

GLADSTONE JOHNSON
General Manager,
Contributions
Management

JOYCE SIMMS WILSON
General Manager, Corporate
Commiunications & Markerting

ERROL HOLMES
General Manager,
Human Resources
Management

LISA MYRIE DAVIS
Chief Internal Auditor

JUDITH LARMOND HENRY
General Counsel &
Company Secretary

MR. LENNOX CHANNER
BOARD CHAIRMAN

Chairman & Managing *Director's Report*

TO OUR CONTRIBUTORS:

At the forefront of NHT's mission has always been the commitment to transform the lives of our contributors by providing them with opportunities to own their homes. Since its inception, the Trust has provided more than 200,000 mortgage loans and delivered approximately 105,000 housing solutions. With continuous review of our products and services and increased public private partnerships, the NHT remains steadfast in ensuring that ***Owning Your Home*** is ***Our Mission***.

MARTIN MILLER
MANAGING DIRECTOR

Three years ago, the Most Honourable Prime Minister Andrew Holness challenged the NHT to significantly increase the number of housing solutions developed for our contributors. After a record number of housing starts in 2017/18, we are pleased to report a total of 6,474 starts for 2018/19, an increase of 22% over the previous financial year. In addition, the NHT surpassed targets in all its key performance areas. This could only have been accomplished through the tireless efforts of a team dedicated to improving the lives of our valued contributors.

In keeping with the thrust to increase contributors' access to housing, the NHT made improvements to its housing benefits policy and introduced new programmes in 2018/2019:

Reduction of waiting time from 15 years to 10 years for home improvement loans for Public Sector Workers (PSW)

Generally, NHT mortgagors are allowed to access a loan to effect repairs to their existing housing unit after 15 years of obtaining a NHT benefit. Effective October 2018, the NHT reduced the waiting period for PSWs to access a second NHT loan to 10 years from 15 years.

Increase in income ceiling for the Housing Microfinance Loan Programme

The Housing Microfinance programme was introduced in August 2017 in partnership with the Credit Unions. The aim was to expand the NHT's reach to low income contributors by improving their access to funds for housing. Since the inception of the programme, approximately 222 loans valued at $135.4M have been facilitated. In 2018/19, the applicable income ceiling was increased from $30,000 per week to $42,000 per week, i.e., persons earning up to $42,000 per week can now access loans under this programme. It is expected that this increase will allow more Jamaicans to access the facility to assist in purchasing solutions, or for deposits, repairs or construction activities.

The NHT is particularly proud of the partnerships established to increase the number of housing solutions delivered yearly, namely, the Developer's Programme, the Guaranteed Purchase Programme and the Employer Assisted Housing Programme.

Developers' Programme

The NHT introduced a new developers' programme in 2018, where lands are made available by the NHT to developers for the construction of low-cost housing solutions for our contributors. The programme is expected to produce an estimated 4,000 housing solutions in the next three (3) years. To date, three developers have been prequalified for the programme and lands at Galina, St. Mary, will be the site of the first project for which proposals are to be submitted.

Guaranteed Purchase Programme

The NHT launched its Guaranteed Purchase Programme (GPP) in November 2018. Under this Programme, the NHT purchases completed units in developments from developers whose units meet certain established criteria. The NHT monitors the construction to ensure structural integrity and compliance with building codes. The completed units will be made available to NHT contributors using NHT financing options for which they have qualified. Through this Programme, the NHT is able to offer greater support to developers, having provided a guaranteed market for the solutions, and assumed most of the market risks. Developers will see significant reductions in holding cost under this programme.

The Programme has been well-received as an important component in energising the construction of residential housing developments within the middle to lower-income segment of the market. Within the first two months of its launch, four projects consisting of 2,143 units were approved by NHT's Board of Directors. Construction commenced during March 2019, with some solutions due for delivery in 2020. The NHT continues to have dialogue with several other developers who have shown interest in this programme.

Employer Assisted Housing Programme

NHT introduced the Employer Assisted Housing Programme (EAHP) to interested employers in the Third Quarter of the 2018/2019 fiscal year. Under this programme, the NHT will partner with employers who wish to provide resources for the construction of housing to the benefit of their staff. The NHT to date has approached over 30 employers and professional associations, who have welcomed our proposal.

FINANCIAL REVIEW:

FINANCIAL MANAGEMENT

TOTAL ASSETS

At the end of 2018/2019, the NHT's assets totalled $291.6B, representing growth of 6% over the previous year. Loan Receivables of $239.1B is the largest component (82%) of the total asset portfolio. A net increase in mortgages written during the period resulted in an increase of 8% in the asset class, thereby influencing the positive movement in the asset portfolio.

Cash and Cash equivalents and, Short Term Deposits and Resale Agreements, declined by 10% and 75% respectively, to $3.6B and $1.8B. Maturing Jamaican dollar deposits and repurchase agreements were used to facilitate the significant increase in housing activities, thus resulting in the decline in short term deposits.

The increased drive to construct more housing solutions for contributors resulted in an overall 41% ($4.9B) increase in the inventories. Work in progress (houses under construction) increased by 86.4% up to $10.7B, chiefly due to construction at the Estuary, St. James; Villages of Colbeck, St. Catherine; Sevens, Clarendon and Industry Cove, Hanover. Land holdings ($5.7B) and value of housing units completed, but not yet sold ($497M) decreased by 1.2% and 16.9%, respectively. The value of works undertaken under the Inner City Housing Project increased by $117M reflecting a 131% increase from the 2017/2018 financial year. This is mainly due to works being undertaken at Metcalfe Street and Maxfield Park in St. Andrew.

Total expenses increased by 24% over last year amounting to $10.26B. This increase is mainly due to the following:

i) increase in Operating Expenses by 16.7% to $8.5B, mainly due to changes to salaries and benefits as negotiated with the Government of Jamaica, and additions to the staff complement to facilitate increases in operational activities.

ii) increase in the allowance for expected credit losses from $81M to $528M as a result of adjustments from IFRS 9, which requires changes in how doubtful debts are provided for.

iii) increase in special subsidies and grants by 114% to $1.0B mainly due to community infrastructure upgrades, increase in amounts allocated to police station refurbishing and, an increase in mortgage subsidies.

OPERATIONAL REVIEW

KEY PERFORMANCE AREAS (KPA)

CONTRIBUTIONS COLLECTIONS

Contributions collected was $3.7B or 10.9% more than budgeted resulting in a total of $37.4B. This amount exceeded the previous year's collections by 19% and resulted chiefly from the higher than expected collection of arrears. Growth in various sectors of the Jamaican economy, e.g. Business Process Outsourcing, Tourism and Construction coupled with improved collection efforts by our compliance staff have also positively impacted the amount collected.

MORTGAGE COLLECTIONS

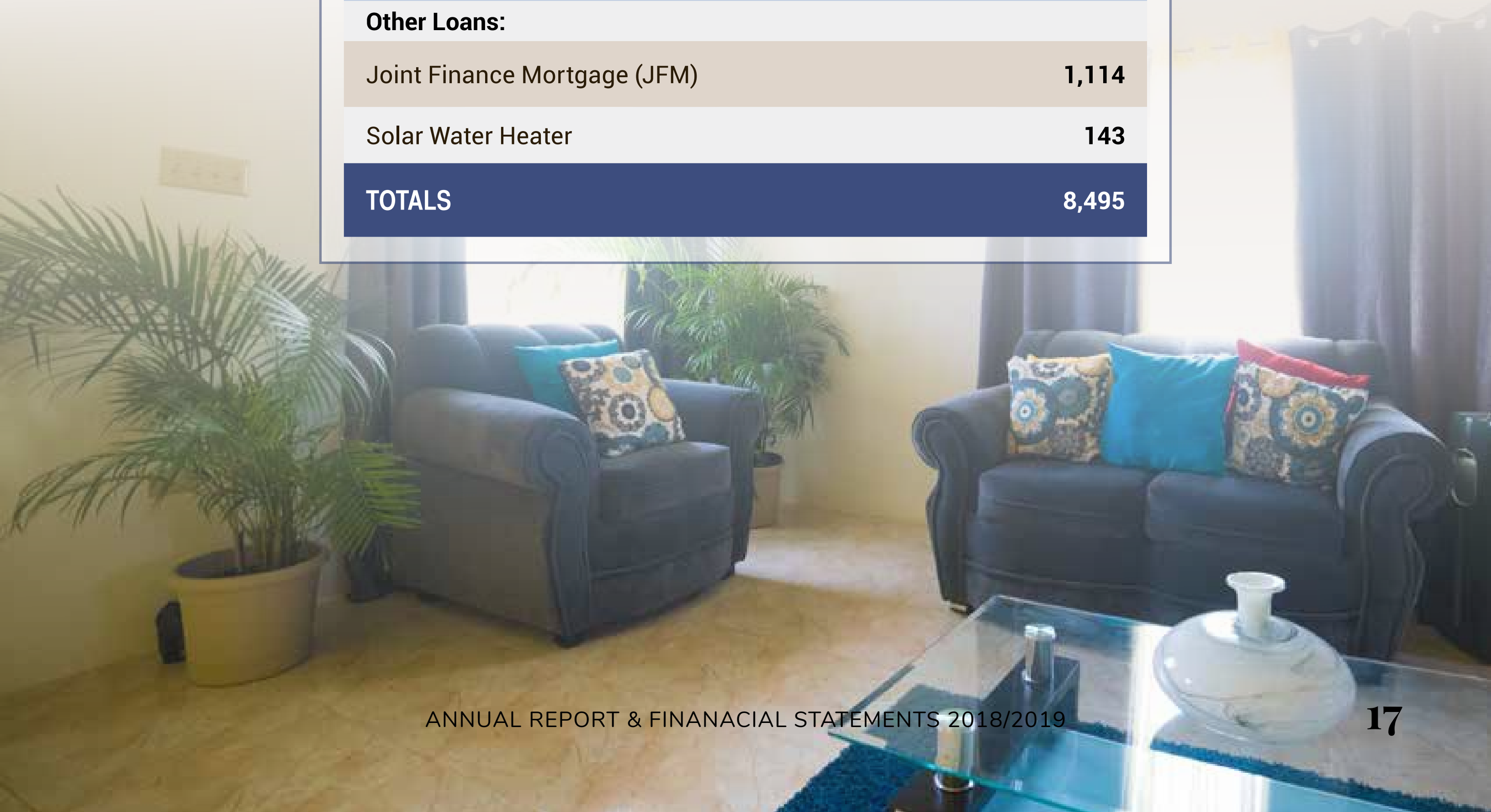
Inflows from the mortgage portfolio totalled $23.1B, exceeding the target by 2% and the previous year's collection by 7% or $1.5B. Increases were recorded in all components of the mortgage portfolio except the Combined Mortgage. Improved collection methods and the efforts of the Trust's staff led to an improved mortgage arrears position (on accounts 90 days and over) of 8.8% at March 31, 2019.

LOANS CREATED

The NHT created 7,238 (main mortgage) loans during 2018/2019, up from 6,935 in the previous financial year, exceeding the target by 4%. These loans were valued at approximately $27B. Higher than expected Open Market and House Lot loans were the main contributors. When loans written for solar water heaters and under the Joint Finance Mortgage programme are added, the total loans written for the year amounted to 8,495.

LOANS CREATED DURING APRIL 2018 – MARCH 2019

BENEFIT TYPE	Number of Loans
MAIN MORTGAGE:	
Build on Own Land (BOL)	**458**
Construction Loan (CL)	**939**
Home Improvement (HI)	**149**
House Lot (HL)	**1,199**
Serviced Lot (SL)	**54**
Open Market (OM)	**3,277**
Scheme (SCH)	**693**
Others	**5**
Fifteen Plus	**464**
SUBTOTAL	**7,238**
Other Loans:	
Joint Finance Mortgage (JFM)	**1,114**
Solar Water Heater	**143**
TOTALS	**8,495**



HOUSING STARTS & COMPLETIONS

HOUSING STARTS

During financial year 2018/2019, construction activities commenced on 1,561 individual benefit loans (Build on Own Land, Construction Loan and Home Improvement) and 16 developments islandwide, yielding 6,474 housing starts. In addition to exceeding the previous year's total by 22%, housing starts exceeded the original target of 5,600 announced by the Prime Minister, by 12%. A major contributing factor to this increase was the implementation of the Guaranteed Purchase Programme (GPP) in the latter half of the financial year. This programme produced 2,270 housing starts in the parishes of St. Catherine, St. Elizabeth and Westmoreland.

HOUSING STARTS APRIL 2018 – MARCH 2019

BENEFIT TYPE	LOCATION	Number of Starts
INDIVIDUAL BENEFITS LOANS:		
Build on Own Land (BOL)	**Various Parishes**	**365**
Construction Loan (CL)	**Various Parishes**	**781**
Home Improvement (HI)	**Various Parishes**	**415**
NHT Developed and Joint Venture Projects		
Windsor	**Trelawny**	**198**
Industry Cove	**Hanover**	**63**
The Estuary 2	**St James**	**1,100**
Jacksonville	**Clarendon**	**84**
Hummingbird Meadows	**Clarendon**	**406**
Friendship – Phase I	**St. Elizabeth**	**246**
Maxfield Park	**St. Andrew**	**210**
Ruthven – Phase 1	**St. Andrew**	**22**
Vineyard Town	**St. Andrew**	**14**
Perth – Phase 1A	**Manchester**	**118**

HOUSING STARTS APRIL 2018 – MARCH 2019 continued

BENEFIT TYPE	LOCATION	Number of Starts
GUARANTEED PURCHASE PROGRAMME PROJECTS		
GPP Projects		
Silver Sun Estate	St. Catherine	1,200
Bernard Lodge	St. Catherine	825
The Orchards	St. Catherine	150
Brompton Manor	St. Elizabeth	54
Savannah Park	Westmoreland	41
NHT Financed Projects		
Foreshore – Phase 2	Kingston	182
TOTAL		**6,474**

HOUSING COMPLETIONS

Despite the increase in construction activities in recent years, the NHT continues to be hampered in the delivery of housing solutions. Delays in approvals, contractor's tardiness, and changes to project scope, resulted in adjustments to delivery targets. Notwithstanding the challenges, 2,098 housing solutions were delivered for the financial year. This amount was 6% more than the target and 12% more than the previous year.

Beneficiary construction projects accounted for the majority of completions (54% or 1,139 solutions) and comprised of Build on Own Land, Construction Loan and Home Improvement projects. Similar to the last financial year, NHT Developed & Joint Venture projects accounted for just over a third (34%) of completions totalling 710 solutions. Two hundred and forty nine (249) units were delivered under NHT's Interim Financed Programme.

HOUSING COMPLETIONS APRIL 2018 – MARCH 2019

BENEFIT TYPE	LOCATION	Number of Completions
INDIVIDUAL BENEFITS LOANS:		
Build on Own Land (BOL)	Various Parishes	258
Construction Loan (CL)	Various Parishes	561
Home Improvement (HI)	Various Parishes	320
NHT Developed and Joint Venture Projects		
Granville	Trelawny	58
The Estuary	St James	366
Longville – Phase III A	Clarendon	38
Longville – Phase II A	Clarendon	89
Darliston	St Elizabeth	3
Barham	Westmoreland	6
Cashew Grove	St James	150
NHT Developed and Joint Venture Projects		
Green Village Country Club	St Catherine	12
Winchester Estate	Hanover	168
The Meadows of Irwin	St James	21
Foreshore	KSA	48
TOTAL		**2,098**

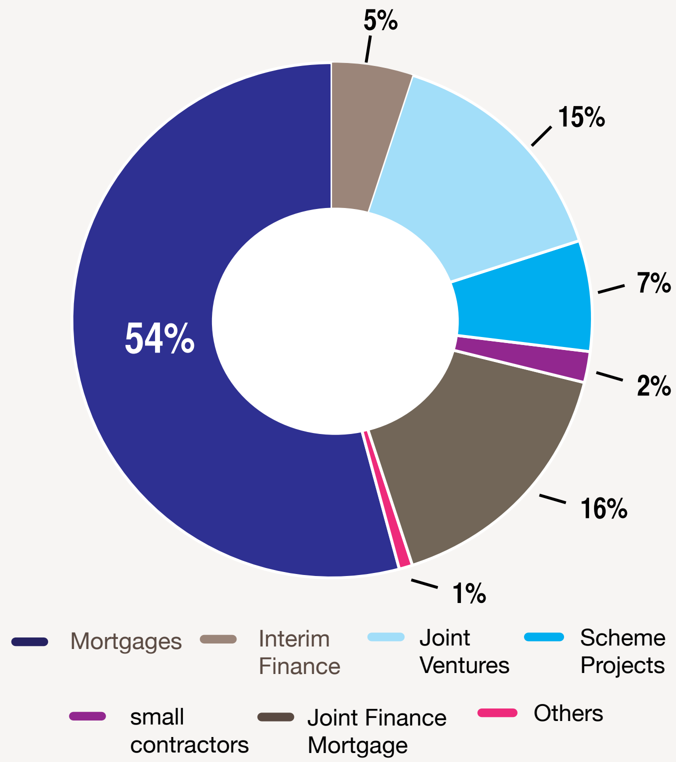
Other Operational Areas

HOUSING EXPENDITURE

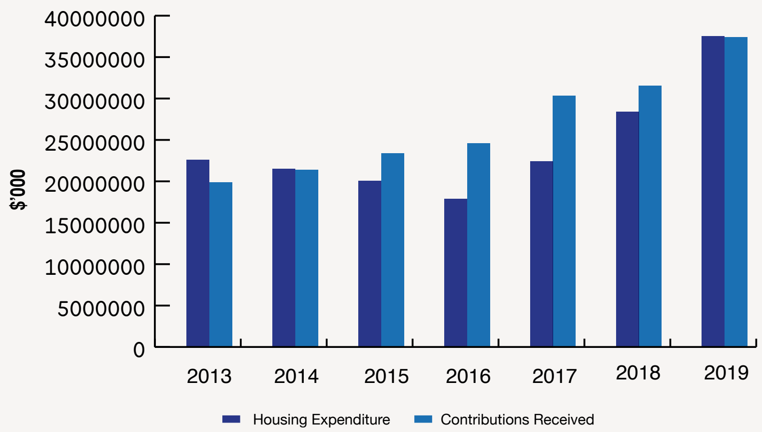
In keeping with the increase in construction activities, housing expenditure for the financial year totalled $37.5B, 32% more than that expended in 2017/2018. The amount expended represents 97% of the budgeted figure for the year and 103% of contributions collected for the year.

Mortgage financing accounted for 70% of total housing expenditure; the remaining 30% (up from 23% last year) was allocated to construction activities as follows: Joint Venture (15%), NHT Projects (9%), Interim Financed Projects (5%), Provisional Sums - including land purchase (1%).

Housing Expenditure 2018/2019



Housing Expenditure vs. Contributions Collected



CONTRIBUTION REFUNDS

In keeping with the provisions of the NHT Act, contributions remitted to the NHT in 2010 and 2011 were refunded during 2018/2019. A total of $6.2B ($662M more than 2017/2018) was refunded to 173,595 contributors.

In the year under review, the NHT embarked on a 3-year information technology strategy to address the current and planned needs of the organisation. Year 1 of the strategy (2018/2019) was earmarked for the stabilization of the IT operating environment, revamping IT organisation & competency, implementation of key governance constructs and the provision of strategic support. Chief among the projects initiated or completed in Year 1 were:

1) Revision of the Contribution Administration & Management System (CAMS). The current system, developed in 2001 to account for contributions, has been outgrown and is now not able to fully support the contributions management process. The revised system is intended to increase efficiencies through speedy reconciliation of payments and returns in order to fully update accounts. This project will be completed by September 30, 2019.

2) Upgrade of iSeries servers. The upgrade was completed in July 2018. The main aim of the project was to refresh the hardware inventory for the main IT environments with consolidation, where possible, to reduce the number of servers, and the utilization of external storage to increase flexibility and efficiency. Additionally, the implemented solution included replication and failover facilities which resulted in higher reliability and availability in the ITC infrastructure with the ability to recover quickly from a wide spectrum of faults and disruptions.

3) Hot site build out. The NHT hosts the greater part of its application and data servers at its Head Office Data Centre. This critical component in the NHT's IT operating environment has been in use for over five (5) years and was not able to fully support current versions of VMware. In addition to upgrading its server infrastructure, the NHT also optimized operations by consolidating storage and processing workloads and reducing operational costs through reduced power consumption, heat generation, and physical space.

Special Projects

In 2016, the Most Honourable Prime Minister announced that the NHT will be undertaking a Housing Scheme Upgrade for selected NHT schemes built between 1976 and 1986. The programme commenced in 2017 and was extended to include schemes built by the Ministry of Housing prior to 1986. Four Billion Dollars ($4.0B) was allotted to the programme and attention was to be given to five priority areas: disaster mitigation, sewage infrastructure, water storage, road improvement and social infrastructure development.

In the year under review, twenty five (25) schemes were selected and a total of $296M was disbursed for the commencement of works. The NHT has partnered with other government agencies/entities for project execution, namely; National Works Agency (NWA), National Water Commission (NWC) and the Ministry of Local Government and Community Development (MLGCD)/ Municipal Corporations.

Community safety and security is an important element in the development of communities. By strengthening public institutions such as the Jamaica Constabulary Force, to deliver efficient and effective services, the goal of safe communities can be achieved. In 2018/2019, NHT allocated $2.0B for the improvement of the physical facilities and living quarters of Police Stations which are within a ten (10) mile radius of an NHT housing scheme. To date a total of $241M has been spent to commence work at the Port Antonio and Buff Bay Police stations and refurbishing of buildings at the Mobile Reserve Barracks. A new two storey building was constructed to house the Shady Grove Police Station in Luidas Vale, St. Catherine. This station was completed and handed over in the latter half of the financial year.

Projects for the Port Maria and Olympic Gardens stations are now in the planning and procurement phase.

Infirmaries are residences of persons, several elderly, who may have contributed to the National Housing Trust (NHT) in earlier years and have fallen on difficult times. At present, the demand for space at infirmaries island-wide is high and there is currently an extensive waiting list. Satisfying this demand has been further hampered as several of these infirmaries are in dire need of repairs. In February 2018, the Ministry of Local Government and Community Development requested NHT's assistance to redevelop infirmaries in the parishes of Manchester, Portland, St. James, Westmoreland and St. Elizabeth. In addition to the refurbishing of these infirmaries, they requested that solar panels be installed in all infirmaries bringing the total amount to be spent on the refurbishing to $200M.

The Memorandum of Understanding for this programme was signed on March 29, 2019, and the first tranche payment to facilitate the commencement of works on these infirmaries was made to the Ministry of Local Government & Community Development in the amount of Sixty Million Dollars (J$60M). Solar Panels will be installed at selected infirmaries; each Infirmary will be outfitted with panels to support at least one building.

Staff Sporting Activities

NHT Sporting teams dominated the arena in the various disciplines in 2018. The NHT Netball team once again experienced the sweet taste of victory by copping the coveted 2018 Florida Netball Classics trophy. At home, the team was also unbeaten in the 2018 Business House Netball Competition reigning supreme as winners of the: Rally Title; Open League Title; Senior A Title and Intermediate B Title.

For the last 5 years, the NHT has mastered their opponents in the T20 version of the Business House Cricket competition and 2018 was no different. The Cricket Team defeated JN Bank 178 to 126 to lift the title.

The Football Team must also be commended for a stellar performance in the Business House Competition. They narrowly missed out on the title with a 5-4 defeat from the Bank of Jamaica. Likewise, our Basketball team once again made it to the finals of the Business House Basketball competition losing to the Bank of Jamaica.

THE YEAR AHEAD

As we continue our efforts to improve the affordability of our contributors and access to our products we intend to pursue the following initiatives in the next financial year:

• Reduced Interest Rates and income bands widened

In keeping with market trends of declining interest rates, the NHT will decrease interest rates for all our mortgagors by 1%. Additionally, we will widen the current income bands to take into account changes in incomes since the last adjustment. This will result in an increase in the ceiling of the lowest interest rate band from $12,000 to $15,000, enabling more persons to access the Home Grant.

• Increased Loan Limits

The loan limit will be increased by 18% from $5.5M to $6.5M in recognition of the fact that construction cost has increased since the last loan limit adjustment.

• Intergenerational Mortgages

These mortgages allow for flexibility in how a family member can support a relative in the acquisition of a NHT property. In this case, it is intended that a younger sibling or child will assume the mortgage obligation, subject to affordability, when the older mortgagor retires or dies.

• Increased Construction Loan Limit for NHT Serviced Lots

The new loan limit will be the difference in the price of an NHT 2 bedroom unit and the price of the Serviced Lot. The limit however, will remain at two times the individual loan limit less the mortgage on the lot in the case of co-applicants. Beneficiaries will be expected to commence construction on the lot within 3 years of the first disbursement. Failure to do so will result in the lot being reverted to the NHT.

Along with the new measures the NHT plans to:

- o Complete 4,714 housing solutions
- o Start 8,640 solutions
- o Create 8,788 loans

It is our sincere hope that through our increased efforts more contributors will be able to realise their dreams of homeownership.

LENNOX CHANNER
Chairman

MARTIN MILLER
Managing Director

Corporate *Governance*

The Board of the National Housing Trust is committed to transparency and a strong sense of fiduciary and social responsibility. The organisation is governed by the NHT Act of 1979; and, in the main, is guided by the Corporate Governance Framework for Public Bodies (CGFPB); the Public Bodies Management and Accountability Act (PBMA); the Financial Administrative and Audit Act; and the Ministry of Finance Circulars. The Prime Minister, who is the portfolio minister for the organisation, spearheads the appointment of the Board, which is done every three years, or as dictated by other exigencies.

COMPOSITION OF THE BOARD

The composition of the Board ranges between nine (9) to 17 members, inclusive of a Chairman. For the financial year, the Board had 13 directors, inclusive of the Managing Director and the new Chairman appointed in July 2018. The names and accompanying biographies are shown elsewhere in this report. There are six (6) sub-committees of the Board, as shown in the following table:

SUB-COMMITTEES OF THE NHT BOARD OF DIRECTORS

SUB-COMMITTEE	MAJOR RESPONSIBILITY	MEETING FREQUENCY
Audit Committee	- Assesses the adequacy and scope of arrangements for the internal and external audit of the accounts of the NHT; - Examines the reports of internal and external auditors in relation to such accounts; - Ascertains what action has been taken in respect of recommendations contained in such reports.	**Quarterly**
Customer Relations Committee	- Reviews and recommends requests from contributors for variations to policies to support their acquisition of housing solutions. - Accepts and make recommendations to the Board regarding any issues emanating from such policies and strategies which have been implemented or proposed by the Customer Relations Management Division (CRM) through NHT's Leadership Team. - Promotes the development of housing communities through monitoring the provision of support services.	**Bi-monthly**
Finance and Investment Committee	- Examines in depth, as appropriate, in association with other Committees, the sources and uses of funds to improve the efficiency and effectiveness of the provision of housing solutions and the long-term viability of the NHT; - Acts in an advisory capacity to the Board of Directors on the overall financial condition of the NHT; - Reviews the short term and long term financing arrangements of the NHT; - Monitors to ensure compliance with and adherence to the Corporate Plan; - Ensures that there is full compliance and adherence with the "Government of Jamaica's" ("GOJ") Procurement Guidelines and Policies in observance of sound business practices on a fair, competitive and transparent basis.	**Bi-monthly**
		continued...

SUB-COMMITTEES OF THE NHT BOARD OF DIRECTORS continued

SUB-COMMITTEE	MAJOR RESPONSIBILITY	MEETING FREQUENCY
Finance and Investment Committee continued...	- Leads the strategic direction of the NHT in the management of material business risks; - Directs and oversees the establishment and implementation of an enterprise risk management framework; - Reviews the effectiveness of the risk management framework in identifying and managing risks and controlling internal processes. - Formulates strategies for improving the NHT's financial position that will facilitate the maximisation of revenue inflows. - Reviews the annual Budgets of the NHT.	**Bi-monthly**
Governance Committee	- Ensures that the NHT operates within the framework of good corporate governance in keeping with the requirements of the Corporate Governance Framework for Public Bodies (CGFPB) and the Public Bodies Management and Accountability (PBMA) Act. It is noted that good corporate governance promotes fairness, transparency, accountability and efficiency and the NHT as an important entity within the public sector is committed to displaying leadership in this area.	**Quarterly**
HRM and Information Technology Committee	- Guides the Board and contribute to strategic policy deliberations, thereby ensuring the optimization of NHT's human capital. - Guides and supports Human Resource policy formulation, implementation and evaluation in general, including but not limited to the provisions of the Human Resource Strategic Plan. The Plan constitutes a framework for the Committee's deliberations and includes policies and strategies relating to recruitment, selection, training and development of employees of the NHT. - Reviews, evaluates and recommends strategies for the technological direction of the NHT.	**Quarterly**
		continued...

SUB-COMMITTEES OF THE NHT BOARD OF DIRECTORS

SUB-COMMITTEE	MAJOR RESPONSIBILITY	MEETING FREQUENCY
Property and Technical Committee	- promotes housing projects to such extent as may from time to time be approved by the Minister; - makes available to such contributors as may be prescribed, in such manner and on such terms and conditions as may be prescribed, loans to assist in the purchase, building, maintenance, repair or improvement of houses; - encourages and stimulates improved methods of production of houses."	**Monthly**

OPERATION OF THE BOARD

The regular schedule for Board meetings is once per month, but may be exceeded or reduced based on eventualities. These, along with sub-committee meetings are held at NHT's Head Office, located at 4 Park Boulevard, Kingston 5. The Committees review matters submitted by Management for consideration and make recommendations to the Board. The Board reserves the right to accept/reject the recommendations of the Committees.

Attendance is registered by the physical presence of Directors or by their communication via teleconferencing. The record for the 2018/19 period shows a total of eleven (11) Board meetings held with attendance as follows:

BOARD ATTENDANCE

CHAIRMAN / DIRECTOR	NUMBER OF MEETINGS ATTENDED
Mr. Lennox Channer	11/11
Mr. Doran Dixon	11/11
Senator Kavan Gayle	9/11
Mr. O'Neil Grant	7/11
Mr. Jeffrey Hall	4/11
Mrs. Nesta-Clare Hunter	11/11
Mr. Martin Miller	11/11
Senator Kerensia Morrison	7/11
Ms. Deborah Newland	10/11
Mr. Ryan Parkes	8/11
Mrs. Anthonette Patterson Bartley	7/11
Mr. Granville Valentine	10/11
Mr. David Wan	5/11

The number of sub-committee meetings varies across the different committees. Attendance during the year was as follows:

SUB-COMMITTEE ATTENDANCE

DIRECTOR	NUMBER OF MEETINGS ATTENDED					
	Audit Committee	Customer Relations Committee	Finance & Investment Committee	Governance Committee	HRM & Information Technology Committee	Properties & Technical Committee
Mr. Lennox Channer	*3/5					
Mr. Doran Dixon		*10/10	5/5	5/5		
Senator Kavan Gayle	3/5				*8/8	
Mr. O'Neil Grant	2/5					*11/12
Mr. Jeffery Hall	*2/3					
Mrs. Nesta-Claire Hunter		10/10		4/5		
Mr. Martin Miller	4/5	8/10	9/9	5/5	8/8	9/12
Senator Kerensia Morrison					4/8	9/12
Ms. Deborah Newland	2/5			*5/5		
Mr. Ryan Parkes			4/9		6/8	8/12
Mrs. Anthonette Patterson Bartley		10/10		2/5	6/8	
Mr. Granville Valentine		4/10			6/8	7/8
Mr. David Wan			*9/9			4/12
Mr. Ricardo A. Case (Co-opted)					3/8	
Mr. Justin Nam (Co-opted)			6/9			
Mr. Gary-Vaughn White (Co-opted)			6/9			

***Denotes Committee Chairman**

Notes:

1. Lennox Channer resigned as Chairman, Audit Committee, July 2018.
2. Jeffery Hall appointed Chairman Audit Committee September 24, 2018.
3. Doran Dixon appointed to Finance & Investment Committee October 22, 2018
4. Granville Valentine appointed the Properties & Technical Committee July 26, 2018

DIRECTORS' INDEMNITY

The NHT provides indemnity coverage for its Directors and Officers duly authorised to act on behalf of the organisation, in the normal execution of their duties and responsibilities. This coverage does not extend to any action that falls outside the remit of the law or the organisation. The coverage is renewed annually.

INTERNAL AUDIT

The Internal Audit Department provides independent and objective oversight that adds value to and improves the organisation's operations. Using a systematic and disciplined approach, the Department monitors the organisation's compliance with legislation; adherence to policies and procedures and operational guidelines, as well as, goal accomplishment against standards. The unit also ensures that controls are tested for robustness; financial requirements and guidelines are maintained; and risks are adequately identified and managed.

Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing (IPPF). Administratively, the unit reports to the Managing Director, while functionally, the Audit Sub-Committee of the Board overseas its performance.

RISK MANAGEMENT

The organisation's risks are managed by the Corporate Risk and Insurance Management Unit, which guides the process of risk identification through to risk mitigation. The tools that support this process are: (1) the Risk Management Policy; (2) NHT's Business Risk Review Manual; and (3) NHT's Risk Reference Guide. The major outputs of the process are the (1) Annual Corporate Risk Profile; (2) the Annual Operational Risk Plans; (3) the Process Risk Assessments; and (4) the Project Risk Assessments.

EXTERNAL AUDIT

External Auditors provide another means of independent and objective evaluation of the organisation's operations, helping to ensure its integrity and financial prudence. They receive direct oversight from the Audit Sub-Committee, which reviews and makes recommendations for their appointment. At the beginning of the 2018/19 financial year, Ernst & Young Services were appointed Auditors for a period of three years.

Corporate Governance Committee

Pictorial
Year In Review

BREAKING NEW GROUND

Windsor Hills

On July 12, 2018, the NHT broke ground at its Windsor Hills development in Trelawny. The development will consist of a mixture of serviced lots and 2 bedroom units

Above: Prime Minister, the Most Hon. Andrew Holness addressing the audience at Windsor Hills.

Left: Joining the Prime Minister and Minister with Portfolio responsibility for the NHT, the Most Hon. Andrew Holness are ***from left:*** Mayor of Falmouth, Colin Gager; Custos of Trelawny, Hon. Paul Muschette; Director Doran Dixon; Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Hon. Karl Samuda; Member of Parliament North Trelawny, Victor Wright and Managing Director Martin Miller.

Industry Cove

The NHT broke ground for a 62 unit development at Industry Cove in Hanover on August 16, 2018.

Above: The Most Hon. Andrew Holness performs the symbolic ground breaking gesture. Joining him are from left: Ian Hayles, Member of Parliament, West Hanover; Lennox Channer, NHT Board Chairman and Martin Miller, NHT Managing Director.

Above: Prime Minister the Most Hon. Andrew Holness and NHT Board Chairman Lennox Channer greet prospective beneficiaries and audience members at Industry Cove.

Monymusk Glades

The groundbreaking ceremony for Monymusk Glades, Clarendon was held on September 12, 2018. The development will comprise 84 Serviced Lots

Above: Senior General Manager for Construction & Development, Donald Moore discuss the site layout with NHT Board Chairman Lennox Channer

Above: Board Chairman, Lennox Channer is joined by ***(from L to R):*** Mayor of May Pen, Winston Maragh; Member of Parliament South East Clarendon, Hon. Rudyard Spencer, CD; Minister of Industry, Commerce, Agriculture and Fisheries, Hon. Audley Shaw, CD; and Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Hon. Karl Samuda.

Friendship Oaks

Ground was broken for 229 serviced lots on October 24, 2018 in Goshen, St. Elizabeth.

Above: Prime Minister Most Hon. Andrew Holness gets ready to symbolically break ground. Joining the Prime Minister from left to right are: Candidate Caretaker North East St. Elizabeth, Basil Waite; Managing Director Martin Miller; Board Director Doran Dixon and Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Hon. Karl Samuda.

Left: Managing Director Martin Miller welcomes the audience to the Friendship groundbreaking ceremony

Maxfield Park

The groundbreaking for the 210 unit development at Park City (Maxfield Park), St. Andrew took place on October 3, 2018.

Above: Prime Minister the Most Hon. Andrew Holness participates in the symbolic groundbreaking at Maxfield Park along with ***from left:*** Deputy Mayor of Kingston and St. Andrew, Winston Ennis; Member of Parliament, Dr. Peter Phillips; Minister without Portfolio, Hon. Karl Samuda; Board Chairman Lennox Channer; Senior General Manager, Construction & Development, Donald Moore and Custos Rotulorum of St. Andrew, Hon. Patricia Dunwell.

Above: Board Chairman, Lennox Channer greets Member of Parliament for East Central St. Andrew, Dr. Peter Phillips. Other members of the gathering ***(from L to R)*** are: Senior General Manager, Construction & Development, Donald Moore; Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Hon. Karl Samuda and Acting General Manager Urban Development Corporation, Heather Pinnock (partially hidden)

Above: Prime Minister Andrew Holness, Dr. Peter Phillips, and Hon. Karl Samuda in a jovial mood at the ground breaking ceremony. At far right is NHT Chairman, Lennox Channer.

HANDING OVER

Longville Vista & Longville Court

The NHT handed over 43 units and 46 serviced lots in Longville, Clarendon on September 12, 2018.

Above: Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Hon. Karl Samuda, CD; NHT Board Chairman, Lennox Channer and Longville beneficiary, Ryan Howard plant a tree in the new development.

Above: Minister of Industry, Commerce, Agriculture and Fisheries, Hon. Audley Shaw, CD celebrates with an elated beneficiary.

Left: Jubilant Longville beneficiaries with ***(from Left)*** Chairman Lennox Channer; Minister of Industry, Commerce, Agriculture and Fisheries, Hon. Audley Shaw, CD; Managing Director Martin Miller and Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Hon. Karl Samuda, CD.

Castlewood

Eighty three (83) two bedroom units were handed over to beneficiaries at the Castlewood development in Granville, Trelawny on October 17, 2018

Above: Prime Minister Andrew Holness presents beneficiaries with the keys to their new home.

Above: New beneficiaries with the Prime Minister, NHT Board Members and NHT Managing Director, Martin Miller.

Above: Board Director, Doran Dixon presents a beneficiary with her Letter of Possession.

PARTNERSHIPS

Scenes from the Stakeholder's breakfast meeting held November 28, 2018 under the theme "Bridging the Gap through Public/Private Partnerships"

Above: Mr. Peter Knight, CEO of the National Environment and Planning Agency (NEPA) addresses the Public/Private Partnership breakfast.

Above: Members of the audience at the Stakeholders breakfast meeting.

Left: Manager, Corporate and Public Affairs, Dwayne Berbick introduces Senior General Manager, Construction and Development, Donald Moore.

SPECIAL PROJECTS

Reconstruction of the Shady Grove Police Station – Luidas Vale, St. Catherine

BEFORE: Shady Grove Police Station

AFTER: Shady Grove Police Station

Work in progress: Port Antonio Police Station

Work in progress: Buff Bay Police Station

STAFF ACTIVITIES

LABOUR DAY

NHT Staff giving a facelift to a section of the Bustamante Children's Hospital that caters to nursing mothers.

Above: A segment of the volunteers at the 2018 Labour Day Project, including Dr. Lanie-Marie Oakley-Williams, SGM-CRM, Dwayne Berbick - Manager, Corporate and Public Affairs, and Donnetta Russell - Manager, Customer Care

SPORTS

The elegant ladies of NHT, winners of the 2018 Business House Netball Competition and Florida Netball Classics

Above: Winners of the Business House T20 Cricket Classic

Above: Quarter finalists in the 2018 Business House Domino Competition

FAREWELL

Dr. Nigel Clarke demitted office as Chairman of the Board of Directors for NHT in March 2018. Members of the Board and the Leadership Team of the NHT bade him farewell in his final meeting in the NHT Boardroom.

Above: General Counsel & Company Secretary, Judith Larmond Henry, presents a citation to Dr. Clarke.

Above: Members of the NHT's Leadership Team pose for a picture with Dr. Clarke.

Directors' *Report*

1. **Statement of Profit or Loss and Other Comprehensive Income for Year Ended March 31, 2019**

	2019	2018
	$'000	$'000
Non-refundable employers' contributions	21,244,950	17,528,745
Interest revenue:		
- Loans	11,354,647	10,933,031
- Investments	1,246,883	1,718,942
	12,601,530	12,651,973
Bonus on employees' contributions	-1,800,103	-1,558,862
Net interest revenue	10,801,427	11,093,111
Fair value gains on investment securities (net)	683,355	183,815
Gains on disposal investment securities (net)	-	143,466
Dividends from equity investments	34,064	26,509
Service charge on loans to beneficiaries	676,664	602,324
Gains on projects (including allowance		-
for impairment)	32,350	38,353
Foreign exchange gain (net)	112,950	-
Miscellaneous	972,299	830,338
	13,313,109	12,917,916
	34,558,059	30,446,661
Operating expenses	8,505,103	7,284,503
Increase in allowance for expected credit losses (net)	528,297	81,033
Loss on disposal of investment securities (net)	1,749	-
Special subsidies and grants	1,059,123	494,368
Government levies	95,765	31,171
Foreign exchange losses (net)	-	334,033
Share of losses of associate	71,311	54,318
	10,261,348	8,279,426
PROFIT BEFORE TAXATION	**24,296,711**	**22,167,235**
Taxation	-549,084	-1,216,181
PROFIT FOR THE YEAR	23,747,627	20,951,054
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
- Transfers from FVOCI	-	1,173,969
Items that will never be reclassified to profit or loss:		
- Remeasurement loss on defined benefit plan	-654,843	-377,397
- Deferred tax on remeasurement loss on defined benefit plan	163,711	94,349
	-491,132	-283,048
Other comprehensive (loss)/income for the year, net of tax	**-491,132**	**890,921**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**23,256,495**	**21,841,975**

2. **The Board of Directors**
   Lennox Channer, Chairman
   Martin Miller, Managing Director
   Anthonette Patterson Bartley
   David Wan
   Deborah Newland
   Doran Dixon
   Granville Valentine
   Jeffrey Hall
   Senator Kavan Gayle
   Senator Kerensia Morrison
   Nesta-Claire Hunter
   O'Neil Grant
   Ryan Parkes

   Co-opted Board Members
   Gary-Vaughn White
   Justin Nam
   Ricardo Case

3. **The Auditors**
   Effective March 6, 2018, Ernst and Young, Chartered Accountants, were appointed auditors for a period of three years.

4. **The Employees**
   The Directors wish to thank the management and staff of the Trust for their hard work during fiscal year 2018/2019.

Financial *Statements*

Contents

Ernst & Young Chartered Accountants
8 Olivier Road, Kingston 8
Jamaica W.I.

Tel: 876 925 2501
Fax: 876 755 0413
http://www.ey.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of National Housing Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Housing Trust ("the Trust"), which comprise the statement of financial position as at March 31, 2019, the statements of profit or loss and other comprehensive income, changes in accumulated fund and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at March 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the National Housing Trust Act ("the Act").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the Trust's financial reporting process.

Building a better working world

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Board of Directors of National Housing Trust (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

Building a better
working world

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Board of Directors of National Housing Trust (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on additional matters as required by the National Housing Trust Act
We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

Ernst & Young

Chartered Accountants
Kingston, Jamaica

July 22, 2019

(Expressed in Jamaica dollars unless otherwise stated)

	Notes	2019 $'000	2018 $'000
ASSETS			
Cash and cash equivalents	6	3,647,689	4,065,931
Receivables and prepayments	7	4,405,128	1,750,971
Short term deposits and resale agreements	8	1,767,868	7,181,665
Non-current assets held for sale	9	1,940	-
Investment securities	10	15,068,156	17,540,552
Taxation recoverable	29(a)	7,076,672	6,842,938
Loans receivable	11	239,090,471	222,052,812
Inventories	13	16,819,342	11,911,675
Intangible assets	14	20,514	3,549
Investments in associate	15	1,113,398	1,106,715
Employee benefits asset	16	1,216,791	1,593,661
Property, plant and equipment	17	1,408,600	1,484,785
Total assets		291,636,569	275,535,254
LIABILITIES AND ACCUMULATED FUND			
LIABILITIES			
Payables and accruals	18	5,618,298	5,508,320
Provisions	19	202,137	130,032
Refundable contributions	20	107,965,077	99,168,539
Taxation payable	29(b)	6,472,138	5,894,443
Deferred tax liabilities	21	351,026	543,348
Employee benefits obligation	16	962,497	814,868
		121,571,173	112,059,550
ACCUMULATED FUND			
Fair value and other reserves	22	-	3,187,825
Mortgage subsidy reserve	23	3,919,758	3,754,599
Peril reserve	24	3,718,737	3,777,426
Loan loss reserve	11,25	3,426,948	5,394,077
Accumulated profit		158,999,953	147,361,777
		170,065,396	163,475,704
Total liabilities and accumulated fund		291,636,569	275,535,254

The accompanying notes from an integral part of these financial statements.

The financial statements were approved for issue by the Board of Directors on July 22, 2019 and signed on its behalf by:

Lennox Channer - Chairman

Martin Miller – Managing Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED MARCH 31, 2019

(Expressed in Jamaica dollars unless otherwise stated)

	Notes	2019 $'000	2018 $'000
Non-refundable employers' contributions	2(c),30(f)	21,244,950	17,528,745
Interest revenue:			
- Loans	30(a)	11,354,647	10,933,031
- Investment securities	30(a)	1,246,883	1,718,942
		12,601,530	12,651,973
Bonus on employees' contributions	30(b)	(1,800,103)	(1,558,862)
Net interest revenue		10,801,427	11,093,111
Fair value gains on investment securities (net)	30(c)	683,355	183,815
Gains on disposal investment securities (net)	30(c)	-	143,466
Dividends from equity investments	30(a)	34,064	26,509
Service charge on loans to beneficiaries	11(r)	676,664	602,324
Gains on projects (including allowance for impairment)	13(b)	32,350	38,353
Foreign exchange gain (net)		112,950	-
Miscellaneous	27	972,299	830,338
		13,313,109	12,917,916
		34,558,059	30,446,661
Operating expenses	30(d)	8,505,103	7,284,503
Increase in allowance for expected credit losses (net)	30(e)	528,297	81,033
Loss on disposal of investment securities (net)	30(c)	1,749	-
Special subsidies and grants	28	1,059,123	494,368
Government levies		95,765	31,171
Foreign exchange losses (net)		-	334,033
Share of losses of associate	15	71,311	54,318
		10,261,348	8,279,426
PROFIT BEFORE TAXATION		24,296,711	22,167,235
Taxation	29(c)	(549,084)	(1,216,181)
PROFIT FOR THE YEAR	30	23,747,627	20,951,054
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
- Transfers from FVOCI	22	-	1,173,969
Items that will never be reclassified to profit or loss:			
- Remeasurement loss on defined benefit plan	16(c)	(654,843)	(377,397)
- Deferred tax on remeasurement loss on defined benefit plan	21	163,711	94,349
		(491,132)	(283,048)
Other comprehensive (loss)/income for the year, net of tax		(491,132)	890,921
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		23,256,495	21,841,975

The accompany notes form an integral part of these financial statements.

(Expressed in Jamaica dollars unless otherwise stated)

	Notes	Fair value and other reserves $'000	Mortgage subsidy reserve $'000	Peril reserve $'000	Loan loss reserve $'000	Accumulated profit $'000	Total $'000
Balance at April 1, 2017		2,936,020	3,378,598	3,831,324	4,957,689	137,930,098	153,033,729
Total comprehensive							
Profit for the year		-	-	-	-	20,951,054	20,951,054
Other comprehensive income for the year		1,173,969	-	-	-	(283,048)	890,921
Total comprehensive income for the year		1,173,969	-	-	-	20,668,006	21,841,975
Recognised directly in accumulated fund:							
Transfer to consolidated fund	26	-	-	-	-	(11,400,000)	(11,400,000)
Transfer to accumulated surplus	22	(922,164)				922,164	-
Transfers	23,24,25	-	376,001	(53,898)	436,388	(758,491)	-
Balance at March 31, 2018		3,187,825	3,754,599	3,777,426	5,394,077	147,361,777	163,475,704
Changes on initial application of IFRS 9	22,39	(3,187,825)	-	-	(1,909,787)	(169,191)	(5,266,803)
Restated balance at April 1, 2018		-	3,754,599	3,777,426	3,484,290	147,192,586	158,208,901
Total comprehensive							
Profit for the year		-	-	-	-	23,747,627	23,747,627
Other comprehensive income for the year		-	-	-	-	(491,132)	(491,132)
Total comprehensive income for the year		-	-	-	-	23,256,495	23,256,495
Recognised directly in accumulated fund:							
Transfer to consolidated fund	26	-	-	-	-	(11,400,000)	(11,400,000)
Transfers	23,24,25	-	165,159	(58,689)	(57,342)	(49,128)	-
Balance at March 31, 2019		-	3,919,758	3,718,737	3,426,948	158,999,953	170,065,396

The accompany notes form an integral part of these financial statements.

(Expressed in Jamaica dollars unless otherwise stated)

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		23,747,627	20,951,054
Adjustments to profit for the year	38	(14,377,008)	(12,266,458)
		9,370,619	8,684,596
Increase in operating assets			
Receivables and prepayments		(2,895,074)	(307,263)
Employees benefit contributions	16	(218,031)	(171,467)
Increase in operating liabilities:			
Payables and accruals		109,978	1,350,606
Cash provided by operations		6,367,492	9,556,472
Dividends received		34,064	26,509
Interest received		12,613,917	12,658,020
Tax paid		(233,734)	(330,747)
Cash provided by operating activities		18,781,739	21,910,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of resale agreements		(2,486,900)	(14,603,701)
Proceeds on encashment of resale agreements		7,893,872	11,465,558
Acquisition of investment securities		(2,176,844)	(2,559,096)
Proceeds on encashment of investment securities		4,258,005	4,605,243
Loans receivable, less recoveries		(20,137,827)	(15,495,852)
Increase in inventories (net)		(4,906,812)	(3,466,508)
Acquisition of property, plant and equipment	17	(155,559)	(200,741)
Investments in associate	15	(77,994)	(87,995)
Proceeds on disposal of property, plant and equipment		-	5,618
Cash used in investing activities		(17,790,059)	(20,337,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions from employees		16,166,294	14,016,539
Refund of employees' contributions		(6,175,922)	(5,514,115)
Transfer to consolidated fund	26	(11,400,000)	(11,400,000)
Cash used in financing activities		(1,409,628)	(2,897,576)
DECREASE IN CASH AND CASH EQUIVALENTS		(417,948)	(1,342,796)
OPENING CASH AND CASH EQUIVALENTS		4,059,657	5,380,129
Effect of foreign exchange rate changes		1,939	4,324
CLOSING CASH AND CASH EQUIVALENTS	6	3,643,648	4,059,657

The accompany notes form an integral part of these financial statements.

(Expressed in Jamaica dollars unless otherwise stated)

1 IDENTIFICATION

National Housing Trust (the Trust) was established in Jamaica in 1976 and became a body corporate under the National Housing Trust Act (the Act) in 1979. The Trust is domiciled in Jamaica and its registered office is at 4 Park Boulevard, Kingston 5.

The functions of the Trust are:

(a) To add to and improve the country's existing supply of housing by:

(i) promoting housing projects to such extent as may, from time to time, be approved by the Minister responsible for the Trust.

(ii) making loans available to contributors to assist in the purchase, building, maintenance, repair or improvement of houses; and

(iii) encouraging and stimulating improved methods of production of houses.

(b) To enhance the usefulness of the funds of the Trust by promoting greater efficiency in the housing sector.

(c) In the exercise of its functions, the Trust shall have power:

I. to provide for:

(i) development projects undertaken by the Trust;

(ii) social services and physical infrastructure for communities developed under the projects;

II. to administer and invest the moneys of the Trust;

III. to enter into loan agreements with borrowers;

IV. to receive and administer funds entrusted to the Trust in accordance with the provisions of the Act:

V. to make refunds and grants to contributors or any category thereof, on such terms and conditions as may be prescribed;

VI. to re-finance from time to time, subject to such restrictions and conditions as may be prescribed, mortgages held by members of any prescribed category of contributors; and

VII. to do such other things as may be advantageous, necessary or expedient for or in connection with the proper performance of its functions under this Act.

National Housing Trust (Special Provisions) Act, 2013 and 2017
In addition to the functions specified in (a) to (c) above, the Trust may provide financing up to a maximum annual amount of eleven billion, four hundred million dollars for the fiscal consolidation in respect of each financial year March 31, 2014 to March 31, 2021.

Financing provided may be by way of distribution, grant or otherwise as the Minister responsible for Finance may determine. This Act is currently in force until March 31, 2021.

(Expressed in Jamaica dollars unless otherwise stated)

2 **CONTRIBUTIONS AND BENEFITS**

(a) The Act requires certain employed persons and their employers, and self-employed persons to make contributions to the Trust.

(b) The benefits (as defined in the Act) in relation to contributions made by employed and self-employed persons are:

(i) loans for housing acquisition or improvement;
(ii) contribution refunds including bonuses awarded in the eighth year after the first contribution year and annually thereafter for each successive year in which contributions were made (see Note 20(a)) and;
(iii) contribution refunds in the event of death, invalidity and other circumstances prescribed.

(c) Each year's contributions made by employers in respect of the period from inception to July 31, 1979 were refundable twenty-five years after the end of the year in which they were made. These amounts have been substantially repaid subject to contributors not being in default of any of the Trust's requirements. Contributions made by employers in respect of periods beginning on or after August 1, 1979 are not refundable and no bonuses are payable on such contributions.

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY**

3.1 **Statement of compliance**

The Trust's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant requirements of the National Housing Trust Act.

Application of new and revised international financial reporting standards (IFRS)

Current year changes
The Trust applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 1, 2018. The Trust has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 *Financial Instruments*
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(i) Classification and measurement
Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Trust's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Trust's business model was made as of the date of initial application, April 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

(Expressed in Jamaica dollars unless otherwise stated)

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Current year changes (continued)

IFRS 9 *Financial Instruments (continued)*

(i) Classification and measurement (continued)

The classification and measurement requirements of IFRS 9 had a significant impact to the Trust. The following are the changes in the classification of the Trust's financial assets:

- Cash and cash equivalents, receivables, short-term deposits, resale agreements and loans receivables previously classified as Loans and receivables that the Trust holds to collect contractual cash flows and which give rise to cash flows representing solely payments of principal and interest are now classified and measured as debt instruments at amortised cost.

- Debt securities previously classified as available-for-sale (AFS) financial assets that the Trust holds to collect contractual cash flows and which give rise to cash flows representing solely payments of principal and interest are now classified and measured as debt instruments at amortised cost.

- Debt securities previously classified as AFS financial assets for which the cash flows are not solely payments of principal and interest are now classified and measured as debt instruments at fair value through profit and loss (FVTPL), irrespective of the business model.

- Equity investments and pooled investment funds previously classified as AFS financial assets are now classified and measured at FVTPL.

The results of the changes in classification and measurement of the Trust's financial assets are discussed in Note 39.

The Trust has not designated any financial liabilities at fair value through profit or loss. There are no changes to the Trust's classification and measurement for its financial liabilities.

(ii) Impairment

The adoption of IFRS 9 has fundamentally changed the Trust's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Trust to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

For all financial assets, the general approach to determining the ECL has been adopted.

The impact of adoption of IFRS 9 in respect of the recognised impairment losses under the general approach is discussed in Note 39.

(Expressed in Jamaica dollars unless otherwise stated)

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Current year changes (continued)

IFRS 9 *Financial Instruments (continued)*

(iii) Hedge accounting

This amendment is not applicable as the Trust does not apply hedge accounting.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 supersedes IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Trust performed an assessment of IFRS 15 and no impact has been noted based on the five step model applied to all contracts with customers.

IFRS 9 *Financial Instruments with* IFRS 4 *Insurance Contracts*
The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board has developed to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are effective for annual periods beginning on or after January 1, 2018. These amendments were not applicable to the Trust.

IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted. The amendments are not applicable as the Trust does not have share-based payments.

(Expressed in Jamaica dollars unless otherwise stated)

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Current year changes (continued)

Annual Improvements *2014-2016 Cycle (issued in December 2016)*
These improvements include:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from January 1, 2018. This amendment is not applicable to the Trust.
- IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

  The amendments clarify that:
  - An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
  - If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

  The amendments should be applied retrospectively and are effective from January 1, 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not applicable to the Trust.

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation or,
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after January 1, 2018. The adoption of this interpretation had no impact on the Trust's financial statements.

(Expressed in Jamaica dollars unless otherwise stated)

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Current year changes (continued)

Amendments to IAS 40 - *Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after January 1, 2018, early application of the amendments is permitted and must be disclosed. These amendments are not applicable to the Trust.

Future changes

The standards and interpretations that are issued, but not yet effective at March 31, 2019 are disclosed below. The Trust intends to adopt these standards, if applicable, when they become effective.

IFRS 16 *Leases*
This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The standard provides guidance on the two recognition exemptions for leases – leases of "low value" assets and short-term leases with a term of 12 months or less. Lessor accounting is substantially the same as IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted but not before the Trust applies IFRS 15. The directors and management have not yet assessed the impact of the application of this standard on the Trust's financial statements.

IFRS 17 Insurance Contracts
The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

(Expressed in Jamaica dollars unless otherwise stated)

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Future changes (continued)

IFRS 17 Insurance Contracts (continued)
IFRS 17 reflects the IAS Board's view that an insurance contract combines features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, the Board developed an approach that:

a) Combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
b) Presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
c) Requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognise all insurance finance income or expenses for the reporting period in profit or loss or to recognise some of that income or expenses in other comprehensive income.

An entity may apply a simplified measurement approach (the premium allocation approach) to some insurance contracts. The simplified measurement approach allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

The directors and management have not yet assessed the impact of the application of this standard on the Trust's financial statements.

Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

The amendments must be applied retrospectively; earlier application is permitted. The amendment provides specific transition provisions if it is only applied in 2019 rather than in 2018 with the remainder of IFRS 9. The amendments are effective for annual periods beginning on or after January 1, 2019. These amendments are not expected to have any impact on the Trust's financial statements.

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have any impact on the financial statements of the Trust.

(Expressed in Jamaica dollars unless otherwise stated)

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Future changes (continued)

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*
In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019, but certain transition reliefs are available.

The directors and management have not yet assessed the impact of the application of this standard on the Trust's financial statements.

IAS 1 and IAS 8 - *Definition of Material - Amendments to IAS 1 and IAS 8*
The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2020 and are not expected to have any impact on the financial statements of the Trust.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

(Expressed in Jamaica dollars unless otherwise stated)

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Future changes (continued)

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (continued)

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments are not expected to have an impact on the Trust's financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. The directors and management have not yet assessed the impact of the application of this standard on the Trust's financial statements.

IFRS 3 *Business Combination - Definition of a Business - Amendments to IFRS 3*

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier application permitted. The amendments are not expected to have any impact on the financial statements of the Trust.

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Future changes (continued)

Annual Improvements 2015-2017 Cycle (issued in December 2017)
These improvements include:

- IFRS 3 Business Combinations
  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are not expected to have an impact on the Trust's financial statements.

- IFRS 11 Joint Arrangements
  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are not applicable to the Trust.

- IAS 12 Income Taxes
  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The directors and management have not yet assessed the impact of the application of this amendment on the Trust's financial statements.

(Expressed in Jamaica dollars unless otherwise stated)

3. **STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND FUNCTIONAL CURRENCY (CONTINUED)**

3.1 **Statement of compliance (continued)**

Application of new and revised international financial reporting standards (IFRS) (continued)

Future changes (continued)

Annual Improvements 2015-2017 Cycle (issued in December 2017) (continued)

- IAS 23 Borrowing costs
  The amendments clarify that an entity treats as part of general borrowings any borrowings original made to develop a qualifying asset when substantially all of the activities necessary to prepare the asset for it intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not applicable to the Trust.

3.2 **Basis of preparation**

These financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value and employee benefits asset and liability which are measured by discounting the future benefits to determine their present values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.3 **Functional currency**

The financial statements are presented in Jamaica dollars, the currency of the primary economic environment in which the Trust operates (its functional currency), expressed in thousands, except when otherwise stated.

4 **SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies are set out below and have been consistently applied for all years presented, unless otherwise stated.

4.1 **Fair value measurement**

The Trust measures certain financial instruments at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.1 **Fair value measurement (continued)**

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Trust's Board of Directors and management determine the policies and procedures for recurring fair value measurement.

At each reporting date, the Trust analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Trust's accounting policies.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.2 **Financial instruments**

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

Financial assets and financial liabilities are recognised on the Trust's statement of financial position when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The fair values of the financial instruments are discussed in Note 34.

(Expressed in Jamaica dollars unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments (continued)

4.2.1 *Financial assets*

a) Classification and measurement

Policy effective April 1, 2018
The Trust's financial assets are classified, at initial recognition, and subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Trust's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the asset.

For purposes of subsequent measurement, the Trust's financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss (FVTPL) (debt and equity instruments)

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Trust. The Trust measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Trust's financial assets at amortised cost includes cash and cash equivalents, receivables, short-term deposits, resale agreements, investment securities and loans receivable.

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.1 ***Financial assets (continued)***

a) Classification and measurement (continued)

Policy effective April 1, 2018 (continued)

Financial assets at amortised cost (debt instruments) (continued)

Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term highly liquid instruments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments (these instruments include short-term deposits where the maturities do not exceed three months from the acquisition date). Cash and cash equivalents are measured at cost.

Resale agreements
Resale agreements are treated as collaterised financing transactions and are recorded at the amount at which the securities were acquired plus accrued interest. The difference between the purchase and resale price is treated as interest income and is accrued over the lives of the agreements using the effective interest method. Resale agreements with maturity of less than three months are included in cash and cash equivalents.

Loans receivable and service charge on loans
Loans receivable
Loans are recognised when funds are advanced/disbursed to beneficiaries. They are initially recorded at fair value, which is the cash given to originate the loan, including any transaction costs, and subsequently measured at amortised cost using the effective interest method.

Service charge on loans to beneficiaries
A fee of 5% to cover processing and administrative expenses is added to the loan amount when granting new mortgages. The difference between the fee income and the related expenses is amortised on the straight–line basis over 2 years.

Financial assets at fair value through profit or loss (FVTPL) (debt and equity instruments)
Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Trust had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are also recognised as dividends from equity investment in the statement of profit or loss when the right of payment has been established.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.1 ***Financial assets (continued)***

a) Classification and measurement (continued)

Policy effective prior to April 1, 2018

These are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by regulation or convention in the market place.

Financial assets are classified into the following specified categories: 'at fair value through profit or loss (FVTPL)', 'loans and receivables' and 'available-for-sale' (AFS). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified at FVTPL where the financial asset is either held for trading or is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Trust manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Trust's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.1 ***Financial assets (continued)***

a) Classification and measurement (continued)

Policy effective prior to April 1, 2018 (continued)

Financial assets at fair value through profit or loss (FVTPL) (continued)

Financial assets at FVTPL are measured at fair value based on quoted prices with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Trust's portfolio of loans and receivables, which includes cash and cash equivalents, resale agreements, loans receivable and other short-term receivables, is measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate except for short-term receivables when the effect of discounting is immaterial.

Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term highly liquid instruments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments (these instruments include short-term deposits where the maturities do not exceed three months from the acquisition date). Cash and cash equivalents are measured at cost.

Resale agreements
Resale agreements are treated as collaterised financing transactions and are recorded at the amount at which the securities were acquired plus accrued interest. The difference between the purchase and resale price is treated as interest income and is accrued over the lives of the agreements using the effective interest method. Resale agreements with maturity of less than three months are included in cash and cash equivalents.

Loans receivable and service charge on loans
Loans receivable
Loans are recognised when funds are advanced/disbursed to beneficiaries. They are initially recorded at fair value, which is the cash given to originate the loan, including any transaction costs, and subsequently measured at amortised cost using the effective interest method.

Service charge on loans to beneficiaries
A fee of 5% to cover processing and administrative expenses is added to the loan amount when granting new mortgages. The difference between the fee income and the related expenses is amortised on the straight–line basis over 2 years.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.1 ***Financial assets (continued)***

a) Classification and measurement (continued)

Policy effective prior to April 1, 2018 (continued)

Available-for-sale (AFS) financial assets

AFS financial investments include equity investments and debt securities. Financial assets classified as AFS are those neither classified as loans and receivables nor designated at fair value through profit or loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates, or market prices.

Securities held by the Trust that are traded in an active market are classified as AFS and are measured at fair value at each reporting date based on quoted bid prices or amounts derived from cash flow models.

AFS equity investments that do not have quoted market prices in an active market and whose fair values cannot be reliably measured are carried at cost less any identified impairment losses at each reporting date.

Changes in the carrying amount of AFS financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of fair value and other reserves in accumulated fund. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value and other reserves is reclassified to profit or loss.

The fair values of AFS monetary assets denominated in a foreign currency are determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss and other changes are recognised in other comprehensive income.

Dividends on AFS equity instruments are recognised in profit or loss when the Trust's right to receive the dividends is established.

b) Impairment of financial assets

Policy effective April 1, 2018
The Trust recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.1 ***Financial assets (continued)***

b) Impairment of financial assets (continued)

Policy effective April 1, 2018 (continued)
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of exposure, irrespective of the timing of the default (a lifetime ECL).

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Trust compares the risk of a default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. In making this assessment, the Trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The estimation of credit exposure for risk management purposes requires the use of complex models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of defaults correlations between counterparties. The measurement of expected credit losses is a function of:

- Probability of default - an estimate of the likelihood of default over a given time horizon;
- Loss given default - an estimate of the loss arising in the case where a default occurs at a given time; and
- Exposure of default - an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

The Trust considers a financial asset to be in default when contractual payments are 90 days past due.

Write-offs are made when all or part of a loan is deemed uncollectible or is forgiven. Write-offs are charged against previously established provisions for credit losses and reduces the principal amount of a loan.

Recoveries in part or in full of the amounts previously written-off are credited to the provision for credit losses in arriving at net profit or loss.

IFRS permits specific loan loss and general allowances based upon the Trust's actual credit loss experience. General provisions are calculated on a portfolio basis based on the Trust's actual write off experience over the last two years. Prudential allowances by management for loan loss requirements are maintained at the higher of 3% of:

(i) the total mortgage loans receivable, less loan financing to developers, and IFRS provision, and
(ii) the total arrears for over 90 days for which allowances are made (Note 11(u)).

The loan loss allowance that is in excess of IFRS requirements is treated as an appropriation of undistributed profit and included in a loan loss reserve (Note 25).

(Expressed in Jamaica dollars unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments (continued)

4.2.1 ***Financial assets (continued)***

b) Impairment of financial assets (continued)

Policy effective prior to April 1, 2018
Financial assets other than those held for trading or at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and other receivables, where the carrying amount is reduced through the use of an allowance account. When such receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously provided for reduce the amount of the allowance account. Subsequent recoveries of amounts previously written off are credited to income. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Loans receivable
A loan is classified as non-performing when, in management's opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest as scheduled. Loans are classified as past due if no payment has been made for over 30 days and non-current if they are non-performing in excess of 90 days.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.1 ***Financial assets (continued)***

b) Impairment of financial assets (continued)

Policy effective prior to April 1, 2018 (continued)

Loans receivable (continued)
A loan is considered impaired when it is in arrears for 90 days and over, and when management determines that it is probable that all amounts due will not be collected according to the original contractual terms. When a loan has been identified as impaired, the carrying amount of the loan is reduced, by recording specific allowances for loan losses, to its estimated recoverable amount, which is the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

The allowance for impairment also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the reporting date. These have been estimated based upon historical patterns of losses on a portfolio basis.

IFRS permits specific loan loss and general allowances based upon the Trust's actual credit loss experience. General provisions are calculated on a portfolio basis based on the Trust's actual write off experience over the last two years. Prudential allowances by management for loan loss requirements are maintained at the higher of 3% of:

(i) the total mortgage loans receivable, less loan financing to developers, and IFRS provision, and
(ii) the total arrears for over 90 days for which allowances are made (Note 11(u)).

The loan loss allowance that is in excess of IFRS requirements is treated as an appropriation of undistributed surplus and included in a loan loss reserve (Note 25).

Write-offs are made when all or part of a loan is deemed uncollectible, and are charged against previously established allowances for loan losses. Recoveries in part or in full of amounts previously written off are credited to loan loss expense in determining profit or loss.

Renegotiated loans
Loans that are either subject to collective impairment assessment or individually significant and for which terms have been renegotiated are no longer considered to be past due and are treated as new loans.

Other
When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.1 ***Financial assets (continued)***

b) Impairment of financial assets (continued)

Policy effective prior to April 1, 2018 (continued)

Other (continued)
For financial assets measured at amortised cost, if in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

c) Derecognition of financial assets

Policy effective April 1, 2018
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Trust's statement of financial position) when:

(i) The rights to receive cash flows from the asset have expired or;
(ii) The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Trust continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.1 ***Financial assets (continued)***

c) Derecognition of financial assets

Policy effective prior to April 1, 2018

The Trust derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Trust retains an option to repurchase part of a transferred asset), the Trust allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4.2.2 ***Financial liabilities***

Financial liabilities are classified as ‘other financial liabilities’. Other financial liabilities are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on the effective interest basis, except for short-term liabilities when the recognition of interest would be immaterial. The Trust’s financial liabilities comprise accounts payable and refundable contributions.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.2 ***Financial liabilities (continued)***

Derecognition of financial liabilities

The Trust derecognises financial liabilities when the Trust's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(a) Payables and accruals

These are measured at amortised cost.

(b) Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows if the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

<u>Restructurings</u>
A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with any ongoing activities of the Trust.

<u>Litigations and claims</u>
In the normal course of business, situations could arise where the Trust may be the defendant in certain litigation matters, claims and other legal proceedings. In such instances provisions will be established for such matters where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. The Trust would remain contingently liable in respect of other litigation matters which are considered to be possible but not probable and thus would not make provisions in these financial statements in respect of those matters.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.2 **Financial instruments (continued)**

4.2.2 ***Financial liabilities (continued)***

(c) Refundable Contributions

Contributions are recorded when received as this is considered the most practical method of dealing with such receipts given the difficulties in determining the number of employers, their outstanding contributions and the likelihood of collections. Accruals are however made for expected collections based on prior period collections.

Employee contributions (including self-employed persons) are refunded with bonus in accordance with the NHT Act as discussed in Note 2(b).

4.3 **Taxation**

Income tax expense represents current and deferred tax.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the statement of profit and loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Trust's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus. Deferred tax liabilities are generally recognised for taxable temporary differences. Deferred tax assets are generally recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in associates, except where the Trust is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

(Expressed in Jamaica dollars unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Taxation (continued)

Deferred tax (continued)
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Trust expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period
Current and deferred tax are recognised in income, except when it relates to items that are recognised in other comprehensive income, in which case the current and deferred tax are also recognised in other comprehensive income.

4.4 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and any other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale and is assigned to inventories held on an average cost basis. Any write down to net realisable value is recognised as an expense in the period in which the write-down or loss occurs. Any reversal up to the previous write-off is recognised in profit or loss in the period in which the reversal occurs.

4.5 Intangible assets

4.5.1 Internally-generated intangible assets and research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Trust's development (or from the development phase of an internal project) is recognised if all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to use the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible assets during its development.

(Expressed in Jamaica dollars unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Intangible assets (continued)

4.5.1 Internally-generated intangible assets and research and development expenditure (continued)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible assets first meet the recognition criteria above.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on the straight-line basis over the estimated useful lives of the intangible assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.5.2 Intangible assets acquired separately

Intangible assets acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is determined on the same basis as for internally-generated intangible assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.5.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in profit or loss when the asset is derecognised.

4.6 Investments in associate

An associate is an entity in which the Trust has significant influence, but not control or joint control, over the financial and operating policies.

The Trust's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost plus changes in the Trust's share of net assets of the associate since the acquisition date. The statement of profit or loss and other comprehensive income reflects the Trust's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of those investees is presented as part of the Trust's OCI. Unrealised gains and losses resulting from transactions between the Trust and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate is prepared for the same reporting period as the Trust. When necessary, adjustments are made to bring the accounting policies in line with those of the Trust.

After application of the equity method, the Trust determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Trust determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Trust recognises the loss in profit or loss.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.6 **Investments in associate (continued)**

Upon loss of significant influence over the associate, the Trust measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.7 **Employee benefits**

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliability.

Defined benefit plan
The Trust has established a defined-benefit pension plan for its employees who have met certain minimum requirements. The plan's assets are separately held and the plan is funded by employee contributions of 5% of pensionable salaries and employer contributions of 7.9% (2018: 8.2%). Employees have the option of contributing an additional 7.1% (2018: 6.8%).

The Trust's net asset in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The calculation of defined benefit obligations is performed annually by a qualified firm of actuaries using the projected unit credit method. When the calculation results in an asset for the Trust, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in other comprehensive income. The Trust determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation/(asset) at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Trust recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.7 **Employee benefits (continued)**

Other post-retirement obligations
The Trust provides medical benefits for its full time employees and pensioners retiring after May 1, 2007. The Trust pays the full cost of benefits for the pensioners. The entitlement to these benefits is based on the employee remaining in service up to the retirement age and the completion of a minimum service period. The cost of providing these benefits is determined using the Projected Unit Credit Method with independent actuarial valuations being carried out at the end of each reporting period. The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation.

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

Leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave for services rendered by employees up to the reporting date and is classified as current or non-current based on when the payment is expected to be made.

4.8 **Property, plant and equipment**

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are recorded at historical cost, less any subsequent accumulated depreciation and any subsequent impairment losses.

Properties in the course of construction for administrative purposes are measured at cost less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised so as to write down the cost of assets (other than land, artwork and properties under construction) to their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.9 **Impairment of tangible and intangible assets**

At the end of each reporting period, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of the fair value less costs 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as income.

4.10 **Peril reserve**

Transfers are made from the accumulated surplus to the peril reserve up to the policy deductible limit to settle insurance claims by mortgage beneficiaries. Claims up to the policy deductible limit are charged to expenses when advised and based on prior claims experience.

4.11 **Related party**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as the “reporting entity” in this case the Trust).

(a) A person or close member of that person’s family is related to the Trust if that person:

(i) has control or joint control over the Trust;
(ii) has a significant influence over the Trust; or
(iii) is a member of the key management personnel of the Trust or of a parent of the Trust.

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.11 **Related party (continued)**

(b) An entity is related to the Trust if any of the following conditions applies:

(i) the entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) the entity is an associate or a joint venture of the Trust (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) both entities are joint ventures of the same third party;
(iv) the entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Trust or an entity related to the Trust;
(vi) the entity is controlled or jointly controlled by a person identified in (i);
(vii) a person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) the entity, or any member of a group of which it is a part, provides key management services to the Trust or the parent of the Trust.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions with related parties are accounted for in accordance with the normal policies of the Trust.

4.12 **Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Trust expects to be entitled in exchange for those goods or services. The Trust has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Contributions
Employers' contributions which are non-refundable are recognised as received and are credited to revenue each year.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest income is recognised on the accrual basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income
Dividend income from equity investments is recognised when the Trust's rights to receive payments have been established (provided that it is probable that the economic benefits will flow to the Trust and the amount of the income can be measured reliably).

(Expressed in Jamaica dollars unless otherwise stated)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4.12 **Revenue recognition (continued)**

Sale of inventory units
Revenue from the sale of inventory units is recognised when all the following conditions are satisfied:

- the Trust has transferred to the buyer the significant risks and rewards of ownership of the units;
- the Trust retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the units transferred;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Trust; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Gains/losses on sale of all units in a housing project are credited to/charged against the profit or loss in the year of occurrence.

Interest and penalties on contributions not paid
The Trust charges interest at the rate of 20% per annum on contributions not paid over on the due dates. A penalty charge of 5% or 500 basis points above the weighted average 6 months Treasury bill rate applicable to the auction last held prior to the earliest date of the debt is applicable once the Trust obtains a judgement in respect of contributions not paid at the due date. A surcharge of 10% per annum is also charged if the debt remains unpaid for longer than one (1) year. Interest and penalties are recorded on the basis of amounts collected.

4.13 **Bonus on employees' contributions**

These are recognised in the profit or loss in the period in which they are due.

4.14 **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Trust as a lessor
Rental income under operating leases is recognised in income on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on the straight-line basis over the lease term.

The Trust as a lessee
Operating lease payments are recognised as an expense on the straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

4.15 **Foreign currencies**

Transactions in foreign currencies are recognised at the rates of exchange prevailing on the dates of those transactions. At each reporting date, monetary items denominated in foreign currencies are converted at the rates prevailing at that date.

(Expressed in Jamaica dollars unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Foreign currencies (continued)

Non-monetary items that are measured in terms of historical costs in foreign currency are not re-translated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. The gain or loss arising on the translation of non-monetary items carried at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. Other exchange gains and losses are recognised in profit or loss for the period in which they arise except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where such exchange differences are regarded as an adjustment to interest cost on foreign currency borrowings.

4.16 Reclassification

Certain balances have been reclassified in prior year to conform with the current year's presentation. These related to the reclassification of certain balances from operating expense to increase in allowance for expected credit losses (net).

5 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Trust's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Security - loans receivable
As indicated in Note 11(u), there are impaired loans held by the Trust amounting to approximately $24.35 billion (2018: $16.73 billion) for which impairment provisions for IFRS purposes amounted to approximately $5.44 billion (2018: $1.75 billion) in respect of loans to beneficiaries, developers, agencies and other institutions approved by the Trust (Note 11(q)). There are additional prudential provisions (loan loss reserve) for mortgage loans through an appropriation of accumulated profit of $3.43 billion (2018: $5.39 billion) (Note 11(v)). Management believes, based on experience, that ultimately outstanding amounts and accumulated interest will be recovered through the realisation of securities, although, as disclosed in Note 12, at year-end the Trust did not hold title deeds to properties securing mortgages and amounts due from developers totalling approximately $12.77 billion (2018: $5.30 billion).

Litigations and claims
As detailed in Note 37, the Trust has recorded a provision of $40 million relating to a judgement handed down by the Court in respect of a developer's claim. A court date is being awaited in respect of the Application of Appeal filed by the Trust.

In making this judgement, management considered the relevant facts and the opinion of the Trust's in-house Counsel.

(Expressed in Jamaica dollars unless otherwise stated)

5 **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)**

Critical judgements in applying accounting policies (continued)

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Trust determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Trust monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Trust's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Key sources of estimates

The following are the key assumptions concerning the future and other key sources of estimates at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Impairment losses on financial assets
Effective April 1, 2018
The measurement of expected credit loss allowance for financial assets not measured at fair value through profit or loss requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Trust's expected credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit loss models that are considered accounting judgements and estimates include:

- The Trust's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios to derive the economic inputs into the expected credit loss models
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default

For known impaired receivables, the Trust also considers the estimated recoverable amount, which is the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

The Trust regularly reviews its internal models in the context of actual loss experience and adjust when necessary.

(Expressed in Jamaica dollars unless otherwise stated)

5 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimates (continued)

Impairment losses on financial assets (continued)
Prior to April 1, 2018
The Trust reviews its loan portfolio to assess impairment on a monthly basis. An allowance for impairment is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due will not be collected according to the original contractual terms. When a loan has been identified as impaired, the carrying amount of the loan is reduced, by recording specific allowances for loan losses, to its estimated recoverable amount, which is the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

Income taxes
Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. Where the final tax outcome of estimates in respect of items deductible or not deductible for tax purposes is different from the amounts that were originally recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made (see Notes 21 and 29). A change of ±10% in the final tax outcome of these estimates would have the effect of approximately $54.91 million (2018: $121.62 million) increase/decrease in the current and deferred tax provisions.

Investment in associate
The Trust's share of associate's profits or losses (Note 15(a)) is based on available financial statements of the associate. The associate's audited financial statements, which usually become available after issuing the Trust's financial statements, may differ significantly from the unaudited figures.

Peril insurance
The Trust maintains a reserve equivalent to the insurance policy deductible limit of US$30 million (2018: US$30 million) to settle insurance claims by mortgage beneficiaries. Generally, claims are not booked immediately upon notification but are accounted for when the claims have been processed and a liability by the Trust is established (see Note 32(b)(i)). Experience has shown that these amounts are usually insignificant to the operations of the Trust, unless there is a one-off significant event such as a natural disaster, in which case, an estimate of potential liability is assessed and booked. This reserve is fully funded by certain securities denominated in United States dollars included in cash and cash equivalents, resale agreements and investment securities (Note 24).

Employee benefits – pension and post-retirement medical obligations
As disclosed in Note 16, the Trust operates a defined-benefit pension plan and provides post-retirement medical benefits. The amounts shown in the statement of financial position are subject to estimates such as discount rates, future rates of salary increases and the mortality rates in respect of the pension plan, as well as inflation rates and rates of increases in medical costs for the post-retirement medical plan.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. The assumptions are reviewed at each reporting date.

The discount rates which are used to determine the present value of estimated cash outflows expected to be required to settle any future pension and medical obligation are determined at each reporting date by reference to an advisory issued by the Institute of Chartered Accountants of Jamaica and the Trust's defined benefit obligation is discounted at a rate set by reference to market yields at the reporting date on high quality corporate bonds or, in their absence, certain Government of Jamaica bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of the bonds include the issue size of the bonds and the quality of the bonds.

(Expressed in Jamaica dollars unless otherwise stated)

5 **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)**

Key sources of estimates (continued)

Employee benefits – pension and post-retirement medical obligations (continued)
For the benefit plan, the benefit is derived using information supplied by the Trust and the Fund managers in relation to full members of the plan. The cost of benefits is derived using premium rates supplied by the Trust in respect of its retirees.

Judgement is also exercised in determining the proportionate share of the medical obligation and cost as well as the extent that the surplus or deficit in the plan may affect the future contributions to the plan.

Details of sensitivity analyses in respect of the defined benefit plans are disclosed at Note 16(f).

Fair value of investment securities - $4.55 billion (2018: $12.05 billion)
In the absence of quoted prices in an active market, management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Trust (Note 34).

Service charge on loans to beneficiaries
These charges are amortised on the straight-line basis over two years which is the average time frame, as estimated by the Trust, where expenses directly related to these charges are incurred. The amount amortised during the year was approximately $676.66 million (2018: $602.32 million) (Note 11(r)).

6 **CASH AND CASH EQUIVALENTS**

	2019 **$'000**	**2018** **$'000**
Jamaican dollars deposits (Note 6(a))	901,812	732,175
Resale agreements:		
- Jamaica dollar (Note 6(b))	651,285	1,893,182
- United States dollar (Note 6(c))	329,896	275,738
Bank balances (Note 6(d))	1,758,340	1,158,315
Cash in hand	6,614	6,521
	3,647,947	4,065,931
Allowance for expected credit losses (Note 6(e))	(258)	-
Cash and cash equivalents	3,647,689	4,065,931
Less interest receivable	(4,299)	(6,274)
Add Allowance for expected credit losses	258	-
Cash and cash equivalents, per statement of cash flows	3,643,648	4,059,657

(a) These deposits bear interest at rates ranging between 2.85% and 3.10% per annum and mature within one month of year end. As at March 31, 2019, the interest receivable included in these deposits amounted to approximately $1.81 million (2018: $2.18 million).

(b) These resale agreements bear interest at rates ranging from 2.75% to 3.10% (2018: 2.50% to 4.30%) per annum, mature within one month (2018: one to three months) of year end and are fully backed by Government of Jamaica securities. At March 31, 2019, the interest receivable included in these agreements amounted to approximately $1.29 million (2018: $3.18 million). The nominal value of the underlying securities at March 31, 2019 was $0.68 billion (2018: $1.98 billion).

(Expressed in Jamaica dollars unless otherwise stated)

6 CASH AND CASH EQUIVALENTS (CONTINUED)

(c) These resale agreements of US$2.61 million (2018: US$2.18 million) bear interest at rates ranging from 2.70% to 3.00% (2018: 1.50% to 1.90%) per annum, mature within one to two months (2018: one to two months) of year end and are fully backed by Government of Jamaica securities and are designated to fund the Trust's peril reserve (Note 24). At March 31, 2019, the interest receivable included in these instruments amounted to approximately $1.20 million (2018: $0.92 million). The nominal value of the underlying securities at March 31, 2019 was US$2.83 million (2018: US$2.30 million).

(d) Bank balances include foreign currency deposits of approximately $367.31 million (US$2.90 million) (2018: $70.33 million (US$0.56 million) at an interest rates ranging from 0.01% to 0.15% (2018: 0.01% to 0.20%) per annum.

(e) Movement in allowance for expected credit losses

	2019 $'000	2018 $'000
Effect of initial application of IFRS 9 (Note 39) and Balance at the beginning of the year (restated)	355	-
Decrease in allowance for the year (Note 30(e))	(97)	-
Balance at the end of the year	258	-

7 RECEIVABLES AND PREPAYMENTS

	2019 $'000	2018 $'000
Staff loans	1,327,193	999,521
Mortgage litigation receivable	100,353	87,585
Death claims recoverable	177,318	200,076
Prepayments	63,563	52,086
NWC/Greenpond – sewage infrastructure receivable	65,952	74,359
Mortgage loan fees receivable	139,116	134,700
Taxes recoverable – other (Note 7(a))	225,968	225,968
Project mobilisation receivable - Guaranteed Purchase Programme (Note 7(b))	1,700,000	-
- other (Note 7(c))	922,181	82,513
Other	190,385	160,147
	4,912,029	2,016,955
Less allowance for expected credit losses (see Note below)	(506,901)	(265,984)
	4,405,128	1,750,971
Classified as:		
Current	3,028,242	712,222
Non-current	1,376,886	1,038,749
	4,405,128	1,750,971

(Expressed in Jamaica dollars unless otherwise stated)

7 RECEIVABLES AND PREPAYMENTS (CONTINUED)

Movement in allowance for expected credit losses

	2019 $'000	2018 $'000
Balance at beginning of the year	265,984	219,980
Increase in allowance for the year	240,917	46,004
Balance at end of the year	506,901	265,984
Comprising:		
Mortgage litigation receivable	100,353	87,585
Mortgage loan fees receivable	139,116	134,700
Guarantee Purchase Programme	127,871	-
Other	139,561	43,699
	506,901	265,984

(a) Approval was granted to the Trust for the payment of General Consumption Tax, transfer tax, stamp duty and property tax applicable to the operations, to be exempted for the period commencing on April 1, 2012 and ending on March 31, 2014. Consequently, the Trust has made claims in respect of amounts paid during the 2012/2013 financial year. During the year ended March 31, 2015, the Trust made a request for the property tax recoverable amount to be offset against current year property tax charges. This request was granted and executed by the Tax Administration of Jamaica's property tax unit during the year ended March 31, 2015.

(b) The Trust entered a four (4) year guaranteed purchased agreement in March 2019 with a developer for the purchase of 1,200 units amounting to $11 billion. The first advance payment of $1.7 billion was made during the year for 200 units. The development will comprise of 2-bedroom housing units located in Innswood, St. Catherine. The Trust holds as security a guarantee issued by an insurance company equivalent to the project moblisation amount.

(c) This represents advances made at the start of a housing project to approved contractors for the construction of housing units. Each project advance represents 10% of the total contract value. The contract determines the repayment terms and amount. The advance is fully recovered before completion of the project.

8 SHORT TERM DEPOSITS AND RESALE AGREEMENTS

	2019 $'000	2018 $'000
Jamaica dollar deposits (Note 8(a))	-	2,955,944
Jamaica dollar repurchase agreements (Note 8(b))	-	1,919,457
United States dollar deposits (Note 8(c))	1,767,891	2,306,264
	1,767,891	7,181,665
Allowance for expected credit losses (Note 8(d))	(23)	-
	1,767,868	7,181,665

(a) These represented agreements which matured within one to six months after year-end, with interest rates ranging between 2.70% to 4.82% per annum. As at March 31, 2018, the interest receivable which was included in these balances amounted to $25.94 million.

(b) These represented instruments which matured within one to six months after year-end with interest rates ranging between 4.00% and 5.40% per annum. As at March 31, 2018, the interest receivable included in these balances amounted to $8.99 million. The fair value of the underlying securities at March 31, 2018 was $2.15 billion. The underlying securities included Government of Jamaica fixed and variable rate Notes as well as Bank of Jamaica certificates of deposits.

(Expressed in Jamaica dollars unless otherwise stated)

8 SHORT TERM DEPOSITS AND RESALE AGREEMENTS (CONTINUED)

(c) These instruments totalling approximately US$13.98 million (2018: US$18.24 million) mature within one to six months (2018: one to six months) after year-end with interest rates ranging between 2.20% and 4.15% (2018: 1.50% and 3.00%) per annum and are designated to fund the Trust's peril reserve (Note 24). As at March 31, 2019, the interest receivable included in these balances amounted to $12.99 million (2018: $8.47 million). The fair value of the underlying securities at March 31, 2019 was US$18.10 million (2018: US$21.91 million). The underlying securities include Government of Jamaica fixed and variable rate Notes as well as Bank of Jamaica certificates of deposits.

(d) Movement in allowance for expected credit losses

	2019 $'000	2018 $'000
Effect of initial application of IFRS 9 (Note 39) and Balance at the beginning of the year (restated)	5,741	-
Decrease in allowance for the year (Note 30(e))	(5,718)	-
Balance at the end of the year	23	-

9 NON-CURRENT ASSET HELD FOR SALE

Land and building acquired in the year 1995 was transferred to assets held-for-sale during the year. This follows the commitment of the Trust to sell property located at Lot 47 Manchester Avenue, May Pen, Clarendon. The proposed sale price is $32 million and a deposit of $3.20 million was received at year end from the purchaser. The expected close date is May 2019.

	2019 $'000	2018 $'000
Net book value (Note 17)		
Land	500	-
Building	1,440	-
	1,940	-

10 INVESTMENT SECURITIES

	2019 $'000	2018 $'000
Securities at fair value through profit & loss (FVTPL) (Note 10(a))	6,510,675	-
Securities measured at amortised cost (Note 10(b))	8,557,481	-
Available-for-sale securities (Note 10(c))	-	17,540,552
	15,068,156	17,540,552
Classified as:		
Current	3,122,021	4,215,714
Non-current	11,946,135	13,324,838
	15,068,156	17,540,552

(Expressed in Jamaica dollars unless otherwise stated)

10 **INVESTMENT SECURITIES (CONTINUED)**

(a) Securities at fair value through profit or loss (FVTPL)

	2019 $'000	2018 $'000
National Road Operating & Construction Company (NROCC) 4.50% Infrastructure Inflation Indexed Bond (Note 10(a)(i))	4,205,320	-
Pooled Investments Funds		
Sagicor Jamaica Limited – Universal Investment Policy	346,680	-
Equity securities		
Quoted - Jamaica and Barbados Stock Exchanges	1,958,675	-
	6,510,675	-

(i) Inflation Indexed Bonds represents National Road Operating & Construction Company Limited (NROCC) 4.5% Real Return Bonds. They are denominated in Jamaican dollars and mature on February 6, 2032. Interest on the Bonds is paid semi-annually in arrears and is accrued at a rate of 4.5% per annum on the inflation adjusted principal. Under the terms of the agreement, the principal is adjusted for inflation on the Jamaican "All Group" Consumer Price Index (CPI). The principal and interest are paid by the Government of Jamaica. The Trust has the option to convert the bonds to NROCC shares at redemption.

As at March 31, 2019, interest receivable included in these balances amounted to $25.99 million .The inflation adjustment to principal for the year amounted to $91.09 million.

(b) Securities at amortised cost

	2019 $'000	2018 $'000
Euro Bonds US$16,466,582 with nominal values of US$14,431,524 held at interest rates of 8.00% to 9.375% per annum maturing in 2024/2025 to 2038/2039 (Note 10(b)(i))	2,082,364	-
Treasury bills at interest rates of 1.85% to 2.00% per annum, maturing 2019/2020	199,312	-
University of the West Indies ("UWI") Senior Secured Corporate Notes at interest rate of 5.67% (2018: 5.67% per annum), maturing 2019 to 2020 (Note 10(b)(ii))	21,395	-
GOJ Variable Rate Benchmark Notes at interest rate of 4.635% per annum maturing 2024/2025	100,145	-
GOJ Fixed Rate Accreting Notes (FRAN) at interest rate of 10% per annum, maturing 2028/2029 (Note 10(b)(iii))	4,375,738	-
Bank of Jamaica Certificates of Deposits US$14,341,246 with nominal values of US$14,209,500 at interest rates of 3.55% to 5.50% per annum, maturing 2019/2020 to 2023/24 (Note 10(b)(i))	1,813,594	-
	8,592,548	-
Allowance for expected credit losses (Note 10(b)(v))	(35,067)	-
	8,557,481	-

(i) These investment securities are designated to fund the Trust's peril reserve (Note 24).

(Expressed in Jamaica dollars unless otherwise stated)

10 **INVESTMENT SECURITIES (CONTINUED)**

(b) Securities at amortised cost (continued)

(ii) These notes are secured by:

- Assignment of tuition fees of the 'full paying' Bachelor of Medicine and Bachelor of Science students, such funds to be held in a designated account maintained at National Commercial Bank Jamaica Limited (NCB);
- Assignment of tuition fees of the 'Government Subsidised' medical students, such funds to be held in a designated account maintained at NCB;
- Irrevocable Letter of Undertaking from UWI to deposit all monthly subvention proceeds received from the Government of Jamaica and due to the Mona Campus, to a designated account maintained at NCB;
- Debt Service Reserve Account with NCB, maintaining a minimum of 3-months of interest payment requirement; and
- Any other security documentation that may be required by the Arranger and agreed to by the Trust.

(iii) On February 12, 2013, the Government of Jamaica (GOJ) announced a National Debt Exchange (NDX) offer initiated through the Ministry of Finance and Planning with an expiration date of February 21, 2013. The NDX involved a par-for-par exchange of certain domestic debt instruments ("old notes") or in the case of Fixed Rate Accreting Notes (FRAN), an $80 FRAN for each $100 of old notes issued by the GOJ for new longer dated debt instruments ("new notes"). The new notes had a variety of payment terms, including but not limited to fixed and variable rates in Jamaica dollars, CPI-indexed in Jamaica dollars and fixed rates in United States dollars. Participation in the NDX was voluntary and open to Jamaican resident holders.

With the FRAN, the $20 foregone will accrete until it is fully recovered prior to maturity, starting in 2015/16. During the year an additional $201.48 million (2018: $118.99 million) was accreted.

(iv) At March 31, 2019, interest receivable included in debt securities amounted to $97.91 million.

(v) Movement in allowance for expected credit losses

	2019 $'000	2018 $'000
Effect of initial application of IFRS 9 (Note 39) and Balance at the beginning of the year (restated)	76,512	-
Decrease in allowance for the year (Note 30(e))	(41,445)	-
Balance at the end of the year	35,067	-

(c) Available-for-sale securities

	2019 $'000	2018 $'000
Inflation Indexed Bond carried at amortised cost (Note 10(c)(i))	-	4,071,258
Various securities carried at fair value (Note 10(c)(ii))	-	13,469,294
	-	17,540,552

(i) Inflation Indexed Bonds represents National Road Operating & Construction Company Limited (NROCC) 4.5% Real Return Bonds. They are denominated in Jamaican dollars and mature on February 6, 2032. Interest on the Bonds is paid semi-annually in arrears and is accrued at a rate of 4.5% per annum on the inflation adjusted principal. Under the terms of the agreement, the principal is adjusted for inflation on the Jamaican "All Group" Consumer Price Index (CPI). The principal and interest are paid by the Government of Jamaica. The Trust has the option to convert the bonds to NROCC shares at redemption. The bonds are carried at amortised cost as there was no practicable way of determining fair value.

(Expressed in Jamaica dollars unless otherwise stated)

10 **INVESTMENT SECURITIES (CONTINUED)**

(c) Available-for-sale securities (continued)

(i) (continued)

As at March 31, 2018, interest receivable included herein amounted to $27.30 million. The inflation adjustment to principal for the year amounted to $183.82 million.

This investment was subsequently classified to FVTPL upon adoption of IFRS 9 on April 1, 2018 (See Note 10(a) and Note 39).

(ii) Various securities comprise:

	2019 $'000	**2018 $'000**
Pooled Investment Funds		
Sagicor Life of Jamaica Limited – Universal Investment policy	-	341,650
Equities		
Quoted – Jamaica Stock Exchange and Barbados Stock Exchange	-	1,417,222
Unquoted	-	234
	-	1,417,456
	-	1,759,106
Debt securities		
Euro Bonds US$14,283,403 with nominal values of US$11,044,762 held at interest rates of 8.00% to 9.375% per annum maturing in 2018/2019 to 2038/2039 (Note 10(b)(i))	-	1,799,566
Treasury bills at interest rates of 2.90% to 6.30% per annum, maturing 2018/2019	-	685,471
University of the West Indies ("UWI") Senior Secured Corporate Notes at interest rate of 5.67% per annum, maturing 2018/2019 to 2019/2020 (Note 10(b)(ii))	-	64,345
Government of Jamaica (GOJ) Fixed Rate Benchmark Notes at interest rate(s) of 7.25% per annum maturing 2021/2022 (Note 10(b)(iii))	-	54,755
GOJ Variable Rate Benchmark Notes at interest rate of 3.73% per annum maturing 2024/2025	-	100,358
GOJ Fixed Rate Accreting Notes (FRAN) at interest rate of 10% per annum, maturing 2028/2029 (Note 10(b)(iii))	-	5,730,451
Bank of Jamaica Certificates of Deposits US$16,600,341 with nominal values of US$16,569,500 at interest rates of 3.55% to 5.50% per annum, maturing 2018/2019 to 2023/24 (Note 10(b)(i))	-	2,091,477
Bank of Jamaica Fixed Rate Certificates of Deposits at interest rates of 6.05% to 6.10% per annum, maturing 2017/2018	-	1,183,765
	-	11,710,188
	-	13,469,294

At March 31, 2018, interest receivable included in debt securities amounted to $88.73 million.

These investments were subsequently classified to debt securities at amortised cost upon adoption of IFRS 9 on April 1, 2018 (See Note 39).

(Expressed in Jamaica dollars unless otherwise stated)

11 LOANS RECEIVABLE

	2019 $'000	2018 $'000
(a) Loans to beneficiaries selected by the Trust (Note 11(g))		
Mortgage loans (Note 11(h))	188,655,236	174,175,848
Loans for which mortgage processing is incomplete (Note11(i))	6,514,903	3,803,085
Loans through financial institutions (Note 11(j))	1,452	18,210
Loans through joint venture programme (Note 11(k))	104	112
	195,171,695	177,997,255
Less: Allowance for expected credit losses (Note 11(q))	(3,214,455)	(1,228,261)
	191,957,240	176,768,994
Less: Unexpired service charges (Note 11(r))	(1,295,637)	(1,038,779)
	190,661,603	175,730,215
(b) Loans on behalf of beneficiaries selected by Agencies approved by the Trust (Note 11(l)):		
Jamaica Teachers' Association Housing Co-operative Limited (Note 11(l)(i))	5,428	7,214
Housing Agency of Jamaica (HAJ):		
Repayable in 10 years at 0% per annum (Note 11(l)(ii))	441,511	441,511
Repayable in 10 years at 0% per annum (Note 11(l)(iii))	-	75,793
Repayable in 10 years at 0% per annum (Note 11(l)(iv))	31,120	31,120
Repayable in 10 years at 0% per annum (Note 11(l)(v))	97,045	200,653
Repayable in 10 years at 0% per annum (Note 11(l)(vi)	33,902	33,902
	603,578	782,979
Joint financing mortgage programme (Note 11(l)(vii))	42,487,455	37,992,298
Special loans to churches through joint financing – Hurricane Ivan (Note 11(l)(viii))	78,620	102,441
Jamaica Defence Force (Note 11(l)(ix))	7	5,554
Housing micro finance loan programme (Note 11(l)(x))	151,294	42,481
Other institutions	130,315	143,612
	43,456,697	39,076,579
Less: Allowance for expected credit losses (Note 11(q))	(401,801)	-
	43,054,896	39,076,579
Balance carried forward	233,716,499	214,806,794

(Expressed in Jamaica dollars unless otherwise stated)

11 LOANS RECEIVABLE

	2019 $'000	2018 $'000
Balance brught forward	233,716,499	214,806,794
(c) Loan financing to developers (Note 11(m))	3,306,094	4,293,386
Less: Allowance for expected credit losses (Note 11(q))	(1,588,122)	(521,166)
	1,717,972	3,772,220
(d) University of the West Indies (Note 11(n))		
Loan 1	397,690	419,616
Loan 2	1,809,126	1,883,760
	2,206,816	2,303,376
Less: Allowance for expected credit loss (Note 11(q))	(191,705)	-
	2,015,111	2,303,376
(e) Jamaica College Trust (Note 11(o))	40,504	41,578
Less: Allowance for expected credit loss (Note 11(q))	(2,983)	-
	37,521	41,578
(f) SCJ Holdings Limited (Note 11(p))	500,000	-
Less: Allowance for expected credit loss (Note 11(q))	(37,609)	-
	462,391	-
Interest receivable	1,140,977	1,128,844
Total	239,090,471	222,052,812
Classified as:		
Current	10,207,922	10,386,228
Non-current	228,882,549	211,666,584
	239,090,471	222,052,812

(Expressed in Jamaica dollars unless otherwise stated)

11 **LOANS RECEIVABLE (CONTINUED)**

(g) The rates of interest payable on these loans to beneficiaries range from 1% to 7% (2% to 8% prior to May 2010) except for new mortgagors aged 55 years or more who access their loans at rates 2% lower than the rate they would normally receive based on their income bands.

These new mortgagors should, however, have contributed for a minimum of ten years. Public sector workers receive an additional 1% reduction in their interest rates which will be in place for the foreseeable future. The loans, together with interest thereon, are repayable in monthly instalments over periods ranging up to a maximum of 40 years.

(h) Mortgage loans of $188.66 billion (2018: $174.18 billion) include loans totalling $5.09 billion (2018: $476.43 million) relating to certain schemes for which parent titles have been or will be surrendered to the Registrar of Titles in order for the splinter titles to be prepared. The Trust is taking steps to ensure that all splinter titles are received for such schemes.

(i) The loans for which mortgage processing is incomplete relate to housing schemes developed by the public sector, for which land titles are not available. Titles are required for each lot of land in the schemes in order to register the names of the beneficiaries and the mortgages given by the Trust.

(j) Loans through financial institutions refer to mortgage credit certificates granted to beneficiaries who are in a position to obtain additional funds from financial institutions and other organisations. Under this programme, the value of a mortgage credit certificate should not exceed the ceiling for the respective benefit type and the funds are advanced to the participating institutions for which the Trust is issued promissory notes and, in the case of building societies, share certificates.

(k) Loans through joint venture programme are loans granted to beneficiaries who are in a position to obtain additional funds from their employers to enable them to purchase housing units.

Under this programme the Trust and the participating employer provide financing on an equal basis equivalent to ninety percent (90%) of the sale price of the units with the employee paying a deposit of 10% (see Note 12(i)).

(l) Loans to beneficiaries selected by agencies approved by the Trust

(i) This loan to Jamaica Teachers' Association Housing Co-operative Limited (JTAHC) is secured by the assignment to the Trust of mortgages in the name of JTAHC and the title deeds to the relevant properties were deposited with the Trust. The loan is repayable over a period of 25 years, which commenced July 1, 2000, with interest rates ranging from 3% to 18% per annum.

(ii) This loan is repayable in monthly instalments over a 25 year period which commenced January 1, 2001. Interest was chargeable at 5% per annum and was payable in monthly instalments from January 1, 1997. The loan is secured by the transfer of mortgages by Housing Agency of Jamaica (HAJ) to the Trust. During 2014/2015 the interest rate on the loan was revised from 5% to 3% per annum, with monthly repayment of $4.50 million up to 2025, consequent on a request by HAJ. Interest rate was further reduced to 0% during 2017/2018.

(iii) The Trust entered into an agreement in 2001 to make the sum of $1.1 billion available for the purpose of providing shelter solutions for beneficiaries under the HAJ - Operation PRIDE portfolio. The loan was for a period of 15 years which commenced November 2001, and was repayable, with interest, in instalments of $8.69 million per month.

(Expressed in Jamaica dollars unless otherwise stated)

11 **LOANS RECEIVABLE (CONTINUED)**

(l) Loans to beneficiaries selected by agencies approved by the Trust (continued)

(iii) (continued)

During 2007/2008, the interest rate on the loan was reduced from 8% to 3% per annum with monthly repayments of $5.32 million to the year 2023, consequent on a request by HAJ to reschedule the loan. Interest rate was further reduced to 0% during 2017/2018.

The loan was secured by:

- transfer of mortgages in respect of the Greater Portmore portfolio.
- duplicate certificates of title in respect of the Greater Portmore portfolio retained by the Trust.

The loan was settled during the year.

(iv) An amount of $180 million was advanced to HAJ in October 2001, for the purpose of providing shelter solutions for persons who fall within the social housing segment of the housing market and who reside in several depressed communities in Jamaica. No payment has been received over the past twelve (12) months.

In 2014/2015, the loan was rescheduled to mature in 2025 based on request from HAJ.

This loan is secured by a letter of undertaking from the Ministry of Finance and Planning, which has undertaken to repay the full amount of principal, plus interest, if the HAJ is unable to do so. Interest rate was further reduced to 0% during 2017/2018.

As at March 31, 2019, a full provision is in place for the outstanding loan balance.

(v) The Trust entered into an agreement to make the sum of $800 million available for the purpose of providing shelter solutions for beneficiaries under the HAJ - Operation PRIDE portfolio.

During 2007/2008, the interest rate on the loan was reduced from 8% to 3% per annum with repayments extended to the year 2025, consequent on a request by HAJ to reschedule the loan. Interest rate was further reduced to 0% during 2017/2018.

The loan is secured by:

- A letter of undertaking from the Ministry of Finance and Planning, which has undertaken to repay the full amount of principal plus interest, if the HAJ is unable to do so.
- Transfers of mortgages in respect of the Greater Portmore portfolio and mortgage over property at Barrett Hall Estate.
- Duplicate Certificates of titles in respect of the Greater Portmore portfolio and Barrett Hall Estate retained by the Trust.

(vi) The loan is for a sum of $88.71 million for the purpose of co-financing 279 mortgages in the Greater Portmore Project. The loan is for a period of 15 years and the principal is repayable in 180 equal monthly instalments. Interest is repayable monthly in arrears on the first business day in each calendar month and payments commenced August 2002. Interest was charged at 8% per annum or such other rate as the Trust may from time to time notify the HAJ. The loan is secured by mortgage over land at Barrett Hall Estates registered at Volume 1308 Folio 438. During 2014/2015, the interest rate on the loan was reduced from 8% to 3% per annum with monthly repayment of $0.34 million to 2025 consequent on a request by HAJ to reschedule the loan. The interest rate was further reduced to 0% during 2017/2018.

(Expressed in Jamaica dollars unless otherwise stated)

11 **LOANS RECEIVABLE (CONTINUED)**

(I) Loans to beneficiaries selected by agencies approved by the Trust (continued)

(vii) Joint financing mortgage programme

The Trust entered into an agreement to invest funds with participating institutions for the sole purpose of the institutions on lending these funds to qualified contributors of the Trust. Accounts are maintained by the institutions through sub-accounts bearing the name of the Trust with the applicable rate of interest. The purpose of the agreement is to assist the contributor in owning a home that shall be mortgaged to the participating financial institutions as security for the funds on-lent.

The participating institutions include:

- JN Bank Limited (formerly The Jamaica National Building Society)
- The Victoria Mutual Building Society
- First Caribbean International Bank (formerly First Caribbean International Building Society)
- Sagicor Life Jamaica Limited
- Scotia Jamaica Building Society
- Sagicor Bank Jamaica Limited
- National Commercial Bank Jamaica Limited
- Scotiabank Jamaica Limited
- First Global Bank Limited

Sagicor Bank Jamaica Limited, National Commercial Bank Jamaica Limited and Scotiabank Jamaica Limited were introduced as a new participating institutions in August 2016, August 2017 and October 2017, respectively. First Global was introduced to the programme in March 2019.

Further, these participating institutions are liable to the Trust for the full amount of the monthly obligation irrespective of whether the amounts have been recovered or collected from the relevant beneficiaries through the mortgage payment.

The obligations of the participating institutions are secured by:

- power of attorney to assign and transfer the mortgaged properties
- assignment of all rights, titles and interest in the securities.

The interest rates and repayment terms on these loans are the same as given to beneficiaries selected by the Trust.

(viii) Special loans to churches through joint financing – Hurricane Ivan

In 2005/06, the Trust entered into an agreement with participating institutions to provide funds to assist churches in the repair of church buildings damaged by Hurricane Ivan.

The existing participating institution is Victoria Mutual Building Society. JN Bank Limited (formerly Jamaica National Building Society) closed its facility with the Trust during the year.

Interest is charged at a rate of 5% per annum to the Participating Institution for on-lending at a rate of 7% per annum to borrowers who qualify based on the criteria determined by the relevant participating institution (routed through one of the umbrella groups of churches – the Jamaica Council of Churches). The total loan to the participating institutions is for a period of fifteen (15) years with a one (1) year moratorium in respect of principal and interest repayments, computed from the first disbursement to the participating institutions.

(Expressed in Jamaica dollars unless otherwise stated)

11 **LOANS RECEIVABLE (CONTINUED)**

(l) Loans to beneficiaries selected by agencies approved by the Trust (continued)

(viii) Special loans to churches through joint financing – Hurricane Ivan (continued)

The obligations of the participating institutions are secured by:

- powers of attorney to assign and transfer the mortgaged properties
- assignment of all rights, title and interest in the securities.

(ix) Jamaica Defence Force (JDF)

The Trust entered into an agreement with the Ministry of Finance and the Public Service in 2003 to make the sum of $80 million available to the JDF to be utilised exclusively for the JDF. The loan is repayable over 15 years in 180 equal monthly instalments at an interest rate of 8% per annum.

The loan is issued under the Loans Act. A certificate was received from the Financial Secretary certifying that the GOJ had sufficient borrowing capacity for the disbursement of the loan pursuant to the said loan agreement.

(x) Housing Micro Finance Loan Programme
The Trust entered into an agreement with participating institutions to provide funds to low income contributors to help with their housing needs. The maximum loan amount of $850,000 can be accessed for repairs or improvement to their existing homes as well as to build their own homes. Funds are made available for on-lending to current and new contributors through approved Credit Unions islandwide. The loans are offered at 9% per annum unsecured and 4.5% per annum secured for a loan term of 6 months to five years.

Further, these participating institutions are liable to the Trust for the full amount of the quarterly obligation irrespective of whether the amounts have been recovered or collected from the borrower on a monthly basis.

The obligations of the participating institutions are secured by:

- Power of attorney to assign and transfer the mortgaged properties
- Assignment of all rights, titles and interest in the securities.

The approved participating institutions are as follows:

- Educom Cooperative Credit Union
- Community & Workers of Jamaica (C&WJ) Cooperative Credit Union
- Jamaica Police Cooperative Credit Union

(m) Loan financing to developers

This represents the total amount of financing provided to public and private developers, inclusive of interest charged during the construction period at rates ranging from 5% to 12% per annum. The loans are secured by title deeds over properties.

(Expressed in Jamaica dollars unless otherwise stated)

11 **LOANS RECEIVABLE (CONTINUED)**

(n) University of the West Indies (UWI)

Loan 1
This loan was disbursed in March 2003 for the construction of student housing. This graduated loan is for a period of 25 years at an interest rate of 8% per annum. The repayment will increase by 5% per annum for the first nine years, thereafter; it will be based on the straight-line method.

The security for the loan is:

(i) A letter of undertaking from the Ministry of Finance and the Public Service, which has undertaken to repay the full amount of principal, plus interest, if UWI is unable to do so.
(ii) Assignment of a bank account containing fees paid for accommodation by the students in respect of the buildings constructed.

Loan 2
The loan in the sum of $1.40 billion was disbursed in June 2011 for the construction of student housing. This graduated loan is for a period of 25 years at an interest rate of 8% per annum. The repayment will increase by 3% per annum for the first nine (9) years, thereafter; it will be based on the straight-line method.

In July 2012, the Trust approved an additional construction loan in the amount of $331.85 million. The Trust also approved a reduction of the interest rate in the construction loan from 8% per annum to 5% per annum. The other terms and conditions of the agreement remain unchanged.

The security for the advance is:

(i) Leasehold mortgage in respect to land contained in Volume 1065 Folio 940.
(ii) Assignment of rental and/or payments arising from the use of units constructed with the loan, which payments are due to the borrower from the occupiers of the 600 single and double bedrooms and shared facilities, which have been constructed for the use by the undergraduate students and are located within a cluster of three existing Halls of Residence and the 400 self-contained studio apartments.

(o) Jamaica College Trust

The Trust entered into an agreement with the Jamaica College Trust (JCT) in 2012 to make the sum of $45 million available to the JCT to be utilised exclusively for the purpose of constructing studio apartments together with such necessary infrastructure to accommodate teachers.

Repayment of the principal sum of the loan and interest shall be made in twenty-five (25) years representing three hundred (300) equal consecutive monthly instalments on the first day in each calendar month of every year. Interest on the loan is computed at a fixed rate of five percent 5% per annum or such other rates as the Trust may from time to time notify the Jamaica College Trust.

The obligations of the participating institution are secured by:

(i) First Legal Mortgage over the Project Land.
(ii) Assignment of the rental and/or payments arising from the use and occupation of the studio units constructed with the loan.
(iii) Assignment of the Performance Bond.
(iv) Assignment of adequate insurance coverage to mitigate loss such as contractors all risk, peril, public liability and employers’ liability during the period of construction.
(v) Assignment of insurance coverage at the full insurable value over the building constructed with the loan.

(Expressed in Jamaica dollars unless otherwise stated)

11 **LOANS RECEIVABLE (CONTINUED)**

(p) SCJ Holdings Limited

This represents a loan of $500 million disbursed in June 2018. The loan is for a period of 1 year at 0% interest. The loan is secured by land.

(q) The movement in the allowance for expected credit losses is as follows:

	Mortgage Loans $'000	Development Financing $'000	Agencies $'000	Other $'000	Total $'000
Balance at April 1, 2017	1,185,591	493,603	-	-	1,679,194
Increase in allowance for the year	7,466	27,563	-	-	35,029
Recovery on charge off loans previously written off	62,023	-	-	-	62,023
Write-off during the year	(26,819)	-	-	-	(26,819)
Balance at March 31, 2018	1,228,261	521,166	-	-	1,749,427
Effect on initial application of IFRS 9 (Note 39)	1,293,669	1,544,538	420,657	195,461	3,454,325
Balance at April 1, 2018 (restated)	2,521,930	2,065,704	420,657	195,461	5,203,752
Increase/(Decrease) in allowance for the year	740,138	(423,478)	(18,856)	36,836	334,640
Recovery on charge off loans previously written off	38,891	-	-	-	38,891
Write-off during the year	(86,504)	(54,104)	-	-	(140,608)
Balance at March 31, 2019	3,214,455	1,588,122	401,801	232,297	5,436,675

(r) Unexpired service charge on loans to beneficiaries:

	2019 $'000	2018 $'000
Balance at beginning of the year	1,038,779	916,872
Additions during the year	933,522	724,231
Amortisation to profit or loss	(676,664)	(602,324)
Balance at end of the year	1,295,637	1,038,779

(s) Approval process and quality of receivables

Before approving a loan, the Trust uses an evaluation system to assess the potential borrowers' eligibility in order to determine if they satisfy the qualifying requirements for a loan from the Trust, and to determine the maximum amount of loan they can afford to borrow from the Trust. For institutional loans, the process involves a comprehensive analysis of the institution's financial standing and its ability to fund its portion of the proposed development (where applicable). The Trust places strict limits on the percentage of the total development cost that it is willing to finance. 86.22% (2018: 84.10%) of the loans to beneficiaries which are neither past due nor impaired are considered to be of good quality.

(Expressed in Jamaica dollars unless otherwise stated)

11 **LOANS RECEIVABLE (CONTINUED)**

(s) Approval process and quality of receivables (continued)

The joint financing mortgage programme accounts for 98.77% (2018: 97.23%) of the total category of loans to beneficiaries selected by agencies of the Trust and 17.77% (2018: 17.11%) of the total loans receivable (net of allowance for impairment). There is no other loan category with a balance that represents more than 5% of the total loan balance.

Of the total loans to beneficiaries selected by the Trust, there are no loans to any beneficiary in excess of 5% of that category.

(t) Past due loans

Past due but not impaired
Included in the Trust's loans to beneficiaries balance are debtors with a carrying amount of $29.53 billion (2018: approximately $11.16 billion) which are past due at the reporting date and for which the Trust has not made an impairment allowance, as there has not been a significant change in the beneficiaries' credit quality and the amounts are still considered fully recoverable.

As at the reporting date, the aging of loans receivable that were past due but not impaired was as follows:

	2019 $'000	2018 $'000
31 – 60 days	28,066,739	7,351,898
61 – 90 days	1,459,043	3,808,420
	29,525,782	11,160,318

(u) Loans past due and impaired

As at the reporting date, the aging of loans receivable that were past due and impaired was as follows:

	2019 $'000	2018 $'000
Current – 30 days	1,798,238	-
31 – 60 days	208,717	-
61 – 90 days	2,169,636	-
Over 90 days	20,171,307	16,731,357
Total impaired loans	24,347,898	16,731,357

The movement in ECL of the portfolio is driven by the size of the portfolio, movements between stages as a result of change in credit risk and general economic conditions adjusted for forward looking factors.

Allowances have been made in respect of these loans to the extent that management believes the balances outstanding will not be fully recovered through realisation of the securities held. Security values utilised in the determination of allowances are based on proxy value estimates developed by the Trust's technical department (see Note 5, impairment losses on loans and advances).

(Expressed in Jamaica dollars unless otherwise stated)

11 **LOANS RECEIVABLE (CONTINUED)**

(v) Allowance for impairment

The provision for credit losses determined based on the Trust's actual credit loss experience is as follows:

	2019 $'000	2018 $'000
Prudential allowance set by management	7,275,501	6,622,338
IFRS allowances:		
Specific allowances	3,848,553	1,216,742
General allowances	-	11,519
Total IFRS allowances on mortgage loans (Note 11(q))	3,848,553	1,228,261
Excess over IFRS allowances on mortgage loans reflected in loan loss reserve (Note 25)	3,426,948	5,394,077

(w) Loans to beneficiaries renegotiated

Features of these loans include extended payment arrangements, modification to interest rates and deferral of payments. Following restructuring, a previously overdue beneficiary account is reset to a normal status and managed together with other similar accounts. Policies and practices in respect of these activities are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review.

As at March 31, 2019, loans totalling $649.44 million (2018: $911.43 million) were renegotiated which would have otherwise been past due or impaired.

12 **STATUS OF SECURITIES FOR FINANCING FOR DEVELOPERS AND LOANS TO BENEFICIARIES**

The Trust does not hold title deeds as security in respect of the following loans:

		2019 $'000	2018 $'000
(i)	Loans through joint venture mortgage programme (Note 11(k))	104	112
(ii)	Other loans (Note 12(a))		
	Mortgage loans to beneficiaries:		
	- Schemes for which splintering of parent titles is in process or has not yet commenced	5,094,384	476,428
	- Schemes for which mortgage processing is incomplete and land titles are not available	6,514,903	3,803,085
	- Non-scheme loans (Note 12(b))	661,534	502,839
		12,270,821	4,782,352
	Finance for housing construction projects	502,724	521,166
		12,773,545	5,303,518
	Total	12,773,649	5,303,630

(Expressed in Jamaica dollars unless otherwise stated)

12 **STATUS OF SECURITIES FOR FINANCING FOR DEVELOPERS AND LOANS TO BENEFICIARIES (CONTINUED)**

(a) It has been an established policy of the Trust to carry out housing projects on lands owned by the Government of Jamaica or its approved agencies without first registering mortgages on the land on which the houses are constructed. This has been done to minimise delays and to keep the cost of a housing unit to a minimum. In this respect, obtaining land titles, sub-division plans and splinter titles takes place during construction, and after the housing projects are completed and houses handed over to beneficiaries. While this results in certain construction finances and mortgage loans not being secured in the interim, management does not consider that the lack of security for finances provided under these programmes will have a material impact on the financial statements.

(b) Certain non-scheme loans are secured on the basis of a Letter of Undertaking by respective attorneys-at-law to provide the land titles when they become available.

13 **INVENTORIES**

	2019 **$'000**	**2018** **$'000**
Land held for housing development	5,695,085	5,770,059
Housing under construction	10,716,099	5,749,561
Housing units completed but not allocated	496,972	598,356
Inner City Housing Project (Note 13(a))	205,908	89,276
	17,114,064	12,207,252
Less: Allowances for impairment losses and subsidies	(294,722)	(295,577)
	16,819,342	11,911,675

The movement in the allowance for impairment is as follows:

	2019 **$'000**	**2018** **$'000**
At beginning of year	295,577	337,224
Decrease in allowance during the year	(855)	(41,647)
At end of year	294,722	295,577

(a) Inner City Housing Project

The primary aim of the Inner City Housing Project (ICHP) is to "transform inner city areas into attractive and sustainable neighbourhoods through a combination of new housing and the refurbishment of existing housing stock."

The ICHP is being undertaken as a distinct and separate programme, though complementary project, under the broader Government of Jamaica's Urban Renewal Programme.

The Trust is the financier of the project and has overall responsibility for planning, project management and administration.

The units being provided under the ICHP are in the form of studios and starter units. The units are sold by the Trust to qualified borrowers. The Trust provides a substantial subsidy and recoups the balance of the investment through the granting of mortgages.

(Expressed in Jamaica dollars unless otherwise stated)

13 **INVENTORIES (CONTINUED)**

(b) (Gains)/Losses on inventory projects during the year amounted to:

	2019 $'000	2018 $'000
Sale of units	(3,271,174)	(1,803,028)
Cost of units sold	3,137,080	1,765,192
Net gain on disposal of units	(134,094)	(37,836)
Write-back of allowance charged for year	(855)	(41,647)
Loss on Trust projects	62,599	41,130
Litigation expenses (Note 19(a))	40,000	-
	(32,350)	(38,353)

14 **INTANGIBLE ASSETS**

	2019 $'000	2018 $'000
Cost		
At the beginning of the year	189,001	189,001
Transfer from property, plant and equipment (Note 17)	28,945	-
At the end of the year	217,946	189,001
Amortisation		
At the beginning of the year	185,452	183,070
Charge for the year	11,980	2,382
At the end of the year	197,432	185,452
Carrying amount	20,514	3,549

This consists primarily of software purchased and developed, the costs of which are being amortised over three years. Amortisation charged for the year is included in operating expenses in the statement of profit and loss and other comprehensive income.

(Expressed in Jamaica dollars unless otherwise stated)

15 INVESTMENTS IN ASSOCIATE

	2019 $'000	2018 $'000
Cost of investments	490	490
Loans (including accrued interest) (Note 15(b)):		
Opening advances	1,740,206	1,652,211
Advances during the year	77,994	87,995
Total advances	1,818,200	1,740,206
Provision for impairment loss	(383,969)	(383,969)
	1,434,231	1,356,237
Share of associate's losses:		
Balance at beginning of year	(250,012)	(195,694)
Share of loss for the year	(71,311)	(54,318)
Balance at end of year	(321,323)	(250,012)
	1,113,398	1,106,715

(a) Details of the associate as at March 31, 2019 are as follows:

Name of associate	Place of Incorporation and operation	Proportion of ownership	Proportion of voting power held	Principal Activities
Harmonisation Limited	Jamaica	49.50%	49.50%	Land investment and development
(i) Wholly-owned subsidiary – Silver Sands Estate Limited	Jamaica			Rental of resort accommodation
(ii) 49% associated company – Harmony Cove Limited	Jamaica			Property development

Summarised financial information in respect of the associate is as follows:

	(Unaudited) 2019 $'000	(Audited) 2018 $'000
Total assets	2,701,853	2,662,175
Total liabilities	(3,346,647)	(3,181,648)
Net liabilities	(644,794)	(519,473)
Trust's share of associate's net liabilities	(319,173)	(257,139)
Revenue	10,816	15,618
Loss for the year	(128,674)	(117,179)
Trust's share of associate's loss for the year, net of adjustments	(63,694)	(58,004)

Land, which has a value of $5.76 billion (2018: $5.76 billion), is included in total assets at a cost of $119 million.

(Expressed in Jamaica dollars unless otherwise stated)

15 **INVESTMENTS IN ASSOCIATE (CONTINUED)**

(b) Due to an amendment to the Shareholders Agreement, as of April 1, 2009, the Trust no longer accrues interest on the amounts advanced to Harmonisation Limited.

16. **EMPLOYEE BENEFITS**

The Trust operates two post-retirement employee benefit arrangements:

- The National Housing Trust Staff Pension Plan ("staff pension plan")
- The Post-retirement medical benefits scheme

Staff pension plan
The Trust operates a defined benefit pension plan for qualified employees. The plan is administered by Trustees, who are assisted by an independent plan administrator, Employee Benefits Administrator Limited, a wholly-owned subsidiary of Sagicor Life Jamaica Limited. The fund managers are Sagicor Life Jamaica Limited and Victoria Mutual Pensions Management. The plan is regulated by the Financial Services Commission (FSC). The Trustees include representatives from the employer, members and pensioners of the plan.

Each year, the Board of Trustees, reviews of the level of funding. Such review includes the assets liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of its annual review.

The plan is exposed to inflation, interest rate risk and changes in the life expectancy of pensioners. As the plan assets include investments in quoted equities, the plan is exposed to market risk. The plan is funded by contributions from the employees and the Trust. The employees contribute at a rate of 5% of pensionable salaries. An additional optional contribution of up to 7.1% (2018: 6.8%) of pensionable salaries may be made. In accordance with the rules of the plan, the employer contributes the balance of the costs of benefits under the plan as determined by actuarial valuation up to a maximum rate so that the total contribution (employee and employer) sum to 20% of pensionable salaries. As at March 31, 2019, the Trust contributed at a rate of 7.9% (2018: 8.2%) of pensionable salaries. Benefits are determined on a prescribed basis and are payable at a rate of 2% of the pensionable salary (salary in the 12 month period immediately preceding the date of termination) for all pensionable service. Normal retirement is age 65 for males and 60 for females hired prior to June 1, 1990 or at age 65 for females hired on or after June 1, 1990.

Medical benefits scheme
The Trust provided medical benefits for its pensioners and their spouses under a policy insured by Sagicor Life Jamaica Limited, which came into effect in April 2007. The Trust covered 100% of the premium for the pensioners and spouses. Insurance coverage continued to the surviving spouses after the death of the retirees. The plan was amended effective May 1, 2010 to discontinue coverage of spouses. With effect from this date, spouses of new retirees are not eligible for benefit under the Health Plan. As such, from the effective date of the amendment only the pensioners are covered.

As at the reporting date, an actuarial valuation was done for the plan and the medical benefit scheme by GFRAM Consulting (2018: GFRAM Consulting), using the Projected Unit Credit Method. The results of the valuation are included below.

(Expressed in Jamaica dollars unless otherwise stated)

16 **EMPLOYEE BENEFITS (CONTINUED)**

	2019 Years	2018 Years
Key assumptions		
- Retirement medical benefit scheme discount rate	7.0	7.5
- Long term rate of inflation	3.0	4.5
- Medical inflation rate	5.5	6.0

	2019 Years	2018 Years
Demographic assumptions		
Average liability duration for each category of member:		
- Staff pension scheme		
Active members	18.3	21.2
Deferred pensioners	1.2	1.3
Pensioners	8.0	7.7
All participants	16.8	19.0
- Post-retirement medical benefit scheme		
Active members	28.6	28.8
Pensioners	11.2	11.3
All participants	28.4	28.3

Mortality in service and retirement – Specimen mortality rates (number of occurrences per 1000 members) are given below:

	2019		2018	
Attained age	Males	Females	Males	Females
20	0.406	0.162	0.406	0.162
25	0.484	0.173	0.484	0.173
30	0.452	0.218	0.452	0.218
35	0.523	0.286	0.523	0.286
40	0.628	0.396	0.628	0.396

(b) Amounts included in the statement of financial position are as follows:

	Staff pension plan		Medical benefit scheme	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Present value of obligation	(8,433,535)	(6,865,414)	(962,497)	(814,868)
Fair value of plan assets	9,650,326	8,459,075	-	-
Net asset/(liability) recognised in statement of financial position	1,216,791	1,593,661	(962,497)	(814,868)

(Expressed in Jamaica dollars unless otherwise stated)

16 **EMPLOYEE BENEFITS (CONTINUED)**

(c) Movements in net defined benefit asset (liability) were as follows:

	Staff pension plan		Medical benefit scheme	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Balance at beginning of year	1,593,661	1,715,534	(814,868)	(589,004)
Included in profit or loss:				
Current service cost	(57,686)	(173,849)	(74,482)	(58,401)
Interest cost	(514,906)	(521,974)	(60,987)	(55,829)
Expenses	(28,636)	-	-	-
Interest on plan assets	649,010	668,246	-	-
	47,782	(27,577)	(135,469)	(114,230)
Included in other comprehensive income:				
Experience adjustments	(528,999)	884,258	146,064	(118,109)
Changes in financial assumptions	(263,720)	(1,819,801)	(161,635)	3,805
Remeasurement of plan assets	153,447	672,450	-	-
	(639,272)	(263,093)	(15,571)	(114,304)
Employer's contributions	214,620	168,797	3,411	2,670
Balance at end of year	1,216,791	1,593,661	(962,497)	(814,868)

(i) Amount recognised in profit or loss:

	2019 $'000	**2018 $'000**
- Staff pension plan	47,782	(27,577)
- Post-retirement medical scheme	(135,469)	(114,230)
	(87,687)	(141,807)
Amount recognised in other comprehensive income:		
- Staff pension plan	(639,272)	(263,093)
- Post-retirement medical scheme	(15,571)	(114,304)
	(654,843)	(377,397)

(d) Movement in fair value of pension plan assets

	2019 $'000	**2018 $'000**
Fair value of plan assets at beginning of year	8,459,075	6,949,957
Contributions	576,275	342,463
Benefits paid	(187,481)	(174,041)
Interest income on plan assets	649,010	668,246
Remeasurement gain on plan assets included in other comprehensive income	153,447	672,450
Fair value of plan assets at end of year	9,650,326	8,459,075

(Expressed in Jamaica dollars unless otherwise stated)

16 **EMPLOYEE BENEFITS (CONTINUED)**

(d) Movement in fair value of pension plan assets (continued)

The major categories of plan assets and the percentage distribution for each category at the reporting date are analysed as follows:

	Staff pension plan			
	2019		2018	
	$'000	%	$'000	%
Pooled Investment Funds				
Equity	659,971	6.84	517,158	6.11
Fixed income	22	0.00	180	-
Mortgage and Real Estate	62,844	0.65	191,404	2.26
	722,837	7.49	708,742	8.37
Self-directed Funds				
GOJ securities	3,479,777	36.06	3,123,419	36.93
Pooled funds	3,644,922	37.77	-	-
Corporate bonds	229,000	2.37	164,300	1.94
Equity	652,746	6.76	4,402,399	52.05
Other	70,171	0.73	60,215	0.71
	8,076,616	83.69	7,750,333	91.63
Pooled Pension Investment Portfolio				
Fixed income	253,984	2.63	-	-
Equity	214,102	2.22	-	-
US$ Fixed income	126,158	1.31	-	-
Real Estate	214,476	2.22	-	-
Cash Management	42,153	0.44	-	-
	850,873	8.82	-	-
Closing fair value of plan assets	9,650,326	100.00	8,459,075	100.00

(e) Movement in the present value of obligation

	2019	2018
	$'000	$'000
Balance at beginning of year	6,865,414	5,234,423
Current service costs	57,686	173,849
Interest cost	514,906	521,974
Employees' contribution	361,655	173,666
Benefits paid	(158,845)	(174,041)
Actuarial gains arising from		
Experience adjustments	528,999	(884,258)
Changes in financial assumptions	263,720	1,819,801
Balance at end of year	8,433,535	6,865,414

(Expressed in Jamaica dollars unless otherwise stated)

16 **EMPLOYEE BENEFITS (CONTINUED)**

(f) Sensitivity analyses

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit asset and obligation by the amounts shown below:

	March 31, 2019					
	1% movements in					
	Health inflation rate		Discount rate		Salary escalation rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	$'000	$'000	$'000	$'000	$'000	$'000
Impact on:						
- Staff pension plan	-	-	(1,249,549)	1,640,584	957,063	(806,048)
- Post-retirement medical scheme	322,109	(230,525)	(227,737)	321,016	-	-

	March 31, 2018					
	1% movements in					
	Health inflation rate		Discount rate		Salary escalation rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	$'000	$'000	$'000	$'000	$'000	$'000
Impact on:						
- Staff pension plan	-	-	(1,027,817)	1,350,068	811,319	(681,391)
- Post-retirement medical scheme	270,713	(193,907)	(191,586)	269,803	-	-

No sensitivities are provided for pension increases as upon retirement from the Plan, annuities are purchased by the retirees and exit from the Plan is effected. Accordingly, there is no further obligation by the Plan.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(Expressed in Jamaica dollars unless otherwise stated)

16 **EMPLOYEE BENEFITS (CONTINUED)**

(g) Summary of five-year trend

(i) Staff pension plan

Disclosure Items	**2019 $'000**	**2018 $'000**	**2017 $'000**	**2016 $'000**	**2015 $'000**
Present value of defined benefit obligation	8,433,535	6,865,414	5,234,423	4,012,020	3,313,206
Fair value of plan assets	9,650,326	8,459,075	6,949,957	6,106,514	5,239,343
Surplus in the Plan	(1,216,791)	(1,593,661)	(1,715,534)	(2,094,494)	(1,926,137)
Remeasurements on defined benefit obligation – loss	(792,719)	(935,543)	(751,077)	(216,893)	N/A
Remeasurements arising on plan assets – gain/ (loss)	153,447	672,450	149,350	255,197	(20,450)

(ii) Medical benefit scheme

Disclosure Items	**2019 $'000**	**2018 $'000**	**2017 $'000**	**2016 $'000**	**2015 $'000**
Present value of defined benefit obligation/Deficit in the Plan	962,497	814,868	589,004	405,974	308,778
Remeasurements on defined benefit obligation	15,571	114,304	106,059	22,610	N/A
- Loss/(Gain) due to experience	(146,064)	118,109	(24,531)	6,770	15,072
- Loss/(Gain) due to changes in financial assumptions	161,635	(3,805)	67,276	17,242	N/A
- Loss/(Gain) due to changes in demographic assumptions	-	-	63,314	(1,402)	N/A

(h) The Trust expects to make a contribution of $229.01 million (2018: $197.71 million) to the defined benefit plan during the next financial year.

(Expressed in Jamaica dollars unless otherwise stated)

17 **PROPERTY, PLANT AND EQUIPMENT**

	Land, land improvement and buildings $'000	Furniture, fixtures, artwork and other equipment $'000	Computer equipment $'000	Motor vehicles $'000	Advance on assets $'000	Construction in progress $'000	Total $'000
Cost or Deemed Cost							
April 1, 2017	1,621,768	612,895	578,692	61,846	23,840	49,920	2,948,961
Additions	-	38,269	60,463	7,038	92,919	2,052	200,741
Transfers	-	11,290	1,911	-	(13,201)	-	-
Adjustments (Note 17(a))	-	-	-	-	(3,003)	-	(3,003)
Disposals	-	(10,683)	(47,879)	(7,060)	-	-	(65,622)
March 31, 2018	1,621,768	651,771	593,187	61,824	100,555	51,972	3,081,077
Additions	1,589	43,516	43,289	-	60,565	6,600	155,559
Transfers	4,640	27,201	33,527	680	(66,048)	-	-
Adjustments (Note 17(a))	2	(3,353)	-	-	(20,476)	(31,931)	(55,758)
Transfer to intangible assets (Note 14)	-	-	-	-	(28,945)	-	(28,945)
Disposals	-	(3,057)	(402)	-	-	-	(3,459)
Transfer to asset held for sale (Note 9)	(4,100)	-	-	-	-	-	(4,100)
March 31, 2019	1,623,899	716,078	669,601	62,504	45,651	26,641	3,144,374
Depreciation							
April 1, 2017	469,275	510,373	525,067	34,708	-	-	1,539,423
Charge for the year	36,936	30,089	43,657	10,845	-	-	121,527
Adjustments (Note 17(a))	-	18	(2)	-	-	-	16
Eliminated on disposals	-	(10,358)	(47,879)	(6,437)	-	-	(64,674)
March 31, 2018	506,211	530,122	520,843	39,116	-	-	1,596,292
Charge for the year	37,000	37,013	60,938	9,730	-	-	144,681
Adjustments (Note 17(a))	-	(10)	4	6	-	-	-
Eliminated on disposals	-	(2,821)	(218)	-	-	-	(3,039)
Transfer to asset held for sale (Note 9)	(2,160)	-	-	-	-	-	(2,160)
March 31, 2019	541,051	564,304	581,567	48,852	-	-	1,735,774
Net Book Values							
March 31, 2019	1,082,848	151,774	88,034	13,652	45,651	26,641	1,408,600
March 31, 2018	1,115,557	121,649	72,344	22,708	100,555	51,972	1,484,785

(a) These represent adjustments arising from management's reconciliation exercise of the property, plant and equipment register conducted during the year.

(Expressed in Jamaica dollars unless otherwise stated)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The following estimated useful lives are used for the depreciation of property, plant and equipment:

Freehold buildings	-	40 years
Land improvement	-	15 years
Partitions	-	10 years
Furniture and fixtures	-	8 years
Office equipment	-	5 years
Computer equipment	-	3 years
Heavy equipment	-	5 years
Motor vehicles	-	4 years

Land, artwork and construction in progress are not depreciated.

Included in the cost of property, plant and equipment are the following in respect of Emancipation Park:

	2019 $'000	2018 $'000
Buildings/related infrastructure	217,143	217,143
Furniture, fixtures and office equipment	165,927	164,740
Artwork	13,931	13,931
	397,001	395,814

18 PAYABLES AND ACCRUALS

	2019 $'000	2018 $'000
Accounts payable and accruals (Note 18(a))	1,754,413	1,862,512
Scheme deposits	163,451	136,802
Statutory and other payroll deductions	82,478	158,323
Retention payable	466,359	324,672
GCT payable	1,435,696	1,169,841
Withholding Tax Specified Services	2,261	2,250
Sums withheld for modification of covenants	170,622	175,372
Peril insurance claims (Note 32(b)(i))	40,862	17,654
Other payables	1,502,156	1,660,894
	5,618,298	5,508,320

(a) This balance primarily comprises amounts outstanding for purchases and other on-going operational costs.

(Expressed in Jamaica dollars unless otherwise stated)

19 PROVISIONS

	Sundry Claims (Note 19(a))		Employee Benefits (Note 19(b))		Total	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Balances at beginning of the year	-	13,000	130,032	101,982	130,032	114,982
Recognised in profit or loss for the year	40,000	(13,000)	32,105	28,050	72,105	15,050
Balance at end of the year	40,000	-	162,137	130,032	202,137	130,032

(a) Sundry claim represents the provision for the settlement of a legal claim against the Trust (Note 37).

(b) Employee benefits represent provision for outstanding employees' vacation leave entitlements.

20 REFUNDABLE CONTRIBUTIONS

	2019			2018
	Currently Due	Not Yet Due	Total	Total
	$'000	$'000	$'000	$'000
Contributions refundable	21,634,501	79,876,901	101,511,402	92,949,569
Bonus accrued (Note 20(a))	2,588,860	3,864,815	6,453,675	6,218,970
	24,223,361	83,741,716	107,965,077	99,168,539
Represented by:				
Savings accounts				
Principal	21,634,501	-	21,634,501	15,883,359
Interest	2,588,860	-	2,588,860	103,130
	24,223,361	-	24,223,361	15,986,489
Time accounts				
Principal	-	59,387,925	59,387,925	53,952,962
Interest	-	3,903,214	3,903,214	3,506,966
	-	63,291,139	63,291,139	57,459,928
Total for which personal accounts are established	24,223,361	63,291,139	87,514,500	73,446,417
Balances for which no personal accounts are established (Note 20(b))	-	20,450,577	20,450,577	25,722,122
Total refundable employee contributions	24,223,361	83,741,716	107,965,077	99,168,539

(Expressed in Jamaica dollars unless otherwise stated)

20 REFUNDABLE CONTRIBUTIONS (CONTINUED)

(a) Bonuses are payable to contributors at the rate specified. The amount payable to contributors for each year will be paid together with cash grant benefits awarded as described in Note 2(b)(ii). Bonuses on contributions not currently refundable are calculated at 2% per annum.

(b) As at March 31, 2018, the Trust had not fully established personal accounts for employed persons who made contributions totalling $5.27 billion up to December 31, 2016 to the Trust to enable it to issue certificates of contributions made within one year of the annual return submission, as required by the Act.

The primary reasons for the delay in establishing some personal accounts were:

(i) the non-submission of annual returns by several employers.
(ii) incomplete returns with a resultant difficulty in uniquely identifying some contributors and creating the appropriate personal accounts by interface with the computerised contributions system.

The Trust implemented a number of strategies to address this problem which was fully resolved during 2018/2019 with the creation of personal accounts for employed persons who made contributions up to December 31, 2017 within the one year period stipulated by the Act. During the current financial year, 636,161 (2018: 1,112,349) individual (time) accounts totalling $13.50 billion (2018: $20.84 billion) were created.

21 DEFERRED TAX LIABILITIES

The net position at the reporting date is attributable to the following:

	2019			
	Balance at April 1, 2018 $'000	Recognised in income (Note 29(c)) $'000	Recognised in other comprehensive income $'000	Balance at March 31, 2019 $'000
Interest payable	(34,799)	(23,877)	-	(58,676)
Employee benefits asset (net)	194,701	32,586	(163,711)	63,576
Accelerated depreciable charges	16,026	9,637	-	25,663
Interest receivable	316,813	(2,772)	-	314,041
Interest receivable and share of net assets of associate	3,978	(17,828)	-	(13,850)
Unrealised foreign exchange gains	45,954	(27,328)	-	18,626
Rental income receivable	677	971	-	1,648
Other	(2)	-	-	(2)
Net liabilities	543,348	(28,611)	(163,711)	351,026

	2018			
	Balance at April 1, 2017 $'000	Recognised in income (Note 29(c)) $'000	Recognised in other comprehensive income $'000	Balance at March 31, 2018 $'000
Interest payable	(49,874)	15,075	-	(34,799)
Employee benefits asset (net)	281,635	7,415	(94,349)	194,701
Accelerated depreciable charges	(4,153)	20,179	-	16,026
Revaluation of properties	21,229	(21,229)	-	-
Interest receivable	348,381	(31,568)	-	316,813
Interest receivable and share of net assets of associate	17,557	(13,579)	-	3,978
Unrealised foreign exchange gains	2,155	43,799	-	45,954
Rental income receivable	1,838	(1,161)	-	677
Other	(1)	(1)	-	(2)
Net liabilities	618,767	18,930	(94,349)	543,348

(Expressed in Jamaica dollars unless otherwise stated)

22 FAIR VALUE AND OTHER RESERVES

	Other Reserves			
	Fair value reserve $'000	Unallocated contributions reserve $'000	Property revaluation reserve $'000	Total $'000
Balances at April 1, 2017	2,013,856	711,450	210,714	2,936,020
Net increase in fair value of available-for-sale investments	1,317,435	-	-	1,317,435
Gain on disposal of investment securities transferred to profit for loss	(143,466)	-	-	(143,466)
Transfer contribution reserve to accumulated profit (Note 22(a))	-	(711,450)	-	(711,450)
Transfer revaluation reserve to accumulated profit (Note 22(b))	-	-	(210,714)	(210,714)
Balances at April 1, 2018	3,187,825	-	-	3,187,825
Impact of initial application of IFRS 9 (Note 39)	(3,187,825)	-	-	(3,187,825)
Balances at April 1, 2018 (restated) and March 31, 2019	-	-	-	-

(a) This amount represented the outstanding balance on the unallocated contributions reserves at March 31, 2018 which was transferred to the accumulated profit. It related to contribution payments for employed persons that were not transferred to the new sub-ledger system in the year 2000 due to insufficient information provided on the annual returns which would uniquely identify each contributor (e.g. TRN or NIS number).

(b) This represented the balance for property revaluation reserves as at March 31, 2018 which was transferred to the accumulated profit. The amount related to unrealised surplus of $225 million obtained on the revaluation of land and building in the year 1994 less annual deferred tax adjustments.

23 MORTGAGE SUBSIDY RESERVE

In July 2010, the Trust implemented a Mortgage Subsidy Programme for applicants who fall within those income bands which are charged 1% to 3% interest, and have been contributing to the Trust for a minimum of 7 years. The Trust approves a maximum of 20% of its quarterly profit after tax to be used to finance the Mortgage Subsidy Programme. The utilisation of the subsidy is dependent on the eventual successful completion of the application process by contributors.

As of July 2017, applicants earning $12,000 or less weekly and have been contributing to the Trust for a minimum of 7 years may be eligible for a maximum subsidy of $2.50 million. The actual take up of the subsidy by eligible contributors during the year amounted to $351.58 million (2018: $231.53 million) (Note 28).

(Expressed in Jamaica dollars unless otherwise stated)

24 PERIL RESERVE

The Trust's insurance policy deductible is US$30 million (2018: US$30 million), i.e., peril insurance claims up to this amount will be for the account of the Trust (claims over this amount will be for the account of the insurer) (Note 32(b)(i)).

The Trust has currently designated the investments listed below to fund this reserve:

	2019 US$'000	2018 US$'000
Cash and cash equivalents (Note 6(c))	2,609	2,181
Resale agreements (Note 8(c))	13,950	18,239
Available-for-sale securities (Note 10(b))	30,808	30,884
	47,367	51,304

25 LOAN LOSS RESERVE

This reserve represents the excess of the provision for loan losses, determined using management's prudential estimate of the greater of 3%:

- of the total mortgage loans (less loan financing to developers) receivable, net of IFRS allowance, and
- the total arrears for over 90 days, for which allowances are made,

over the amounts determined under IFRS (Note 11(v)).

During the year, there was a decrease of $57.34 million (2018: an increase of $436.39 million) in the loan loss reserve. This reserve is to cover any losses that may arise from the loans referred to above as well as other mortgage loans.

26 DISTRIBUTION

Transfer to Consolidated Fund

This represents transfers made to the Government of Jamaica through the Ministry of Finance and the Public Service based on the amendment to the National Housing Trust Act (the Act) under which the Trust was required to transfer up to a maximum of $11.40 billion to the Consolidated Fund for each of four years up to 2016/2017.

The Act was further amended in August 2017 for additional financing for four years up to 2020/2021.

(Expressed in Jamaica dollars unless otherwise stated)

27 MISCELLANEOUS INCOME

	2019 $'000	2018 $'000
Penalty income	34,560	73,126
Debt management fees	110,342	109,557
Peril and life insurance administrative fees	379,096	539,395
Write back of charges on stalled computer software infrastructure project	203,954	-
Others	244,347	108,260
	972,299	830,338

28 SPECIAL SUBSIDIES AND GRANTS

	2019 $'000	2018 $'000
Special projects:		
Inner City Housing Project	18,387	36,848
Emancipation Park (net of recoveries of $7.01 million (2018: $5.55 million))	135,338	118,098
Grants:		
Mortgage subsidy (Note 23)	351,579	231,527
Property maintenance – Orange Grove	12,869	7,276
Community infrastructure upgrade	294,270	-
Police stations refurbishing	173,548	68,234
Infirmaries refurbishing	60,000	-
Others	13,132	32,385
	1,059,123	494,368

29 TAXATION

(a) Taxation recoverable

	2019 $'000	2018 $'000
Balance at the beginning of the year	6,842,938	6,512,191
Additions during the year	233,734	330,747
Balance at the end of the year	7,076,672	6,842,938

This represents recoverable withholding tax deducted at source from investment income. The Trust claims the tax deducted at source as a tax credit against its tax liabilities, once this has been approved by the Commissioner General, Tax Administration Jamaica.

(Expressed in Jamaica dollars unless otherwise stated)

29 **TAXATION (CONTINUED)**

(b) Taxation payable

	2019 $'000	2018 $'000
Balance at the beginning of the year	5,894,443	4,697,192
Current tax charge for the year	577,695	1,197,251
Balance at the end of the year	6,472,138	5,894,443

(c) Recognised in profit or loss for the year

(i) The taxation charge for the year comprises:

	2019 $'000	2018 $'000
Current tax	577,695	1,197,251
Deferred tax (Note 21)	(28,611)	18,930
	549,084	1,216,181

(ii) Reconciliation of effective tax rate:

	2019 $'000	2018 $'000
Profit before taxation	24,296,711	22,167,235
Expected tax at domestic income tax rate of 25%	6,074,178	5,541,809
Tax effect of amounts not deductible	108,502	67,314
Tax effect of income not subject to tax	(5,509,218)	(4,555,120)
Net effect of other charges and allowances	(124,378)	162,178
Taxation charge	549,084	1,216,181

(Expressed in Jamaica dollars unless otherwise stated)

30 PROFIT FOR THE YEAR

The profit for the year is stated after taking account of the following items:

(a) Revenue on financial assets:

	2019 $'000	2018 $'000
Financial assets at amortised cost:		
- Rescheduled loans	35,661	35,230
- Unimpaired loans	10,485,928	10,038,764
- Other	833,058	859,037
	11,354,647	10,933,031
Interest income on investment securities:		
- at fair value through profit and loss	182,687	-
- at amortised cost	1,064,196	180,546
- at available for sale	-	1,538,396
	1,246,883	1,718,942
Total interest income	12,601,530	12,651,973
Dividends	34,064	26,509
	12,635,594	12,678,482

(b) Bonus on employees' contributions:

	2019 $'000	2018 $'000
- Savings accounts	398,322	386,904
- Time accounts	1,401,781	1,171,958
	1,800,103	1,558,862

(c) Gain/(Loss) on financial assets

	2019 $'000	2018 $'000
(i) Gains on investment securities		
At fair value through profit and loss		
- Inflation indexed bond	135,366	-
- Pooled investment fund	6,752	-
- Equity securities	541,237	-
At amortised cost		
- Inflation indexed bond	-	183,815
	683,355	183,815
(ii) Loss on disposal of investment securities at amortised cost (2018: Gain on available-for-sale investment securities)	(1,749)	143,466

(Expressed in Jamaica dollars unless otherwise stated)

30 **PROFIT FOR THE YEAR (CONTINUED)**

(d) Expenses by nature:

			2019 $'000	**2018 $'000**
Audit fees	-	current year	9,880	9,500
	-	prior year	748	836
Depreciation			144,681	121,527
Amortisation of intangible assets			11,980	2,382
Employees costs (Note 36)			6,180,024	5,205,592
Office rental, maintenance and security			314,086	302,491
Electricity and telephone			184,556	175,833
Scheme expenses			446,256	313,016
Data processing – licences and maintenance			225,846	238,192
Irrecoverable General Consumption Tax			160,988	162,257
Others			826,058	752,877
			8,505,103	7,284,503

(e) Allowance for expected credit loss

	2019 $'000	**2018 $'000**
Cash and cash equivalents (Note 6(e))	(97)	-
Receivables (Note 7)	240,917	46,004
Short term deposits and resale agreements (Note 8(d))	(5,718)	-
Investment securities (Note 10(b)(v))	(41,445)	-
Loans receivable (Note 11(q))	334,640	35,029
	528,297	81,033

(f) Non-refundable employers' contributions

During the year, based on a Memorandum of Understanding between the Trust and the Government of Jamaica (GOJ), acting through the Ministry of Finance and the Public Service (MOFPS), the GOJ paid contribution arrears (including interest) in the amount of $1.70 billion (2018: $1.00 billion).

(Expressed in Jamaica dollars unless otherwise stated)

31 RELATED PARTY BALANCES/TRANSACTIONS

Operating transactions

During the year, the Trust entered into the following transactions with key management personnel, including members of the Board of Directors and other related parties:

	Loans granted		Advances net of share of losses		Balance owed Including interest	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Key management personnel	18,908	30,908	-	-	97,114	90,145
Board of Directors and Committee members	-	-	-	-	5,585	6,010
Investments in associate (Note 15)	-	-	6,683	33,677	1,113,398	1,106,715

Compensation of key management personnel

Remuneration is determined by the Board of Directors under the guidelines set by the Ministry of Finance and the Public Service having regard to the performance of individuals and market trends.

The remuneration of Directors, Committee members and other key members of management during the year was as follows:

	2019	**2018**
	$'000	**$'000**
Board of Directors and Committee members:		
Directors' fees	3,170	3,038
Director's remuneration	29,781	25,871
Other key management personnel:		
Salaries and other benefits	163,021	139,187
Post-employment benefits	11,559	10,638
	174,580	149,825
	207,531	178,734

Directors remuneration includes retroactive payments.

(Expressed in Jamaica dollars unless otherwise stated)

32 COMMITMENTS AND CONTINGENCIES

(a) Commitments

	2019 $'000	2018 $'000
(i) Commitments contracted for -		
Financing house construction and acquisition of houses for allocation to beneficiaries	21,255,107	14,779,503
Purchase of land	1,037,000	1,037,000
Inner City Housing Project	1,372,749	259,429
	23,664,856	16,075,932
(ii) Authorised and approved but not contracted for -		
Computer software development	39,560	38,000
Office refurbishing	534,229	208,015
Construction contracts under negotiation	-	2,445,001
Mortgage subsidy	560,192	589,269
	1,133.981	3,280,285
(iii) Authorised and approved but not yet disbursed -		
Loans to beneficiaries	12,053,909	11,902,359

(b) Contingencies

(i) *Peril insurance claims*
The Trust's self-insured retention on its peril insurance cover is US$30 million (J$3.71 billion) (2018: US$30 million (J$3.78 billion)). Should a catastrophic event occur such as a hurricane or an earthquake, the Trust will be liable to meet the cost of damage up to the aggregate amount of the retention for any one or several events in the given period. The Trust is insured for full value on all earthquake perils and for all other perils above the Self Insurance Retention (Note 24).

At year-end, claims made by beneficiaries provided for but not yet processed by the Trust amounted to approximately $40.86 million (2018: $17.65 million) (Note 18).

(ii) *Litigation*
The Trust is involved in litigations in the normal course of operations. Management believes that, liabilities, if any, arising from such litigations will not have a material adverse effect on the financial position of the Trust (See also Note 37).

(Expressed in Jamaica dollars unless otherwise stated)

32 **COMMITMENTS AND CONTINGENCIES (CONTINUED)**

(b) Contingencies (continued

(iii) T*axation*

There are certain expenses claimed by the Trust that Tax Administration (TAJ) Jamaica is contesting on the following bases:

(i) whether certain expenses were incurred solely in the normal course of operations.
(ii) whether certain expenses representing costs associated with collecting employers' contributions should be allowed for tax purposes.

A meeting was held on April 15, 2013 with representatives of TAJ and the Trust concerning the Income Tax Objection and a decision was taken as follows:

(i) The Letter of Decision delivered to the Trust be withdrawn to facilitate further deliberation on the objection lodged by the Trust.
(ii) The Trust undertakes to present TAJ with a detailed proposal on the bases of apportionment and the amounts of indirect/overhead cost allocable to the investment income earned by the Trust for all the relevant Years of Assessment.
(iii) The Trust upon receipt of TAJ's decision will withdraw their Letter of Appeal that was filed at Taxpayer Appeals Department.

No provision has been made in the financial statements in respect of any liability that may result from the resolution of matters contested by the TAJ.

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 4 to the financial statements.

The Trust has exposure to the following risks from its use of financial instruments: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management policies and objectives

The Trust's activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Trust's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The Trust'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 Trust regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices. The use of any derivative financial instrument is governed by the Trust's policies approved by the Board of Directors.

An enterprise-wide risk management approach is adopted. This framework is supported by sound risk management practices which include the establishment of enterprise-wide policies, procedures and limits, monitoring and measurement of exposure against established limits, ongoing realignment of business strategies and activities and the reporting of significant exposures to senior management and the Board of Directors.

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)
The Board of Directors has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Board of Directors risk management mandate is principally carried out through:

The Finance and Investment Committee, Audit Committee, Human Resource Management (HRM) and Information Technology Committee, Properties and Technical Committee, Customer Relations Committee, Governance Committee and the Internal Audit Department.

Finance and Investment Committee
This Committee has direct responsibility for the management of financial position and overall financial structure which includes liquidity, interest rate and foreign currency risks management.

Audit Committee
Audit Committee has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

HRM and Information Technology Committee
This Committee has the responsibility to review, evaluate and manage HRM policy formulation in general and to recommend strategies for the technological direction of the Trust.

Properties and Technical Committee
This Committee has overall responsibility for the monitoring of construction activities of the Trust, including procurement of contracts, evaluation and monitoring of costs incurred.

Customer Relations Committee
This committee has been established to:-

a) Review and recommend requests from contributors for variations to policies to support their acquisition of housing solutions.

b) Accept and make recommendations to the Board of Directors regarding any issues emanating from such policies and strategies which have been implemented or proposed by the Customer Relations Management Division (CRM) through the Trust's Leadership Team.

c) Review requests for the "write off" of receivables of loan balances and requests for loan accounts to be placed in "charge-off".

d) Promote the development of housing communities through monitoring the provision of support services.

Governance Committee
This committee has been established primarily to make recommendations to the Board of Directors, on an ongoing basis, concerning corporate governance in general and regarding the Board of Directors stewardship role in the management of the Trust; including the role and responsibility of the Board of Directors and the recommendations of appropriate policies and procedures for Board of Directors to carry out their duties with due diligence and compliance with all legal requirements.

The Internal Audit Department
The Internal Audit Department has responsibility for ensuring the effectiveness and adequacy of risk management, internal controls and procedures, and conducts both *ad hoc* and regular reviews. The Internal Audit department reports the result of all findings to the Audit Committee, who reports the findings, recommendations and management responses to the Board of Directors.

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)
There has been no change in the Trust's exposure to these financial risks or manner in which it measures and manages risk during the year.

(a) Market risk

Market risk is the risk that the value or expected cash flows of a financial instrument will fluctuate as a result of changes in the market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The Trust's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, as well as equity price risks as disclosed below.

Management of market risk
The Board of Directors outlines the general policies of the Trust in managing this risk. The Trust, through its Investments Unit, monitors this risk through thorough research of financial markets, both locally and internationally as well as analyses of the financial institutions with whom investments are made. Price movements, because of market factors on the Trust's investments, are monitored on a monthly basis.

The Trust holds equity investments listed on the Jamaica and Barbados Stock Exchanges. The primary goal of the Trust's investment in equities is to maximise the return on the portfolio. These equities are not held for strategic alliances with or control over these entities. The Investment Unit monitors these investments on a daily basis in order to take advantage of opportunities arising from market activity.

The Trust faces risk in respect of its equity investments because of fluctuations in the prices of equities in its investment portfolio. These fluctuations may arise because of general market conditions (systemic risk) or due to company specific factors (non-systemic risk). This risk is minimised by the implementation and monitoring of sound financial management strategies, in accordance with the Board of Directors' guidelines.

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

(i) Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If quoted equity prices had been 10% (2018: 15%) higher/lower, profit for the year ended March 31, 2019 would increase/decrease by $195.87 million (2018: fair value and other reserves in accumulated fund for the year ended March 31, 2018 would increase/decrease by $212.62 million) as a result of the changes in fair values of the Trust's equity securities.

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Foreign currency risk

Currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Trust undertakes certain transactions denominated in currencies other than the Jamaica dollar resulting in exposures to exchange rate fluctuation.

Management of foreign currency risk
Management consistently monitors the Trust's exposure in this regard by constant monitoring of international foreign exchange markets and factors influencing currency movements and positioning its foreign currency investments accordingly. The main currency giving rise to this risk is the United States dollar.

At year end, the carrying amounts of the Trust's foreign currency denominated financial assets were as follows:

	Assets			
	2019		**2018**	
	US$'000	**J$'000**	**US$'000**	**J$'000**
Cash and bank balances	5,513	697,206	2,747	346,068
Resale agreements	13,980	1,767,891	18,305	2,306,254
Investment securities	30,808	3,895,958	30,884	3,891,043
	50,301	6,361,055	51,936	6,543,365

The exchange rate of the United States dollar in relation to the Jamaica dollar was US$1 to J$126.46 (2018: US$1 to J$125.99).

Foreign currency sensitivity analysis
The following table details the Trust's sensitivity to a 4% revaluation and 6% devaluation (2018: 2% revaluation and 4% devaluation) of the Jamaica dollar against the United States dollar. The change in the sensitivity rates below are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	2019		**2018**	
	4% revaluation of the J$'000	**6% devaluation of the J$'000**	**2% revaluation of the J$'000**	**4% devaluation of the J$'000**
Effect on profit for the year	(254,442)	381,663	(130,867)	261,735

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

Foreign currency sensitivity analysis (continued)
The Trust's sensitivity to foreign currency has decreased during the current period mainly due to decrease in holdings of foreign currency investments. The analysis is done on the same basis as for 2018 and assumes that all other variables, in particular interest rates, remain constant.

(iii) Interest rate risk

Interest rate risk is the potential that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The primary source of funding for the Trust is employer and employee contributions which are either non-refundable or refundable at nominal rates of interest. This limits the Trust's exposure to interest rate risk. These funds, together with profit on operations are the main source of investments, loans to beneficiaries and inventory housing projects. Investment securities are at significantly higher rates of return.

Management of interest rate risk

The Trust's exposure to interest rate risk is measured using gap analysis and sensitivity analysis and managed by maintaining an appropriate mix of variable and fixed rate instruments.

The table below summarises the Trust's exposure to interest rate risk. Included in the table are the Trust's assets and liabilities at carrying amounts, categorised by the earlier of the contractual repricing or maturity dates.

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	2019						
	Within 3 months $'000	**Within 3 - 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Non-rate sensitive $'000**	**Total $'000**	**Weighted effective interest rate %**
Assets:							
Cash and bank balances	2,250,303	-	-	-	1,397,386	3,647,689	2.92
Receivables	6,051	30,208	779,210	577,676	2,722,452	4,115,597	3.10
Short term deposits and resale agreements	1,685,507	82,361	-	-	-	1,767,868	2.90
Investment securities	315,959	500,697	1,476,992	10,469,153	2,305,355	15,068,156	6.10
Loans receivable	10,110,919	97,003	3,229,097	225,653,452	-	239,090,471	4.48
Total assets	14,368,739	710,269	5,485,299	236,700,281	6,425,193	263,689,781	
Liabilities							
Payables	-	-	-	-	2,987,162	2,987,162	-
Refundable contributions	798,091	17,631,485	27,452,746	62,082,755	-	107,965,077	2.88
	798,091	17,631,485	27,452,746	62,082,755	2,987,162	110,952,239	
Net interest rate sensitivity gap	13,570,648	(16,921,216)	(21,967,447)	174,617,526	3,438,031	152,737,542	
Cumulative gap	13,570,648	(3,350,568)	(25,318,015)	149,299,511	152,737,542		

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	2018						
	Within 3 months $'000	Within 3 - 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-rate sensitive $'000	Total $'000	Weighted effective interest rate %
Assets:							
Cash and bank balances	2,971,425	-	-	-	1,094,506	4,065,931	2.07
Receivables	5,042	20,688	746,003	292,746	408,438	1,472,917	2.19
Short term deposits and resale agreements	4,740,062	2,441,603	-	-	-	7,181,665	3.54
Investment securities	1,720,770	735,838	1,391,613	11,933,225	1,759,106	17,540,552	5.90
Loans receivable	8,715,585	1,670,643	3,370,537	208,296,047	-	222,052,812	4.60
Total assets	18,152,884	4,868,772	5,508,153	220,522,018	3,262,050	252,313,877	
Liabilities							
Payables	-	-	-	-	2,951,002	2,951,002	-
Refundable contributions	2,052,000	19,205,524	26,741,012	51,170,003	-	99,168,539	3.17
	2,052,000	19,205,524	26,741,012	51,170,003	2,951,002	102,119,541	
Net interest rate sensitivity gap	16,100,884	(14,336,752)	(21,232,859)	169,352,015	(311,048)	150,194,336	
Cumulative gap	16,100,884	1,764,132	(19,468,727)	149,883,288	150,194,336		

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates from non-derivative instruments at the reporting date. For floating rate assets, the analysis is prepared assuming the amount of assets held at the reporting date was held throughout the year. For Jamaica dollar instruments, a 100 basis points increase and a 100 basis points decrease (2018: 100 basis points increase and 100 basis points decrease) and for US$ denominated instruments, a 100 basis points increase and a 100 basis points decrease (2018: 50 basis points increase and 50 basis points decrease) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and 100 basis points lower (2018: 100 basis points higher and 100 basis points lower) for Jamaica dollar instruments and 100 basis points higher and 100 basis points lower (2018: 50 basis points higher and 50 basis points lower) for US$ denominated instruments and all other variables were held constant, the Trust's:

- profit for the year ended March 31, 2019 would increase by $1.21 million (2018: $1.65 million) or decrease by $1.21 million (2018: $1.65 million). This is mainly attributable to the Trust's exposure to interest rates on its variable rate investment securities.

- fair value and other reserves would increase or decrease by $Nil (2018: increase by $646.79 million or decrease by $616.56 million), mainly as a result of the changes in the fair value of available-for-sale variable rate instruments.

- cashflows from floating rate assets would increase or decrease by $Nil (2018: increase by $1.64 million or decrease by $1.64 million), mainly as a result of the changes in the weighted average coupon rate earned of Nil% (2018: 5.61%) on available-for-sale variable rate instruments.

(b) Credit risk

Credit risk is the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Trust. The risk is managed primarily by reviews of the financial status of each obligator and ultimately making provisions where there is evidence of impairment.

Credit risk is the most significant risk for the Trust's business. Therefore, management carefully monitors its exposure. Credit exposures arise principally in respect of the Trust's lending and investment activities. The maximum credit exposure of the Trust is represented by the carrying amount of each financial asset.

The Trust assesses the probability of default of individual counterparties using ratings agencies, however for those not covered by the rating agency, the Trust uses its own internal rating system.

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

The Trust's internal classification is as follows:

Rating	Description	
A	Low risk	- excellent credit history
B	Standard risk	- generally abides by credit terms
C	Past due but not impaired	- late paying with increased credit risk
D	Credit impaired	- default

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 revision. The credit quality review process allows the Trust to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

(i) Loans receivable

The Trust has a significant credit risk exposure in respect of loans to beneficiaries and financial institutions, and advances to developers for housing construction. At March 31, 2019, the total credit risk exposure for loans receivable amounted to $238.96 billion (2018: $222.05 billion). The Trust establishes policies and procedures which govern standards for granting loans and the process of continuous monitoring and measurement in relation to delinquency and debt recovery management.

Before granting credit, the Loan Origination Unit assesses the probability of default of the individual party using internal rating tools. Each loan is assigned to loan officers who are responsible for the monitoring and management of the loan facilities.

The Loan Management Unit reviews the arrears report daily and has dialogue with the relevant parties to ensure their accounts remain current. Additionally, to discourage delinquency, the Trust imposes a late fee charge on mortgages in arrears of fifteen days and over. In respect of loans to beneficiaries, the exposure is mitigated as the maximum loan to a single mortgagor is restricted and a significant number of mortgagors must default before there is a significant impact on the Trust's operations.

The Housing Receivable Unit submits monthly and quarterly statements to beneficiaries and has dialogue with the relevant parties to ensure that repayments are received on a timely basis.

The credit risk for financial institutions and developers for housing construction are assessed by preparing a Financial Review Report which is presented to management for decision-making. The exposure to credit risk for financial institutions and developers is mitigated as maximum limits are set for amounts advanced and adherence to terms of the loan agreement is monitored and reviewed on a regular basis. The Trust conducts periodic risk assessments to ensure its interest is secure in the event of default by the participating institution.

Impairment assessment of loans receivables is analysed at Note 33(b)(iv) below.

Collateral
The Trust employs a range of policies to mitigate credit risk. For loans to beneficiaries and financial institutions, a significant portion of these loans is secured on properties. In respect of loans through government agencies, the Trust receives letters of undertaking from the Ministry of Finance and the Public Service as necessary.

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(i) Loans receivable (continued)

Repossessed collateral

From time to time, the Trust's takes possession of collateral held as security. These repossessed assets are sold as soon as is practicable with the proceeds from sale set-off against outstanding debts. The Trust does not occupy or use repossessed assets in its operations.

At year end, the following was the status of repossessed assets:

	2019		**2018**	
	Carrying Value $'000	**Value of Collateral $'000**	**Carrying Value $'000**	**Value of Collateral $'000**
Residential properties	4,093,093	15,140,075	4,798,146	18,045,590

The Trust does not have any significant concentration of credit risk to any one party or group of counterparties.

(ii) Investment securities, short term deposits and resale agreements and cash and cash equivalents.

The Trust seeks to minimise its risk in the following ways:

- The Board of Directors sets out specific guidelines governing the management of the Trust's investments, resale agreements and cash and cash equivalents.
- All financial institutions with which the Trust has a credit risk exposure as well as institutions vying to enter into financial transactions with the Trust are appraised and ranked based on their financial standing and other criteria, in accordance with the Board of Directors' guidelines. The Board of Directors must approve this ranking.
- Management limits the amount of investment with any one institution, in accordance with the Board of Directors' guidelines.
- Management limits the investment in certain types of investments, in accordance with the Board of Directors' guidelines. In addition, a clear approval structure is established to govern the investment in certain categories of investment options.
- Investment securities are placed with reputable financial institutions and are usually collateralised by Government of Jamaica (GOJ) or Bank of Jamaica (BOJ) securities duly transferred to the Trust in the event of default of the counterparty to the transaction.
- The Investments Unit conducts constant monitoring of the terms of investment contracts to ensure that the terms are strictly adhered to, in particular, that institutions fulfil their financial obligations to the Trust as they fall due.

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(ii) Investment securities, short term deposits and resale agreements and cash and cash equivalents (continued)

The following table summarises the Trust's credit exposure and concentration for investments (excluding equities), resale agreements, and cash and cash equivalents, including interest receivable:

	2019 $'000	**2018 $'000**
Government of Jamaica (GOJ)	10,943,457	12,441,859
Bank of Jamaica (BOJ)	1,808,534	3,275,242
Others	5,419,753	11,305,420
Total	18,171,744	27,022,521

Impairment assessments of investment securities, short term deposits and resale agreements and cash and cash equivalents receivables are analysed at Note 33(b)(iv) below.

(iii) Impairment of financial assets - cash and cash equivalents, receivables, short term deposits and resale agreements, investment securities and loans receivable.

The Trust applies the 'three stage' model under IFRS 9 in measuring the expected credit losses on the financial assets above, and makes estimations about likelihood of defaults occurring. This is measured using the Probability of default (PD), Exposure at default (EAD) and Loss given default (LGD) for a portfolio of assets.

- Probability of default – This is an estimate of the likelihood of default over a given time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its debt obligations.

- Exposure at default – This is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

- Loss given default – This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral.

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets - cash and cash equivalents, receivables, short term deposits and resale agreements and investment securities (continued)

The 'three stage' model is used to categorise financial assets according to credit quality as follows:

- Stage 1 – financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. This ECL is measured using a 12 month ECL, which represents the probability that the financial asset will default within the next 12 months.
- Stage 2 – financial assets with a significant increase in credit risk (SICR) since initial recognition, but not credit impaired. The ECL is measured using Lifetime ECL.
- Stage 3 – financial assets that have an objective evidence of impairment, or their estimate of credit worthiness has deteriorated to the point of becoming non-performing. The ECL is measured using a Lifetime ECL.

Transfer between stages
Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 to stage 1 if their credit risk is no longer considered to be significantly increased since initial recognition. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment. This assessment is done on a case-by-case basis.

Forward Looking Information
The assessment of SICR and the calculation of ECL both incorporate forward looking information that is available without undue cost or effort. The Trust uses an economic projection model to develop a forward-looking lifetime PD. Historical macroeconomic data is used as a base to forecast future data. The model is adjusted for current data that will impact on the future performance of targeted variables. The forward looking factor is based on forecasts of the relevant macroeconomic variables namely, unemployment rates, growth in gross domestic product, net international reserves and inflation rate.

When incorporating macroeconomic forecasts into the determination of expected credit losses, the Trust considers the availability of the information and its relevance for each specific financial instrument or group of financial instruments. Information that is relevant for one financial instrument may not be relevant, or as relevant, for other financial instruments depending on the specific drivers of credit risk.

Upside and downside scenarios are set relative to the base case scenario, derived from reasonably possible alternative macroeconomic conditions. The weightings assigned to each economic scenario are listed below.

Base	Upside	Downside
70%	15%	15%

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets - cash and cash equivalents, receivables, short term deposits and resale agreements and investment securities (continued)

The most significant year end assumptions used in determining the ECL as at the reporting date are set out below.

Economic factor	Scenarios	Expected state for next 12 months
Unemployment Rate	Base	Positive
	Upside	Positive
	Downside	Stable
Gross Domestic Product	Base	Stable
	Upside	Stable
	Downside	Stable
Net International Reserve	Base	Positive
	Upside	Positive
	Downside	Stable
Inflation	Base	Negative
	Upside	Stable
	Downside	Negative

The value of each scenario, that is, base, upside and downside for each macroeconomic variable, is determined by management's judgement. Each of these is then multiplied by its individual weighting based on its scenario. The total probability weighting result is determined through the sum of all four outcomes outlined in the table above.

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure – financial assets subject to impairment

The following tables contain an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognized. The gross carrying amounts of investments below represent the Trust's maximum exposure to credit risks on these assets.

	Cash and cash equivalents (excluding cash on hand) (at amortised cost)		
	ECL Staging Stage 1 12-month ECL	**March 31, 2019 Total**	**April 1, 2018 Total**
	$'000	**$'000**	**$'000**
Credit grade:			
Investment	680,418	680,418	287,389
Non-investment	2,960,915	2,960,915	3,772,021
Gross carrying amount	3,641,333	3,641,333	4,059,410
Loss allowance	(258)	(258)	(355)
Carrying amount	**3,641,075**	**3,641,075**	**4,059,055**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure – financial assets subject to impairment (continued)

	Short term deposits and resale agreements (at amortised cost)		
	ECL Staging	March 31,	April 1,
	Stage 1	2019	2018
	12-month ECL	Total	Total
	$'000	$'000	$'000
Credit grade:			
Investment	-	-	1,439,644
Non-investment	1,767,891	1,767,891	5,742,021
Gross carrying amount	1,767,891	1,767,891	7,181,665
Loss allowance	(23)	(23)	(5,741)
Carrying amount	**1,767,868**	**1,767,868**	**7,175,924**

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure – financial assets subject to impairment (continued)

	Receivables (at amortised cost)			
	ECL Staging		March 31,	April 1,
	Stage 1	Stage 3	2019	2018
	12-month ECL	life-time ECL	Total	Total
	$'000	$'000	$'000	$'000
Standard risk	1,700,000	-	1,700,000	-
Not rated	2,543,468	379,030	2,922,498	1,738,901
Gross carrying amount	4,243,468	379,030	4,622,498	1,738,901
Loss allowance	(127,871)	(379,030)	(506,901)	(265,984)
Carrying amount	**4,115,597**	**-**	**4,115,597**	**1,472,917**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure – financial assets subject to impairment (continued)

	Debt securities (at amortised cost)			
	ECL Staging		March 31,	April 1,
	Stage 1	Stage 3	2019	2018
	12-month ECL	life-time ECL	Total	Total
	$'000	$'000	$'000	$'000
Credit grade:				
Non-investment	8,571,153	-	8,571,153	9,986,021
Not rated	-	21,395	21,395	64,286
Gross carrying amount	8,571,153	21,395	8,592,548	10,050,307
Loss allowance	(24,482)	(10,585)	(35,067)	(76,512)
Carrying amount	**8,546,671**	**10,810**	**8,557,481**	**9,973,795**

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure – financial assets subject to impairment (continued)

	Loans receivable (at amortised cost)				
	ECL Staging			March 31,	April 1,
	Stage 1	Stage 2	Stage 3	2019	2018
	12-month ECL	life-time ECL	life-time ECL	Total	Total
	$'000	$'000	$'000	$'000	$'000
Development financing	1,596,742	-	1,714,824	3,311,566	4,293,511
Agencies	42,846,615	-	728,788	43,575,403	39,183,390
Other	540,660	-	2,257,694	2,798,354	2,362,041
Standard Risk – Mortgage:					
Current: 0-30 days	123,121,373	22,548,075	1,798,238	147,467,686	127,119,447
Past due over 30 days but less than 90 days	13,278,992	16,246,791	2,378,353	31,904,136	32,996,685
Credit impaired over 90 days	-	-	15,470,001	15,470,001	17,847,165
Gross carry amount	181,384,382	38,794,866	24,347,898	244,527,146	223,802,239
Loss allowance	(495,390)	(1,169,739)	(3,771,546)	(5,436,675)	(5,203,752)
Carrying amount	**180,888,992**	**37,625,127**	**20,576,352**	**239,090,471**	**218,598,487**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances

The following tables contain an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognised. The gross carrying amount of financial assets below represents the Trust's maximum exposure to credit risk on these assets.

	Cash and cash equivalent (at amortised cost)	
	Loss allowances movement	
	Stage 1 12-month ECL $'000	ECL staging Total $'000
Loss Allowance as at April 1, 2018 (Note 39)	**355**	**355**
Transfers:		
New financial assets originated or purchased	258	258
Financial assets fully derecognised during the period	(355)	(355)
Loss Allowances as at March 31, 2019	**258**	**258**

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

	Short term deposits and resale agreements (at amortised cost)	
	Loss allowances movement	
	Stage 1 12-month ECL $'000	ECL staging Total $'000
Loss Allowance as at April 1, 2018 (Note 39)	**5,741**	**5,741**
Transfers:		
New financial assets originated or purchased	23	23
Financial assets fully derecognised during the period	(5,741)	(5,741)
Loss Allowances as at March 31, 2019	**23**	**23**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

	Debt securities (at amortised cost)		
	Loss allowances movement		
	Stage 1	Stage 3	ECL staging
	12-month ECL	life-time ECL	Total
	$'000	$'000	$'000
Loss Allowance as at April 1, 2018 (Note 39)	**45,728**	**30,784**	**76,512**
Transfers:			
New financial assets originated or purchased	6,789	-	6,789
Financial assets fully derecognised during the period	(13,600)	(20,199)	(33,799)
Changes in inputs used in ECL calculations	(14,435)	-	(14,435)
Loss Allowances as at March 31, 2019	**24,482**	**10,585**	**35,067**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) Loss allowances (continued)

	Receivables (at amortised cost)		
	Loss allowances movement		
	Stage 1 12-month ECL $'000	Stage 3 life-time ECL $'000	ECL staging Total $'000
Loss Allowance as at April 1, 2018 (Note 7)	**-**	**265,984**	**265,984**
Transfers:			
New financial assets originated or purchased (net)	127,871	113,046	240,917
Loss Allowances as at March 31, 2019	**127,871**	**379,030**	**506,901**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

	Loans receivable (at amortised cost)			
	Loss Allowances Movement			
	Stage 1 12-month ECL $'000	Stage 2 life-time ECL $'000	Stage 3 life-time ECL $'000	ECL staging Total $'000
Loss Allowance as at April 1, 2018 (Note 11(a))	**1,053,198**	**1,082,441**	**3,068,113**	**5,203,752**
Transfers:				
Changes in principal and interest	(557,808)	87,298	703,433	232,923
Loss Allowances as at March 31, 2019	**495,390**	**1,169,739**	**3,771,546**	**5,436,675**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values

	Cash and cash equivalents (excluding cash on hand) (at amortised cost)	
	ECL staging	
	Stage 1 12-month ECL	Total
	$'000	$'000
Gross carrying amount as at April 1, 2018	**4,059,410**	**4,059,410**
Net new financial assets originated or purchased	3,641,333	3,641,333
Financial assets fully derecognised during the period	(4,059,410)	(4,059,410)
Gross carrying amount as at March 31, 2019	**3,641,333**	**3,641,333**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values (continued)

	Short term deposits and resale agreements	
	ECL staging	
	Stage 1 12-month ECL	Total
	$'000	$'000
Gross carrying amount as at April 1, 2018	**7,181,665**	**7,181,665**
New financial assets originated	1,767,891	1,767,891
Financial assets derecognised	(7,181,665)	(7,181,665)
Gross carrying amount as at March 31, 2019	**1,767,891**	**1,767,891**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values (continued)

	Receivables (at amortised)		
	ECL staging		
	Stage 1 12-month ECL	Stage 3 life-time ECL	Total
	$'000	$'000	$'000
Gross carrying amount as at April 1, 2018	**1,472,917**	**265,984**	**1,738,901**
New financial assets originated (net)	2,770,551	113,046	2,883,597
Gross carrying amount as at March 31, 2019	**4,243,468**	**379,030**	**4,622,498**

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values (continued)

	Debt securities (at amortised cost)		
	ECL staging		
	Stage 1 12-month ECL	Stage 3 life-time ECL	Total
	$'000	$'000	$'000
Gross carrying amount as at April 1, 2018	**9,986,021**	**64,286**	**10,050,307**
Transfers:			
New financial assets originated or purchased	2,012,906	-	2,012,906
Financial assets fully derecognised during the period	(4,030,855)	-	(4,030,855)
Changes in principal and interest	603,081	(42,891)	560,190
Gross carrying amount as at March 31, 2019	**8,571,153**	**21,395**	**8,592,548**

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values (continued)

	Loans receivables (at amortised cost)			
	ECL staging			
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Total
	$'000	$'000	$'000	$'000
Gross carrying amount as at April 1, 2018	**167,538,774**	**32,996,685**	**26,721,105**	**227,256,564**
Transfers:				
Changes in principal and interest	13,845,608	5,798,181	(2,373,207)	17,270,582
Gross carrying amount as at March 31, 2019	**181,384,382**	**38,794,866**	**24,347,898**	**244,527,146**

(Expressed in Jamaica dollars unless otherwise stated)

33 **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Trust will be 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 contributors and fulfill commitments to lend. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Trust is exposed to daily calls on its available cash resources primarily in respect of loan and project disbursements, refund of contributions and operational expenses.

Management of liquidity risk

Monitoring and management of the Trust's liquidity management process resides with the Investments Unit. Prudent liquidity risk management requires the Trust to maintain sufficient cash and marketable securities, to monitor future cash flows on a daily basis and to maintain a minimum amount of free cash to meet unexpected liquidity demands. Management ensures that strong liquidity levels are maintained in order to prevent unacceptable losses or risk of damage to the Trust's reputation. The daily liquidity position is monitored by reports covering the position of the Trust over several months in advance. All liquidity policies and procedures are subject to review and approval by the Board of Directors.

The Trust's liquidity management process, monitored by the Investment and Cash Management Units, includes:

- Maintaining sufficient amounts of cash and cash equivalents to cover unexpected levels of demand. This is achieved through the systematic aging of the Trust's cash and cash equivalents, to ensure that a minimum amount matures on a weekly basis. This is done in consideration of the Trust's other sources of income, including mortgage and contribution received as well as other investment income.
- Monitoring cash and bank balances and future cash flows on a daily basis to ensure that requirements can be met. This includes the monitoring of several reports compiled by the Investments Unit as well as the relevant operational areas of the Trust.
- Maintaining a portfolio of highly marketable and diverse assets that can be readily liquidated as protection against any unforeseen interruption to cash flow. They include equities traded on the Jamaica Stock Exchange, money market investments and GOJ and BOJ debt issues.
- Managing the concentration and profile of debt maturities. Investment securities are purchased in accordance with the Board of Directors' guidelines, with clear directives to the stratification of the investment portfolio.
- Preparing daily, weekly and monthly cash and bank balances report to management for decision-making. These reports are integral in determining the level of liquidity risk faced by the Trust.

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

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Trust will be 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 contributors and fulfill commitments to lend. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Trust is exposed to daily calls on its available cash resources primarily in respect of loan and project disbursements, refund of contributions and operational expenses.

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- Preparing daily, weekly and monthly cash and bank balances report to management for decision-making. These reports are integral in determining the level of liquidity risk faced by the Trust.

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

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

The following tables detail the Trust's remaining contractual maturities for its non-derivative financial liabilities. The amounts are gross and undiscounted, and include estimated interest payments and are based on the earliest date on which the Trust can be required to pay.

As at March 31, 2019:

		Contractual cash flows				
	Carrying value	**Within 3 Months**	**Within 3-12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Liabilities						
Payables and accruals	4,422,859	808,898	3,613,961	-	-	4,422,859
Refundable contributions	107,965,077	896,102	19,796,755	29,948,450	64,498,278	115,139,585
Total liabilities	112,387,936	1,705,000	23,410,716	29,948,450	64,498,278	119,562,444

As at March 31, 2018:

		Contractual cash flows				
	Carrying value	**Within 3 Months**	**Within 3-12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Liabilities						
Payables and accruals	4,120,843	798,452	3,322,391	-	-	4,120,843
Refundable contributions	99,168,539	2,304,000	21,568,894	29,172,013	53,168,336	106,213,243
Total liabilities	103,289,382	3,102,452	24,891,285	29,172,013	53,168,336	110,334,086

(Expressed in Jamaica dollars unless otherwise stated)

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management

The Trust's objectives when managing capital, which is its accumulated fund, are:

(i) to safeguard the Trust's ability to continue as a going concern;
(ii) to maintain a strong capital base in order to carry out its mandate.

Capital adequacy is monitored by the Trust's management on a regular basis. The Trust's overall strategy remains unchanged from prior year, and the Trust is not subject to any external capital requirements.

34 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs, other than quoted prices included within level 1, that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the Trust financial assets that are carried at fair value and their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities where the carrying amount is a reasonable approximation of fair value.

	2019			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Carrying Amount $'000
Assets measured at fair value:				
- Securities at fair value through profit and loss (Note 10(a))	1,958,675	346,680	4,205,320	6,510,675

	2018			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Carrying Amount $'000
Assets measured at fair value:				
- Available-for-sale securities (Note 10(c))	1,417,222	11,987,493	64,579	13,469,294

(Expressed in Jamaica dollars unless otherwise stated)

34 FAIR VALUES (CONTINUED)

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring fair value in the level 2 and level 3 hierarchy, as well as the significant unobservable inputs used.

Effective April 1, 2018

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Inflation Indexed Bond	- Adjust the nominal value of the principal, based on the current applicable CPI, in accordance with the terms of the bond to generate the current inflation adjusted principal of the bond - Project the coupon at the next coupon payment date using the inflation adjusted principal as at the valuation date - Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids) - Using this yield, determine price Using accepted formula - Apply price to estimate fair value.	Not applicable	Not applicable

Effective prior to April 1, 2018

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
GOJ and GOJ guaranteed securities	- Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids) - Using this yield, determine price using accepted formula - Apply price to estimate fair value.	Not applicable	Not applicable
Corporate bonds, not guaranteed by the Government of Jamaica	- A pricing model commonly used by market practitioners, plus additional risk premium of 2%	Risk premium of 2%	The estimated fair value would increase (decrease) if the risk premium was higher or lower

(Expressed in Jamaica dollars unless otherwise stated)

34 FAIR VALUES (CONTINUED)

The fair value of the Trust's financial assets and liabilities that are not carried at fair value are as follows:

(i) The carrying amounts of cash and cash equivalents, short-term deposits and resale agreements, other receivables, payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.

(ii) The carrying values of loans receivable (after deductions of provision for impairment), bonus to employees not yet due and refundable contributions not yet due are assumed to approximate their fair values based on the particular circumstances of the Trust.

Reconciliation of Level 3 fair value measurements of financial assets

	Investment securities			
	Unlisted shares $'000	Debt securities $'000	Debt securities $'000	Total $'000
At April 1, 2017	-	107,234	-	107,234
Loss included in other comprehensive income	-	(32)	-	(32)
Purchases	234	-	-	234
Disposals/settlements	-	(42,857)	-	(42,857)
At April 1, 2018	234	64,345	-	64,579
Impact of initial application of IFRS 9	-	(30,784)	4,069,954	4,039,170
At April 1, 2018 (restated)	234	33,561	4,069,954	4,103,749
Gains included in profit or loss:				
- Fair value gains on investment securities (Note (30(c))	-	-	135,366	135,366
- Allowance for expected credit losses (Note (30(e))	-	10,585	-	10,585
Disposals/settlements	(234)	(44,146)	-	(44,380)
At March 31, 2019	-	-	4,205,320	4,205,320

35 OPERATING LEASE ARRANGEMENTS

The Trust as a lessee

Operating leases relate to administrative facilities with lease terms of between six to twelve months. The Trust does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date, the Trust contracted with its lessor for the following future minimum lease payments:

	2019 $'000	2018 $'000
Within one year	33,931	23,045

(Expressed in Jamaica dollars unless otherwise stated)

35 OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Trust as a lessor

The Trust rents a portion of its properties under operating leases with lease terms of between two to five years, with an option to extend for a further two years. The maintenance charges incurred by the lessee are reimbursed to the Trust monthly. The lessee does not have an option to purchase the property at the expiry of the lease period. The carrying amount of the leased proportion is insignificant for separate classification as "investment property".

The property rental income earned by the Trust from these properties in the period amounted to $7.93 million (2018: $2.73 million).

Maintenance charges received on these properties in the period amounted to $13.35 million (2018: $11.23 million).

At the reporting date, the Trust contracted with its tenants for the following future minimum lease payments:

	2019 $'000	2018 $'000
Within one year	8,302	4,205
Within two to five years	36,340	21,469
Over 5 years	10,169	6,157
	54,811	31,831

36 OTHER DISCLOSURES – EMPLOYEES' COSTS

	2019 $'000	2018 $'000
Salaries and wages including statutory contributions	4,926,039	4,180,862
Employee benefits (Note 16c(i))	87,687	141,807
Other staff costs	1,166,298	882,923
	6,180,024	5,205,592

37 LITIGATION AND CLAIM

Developer's claim

The claimant/property owner filed an application for injunction preventing the Trust from constructing a drain through their property, which was heard in May, June and December 2013. The Court denied the claimant's application for an injunction in December 2014 and trial of the substantive issue was set for December 2015. The trial of this matter began on September 19, 2016 and concluded on November 4, 2016. Judgement was handed down in favour of the claimant. The Trust filed an appeal and awaits the hearing.

Management, based on the facts and the opinion of their Counsel, has made provisions based on its best judgement of the likely liability resulting from the litigation and claims.

However, the ultimate outcome of the matter cannot be determined at this time and should the Trust be unsuccessful in its challenge and in the mediation process, an adjustment may be required to the amounts provided in the financial statements.

(Expressed in Jamaica dollars unless otherwise stated)

38 ADJUSTMENTS TO RECONCILE PROFIT FOR THE YEAR TO CASH PROVIDED BY OPERATING ACTIVITIES

	Notes	2019 $'000	2018 $'000
Write back of provisions for losses on projects	13(b)	(855)	(41,647)
Increase in provisions on loans receivable	11(q)	334,640	35,029
Provision for expected credit losses – receivables	7	240,917	46,004
Write back of provision for expected credit losses – cash and cash equivalents	30(e)	(97)	-
Write back of provision for expected credit losses – short-term deposits and repurchase agreements	30(e)	(5,718)	-
Write back of provision for expected credit losses – investment securities	30(e)	(41,445)	-
Bonus on employees' contributions	30(b)	1,800,103	1,558,862
Adjustments to contribution collections (net)		(2,993,937)	(2,144,165)
Depreciation	17	144,681	121,527
Loss/(Gain) on disposal of property, plant and equipment		420	(4,670)
Adjustments to property, plant and equipment	17	55,758	3,019
Service charges amortised	11(r)	(676,664)	(602,324)
Intangible assets amortised	14	11,980	2,382
Fair value gain on investment securities (net)	30(c)	(683,355)	(183,815)
Loss (Gain) on disposal of investment securities (net)	30(c)	1,749	(143,466)
Employee benefit charge (net)	16	87,687	141,807
Dividend income	30(a)	(34,064)	(26,509)
Interest income	30(a)	(12,601,530)	(12,651,973)
Foreign exchange adjustment		(709,778)	337,932
Share of losses of associates	15	71,311	54,318
Tax expense	29(c)	549,084	1,216,181
Provisions charged during the year	19	72,105	15,050
Adjustments to reconcile profit for the year to cash flows from operating activities		(14,377,008)	(12,266,458)

(Expressed in Jamaica dollars unless otherwise stated)

39 CHANGES IN ACCOUNTING POLICIES

The changes in accounting policies outlined in Note 4 which have resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements summarised in the following tables.

	As at April 1, 2018 (as originally presented) $'000	IFRS 9 initial application (Note (i)) Restatement $'000	Reclassification $'000	As at April 1, 2018 (restated) $'000
ASSETS				
Cash and cash equivalents	4,065,931	(355)	-	4,065,576
Receivables and prepayments	1,750,971	-	-	1,750,971
Short term deposits and resale agreements	7,181,665	(5,741)	-	7,175,924
Investment securities:				
- at fair value through profit and loss	-	-	5,760,375	5,760,375
- at amortised cost	4,071,258	(76,512)	5,979,049	9,973,795
- at available-for-sale	13,469,294	-	(13,469,294)	-
Taxation recoverable	6,842,938	-	-	6,842,938
Loans receivable	222,052,812	(3,454,325)	-	218,598,487
Inventories	11,911,675	-	-	11,911,675
Intangible assets	3,549	-	-	3,549
Investments in associate	1,106,715	-	-	1,106,715
Employee benefits asset	1,593,661	-	-	1,593,661
Property, plant and equipment	1,484,785	-	-	1,484,785
Total assets	275,535,254	(3,536,933)	(1,729,870)	270,268,451
LIABILITIES AND ACCUMULATED FUND				
LIABILITIES				
Payables and accruals	5,508,320	-	-	5,508,320
Provisions	130,032	-	-	130,032
Refundable contributions	99,168,539	-	-	99,168,539
Taxation payable	5,894,443	-	-	5,894,443
Deferred tax liabilities	543,348	-	-	543,348
Employee benefits obligation	814,868	-	-	814,868
	112,059,550	-	-	112,059,550
ACCUMULATED FUND				
Fair value and other reserves	3,187,825	-	(3,187,825)	-
Mortgage subsidy reserve	3,754,599	-	-	3,754,599
Peril reserve	3,777,426	-	-	3,777,426
Loan loss reserve	5,394,077	(1,909,787)	-	3,484,290
Accumulated profit	147,361,777	(1,627,146)	1,457,955	147,192,586
	163,475,704	(3,536,933)	(1,729,870)	158,208,901
Total liabilities and accumulated fund	275,535,254	(3,536,933)	(1,729,870)	270,268,451

(Expressed in Jamaica dollars unless otherwise stated)

39 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(i) The Trust adopted IFRS 9 with an initial application date of April 1, 2018 which resulted in changes in the Trust's accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. As permitted by the transitional provisions of IFRS 9, the Trust did not restate comparative amounts. The cumulative retrospective impact of applying the new requirements has been reflected in the Trust's opening Statement of Financial Position as at April 1, 2018, as shown above. Also, for notes disclosures, the consequential amendments to IFRS 7 Financial Instruments: Disclosures have only been applied in the current period. The comparative period notes disclosures remain the same as previous year.

	Fair value reserve $'000	Loan loss reserve $'000	Accumulated profit $'000
Balance as at April 1, 2018	3,187,825	5,394,077	147,361,777
Reclassification adjustments:			
- From AFS to FVTPL	(1,425,407)	-	1,425,407
- From AFS to amortised cost	(1,762,418)	-	-
- From amortised cost to FVTPL	-	-	32,558
Expected credit losses adjustments:			
- Increase in provision for cash and cash equivalents	-	-	(355)
- Increase in provision for short term deposits and resale agreements	-	-	(5,741)
- Increase in provision for investment securities at amortised cost	-	-	(76,512)
- Increase in provision for loans receivables at amortised cost	-	-	(3,454,325)
Other:			
Transfer from loan loss reserve	-	(1,909,787)	1,909,787
Total impact on initial application of IFRS 9	(3,187,825)	(1,909,787)	(169,191)
Balance as of April 1, 2018	-	3,484,290	147,192,586

NATIONAL HOUSING TRUST

SUPPLEMENTARY INFORMATION TO THE
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

(Expressed in Jamaica dollars unless otherwise stated)

The movement on contributions is as follows:

	2019		2018	
	Refundable Employees' Contributions Not Yet Due $'000	Non-Refundable Employers' Contributions $'000	Refundable Employees' Contributions Not Yet Due $'000	Non-Refundable Employers' Contributions $'000
Balance at beginning of year	74,268,354	165,393,947	65,700,598	147,865,202
Collections during the year				
- Employed	14,490,872	21,124,490	12,530,770	18,644,972
- Self-employed	1,675,422	-	1,485,769	-
Contributions relating to time maturities transferred to cash grants	(7,738,379)	-	(7,548,927)	-
Interest capitalised	1,173,900	-	1,044,061	-
Collections relating to time maturities transferred to cash grants	(2,375,902)	-	(1,467,400)	-
Adjustments and reclassification	(1,617,366)	120,460	2,523,483	(1,116,227)
Balance at end of year	79,876,901	186,638,897	74,268,354	165,393,947

Directors' Compensation 2018-2019

Position Of Director	Fees	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle	Honoraria	All Other Compensation including Non-Cash Benefits as applicable	Total
	$	$	$	$	$
Lennox Channer, *Chairman*	278,900.00				278,900.00
Doran Dixon, *Director*	364,516.40	365,371.80			729,888.20
Kavan Gayle, *Director*	247,900.00				247,900.00
O'Neil Grant, *Director*	215,300.00				215,300.00
Jeffrey Hall, *Director*	79,000.00				79,000.00
Nesta-Claire Hunter, *Director*	250,600.00				250,600.00
Kerenisia Morrison, *Director*	180,800.00				180,800.00
Deborah Newland, *Director*	211,300.00				211,300.00
Ryan Parkes, *Director*	249,400.00				249,400.00
Anthonette Patterson-Bartley, *Director*	201,500.00				201,500.00
Granville Valentine, *Director*	206,975.00				206,975.00
David Wan, *Director*	201,100.00				201,100.00
Martin Miller, *Managing Director*					
CO-OPTED MEMBERS:					
Gary-Vaughn White	48,300.00				48,300.00
Justin Nam	48,300.00				48,300.00
Ricardo Case	20,700.00				20,700.00
TOTAL					3,169,963.20

Notes:

1. Where a non-cash benefit is received the value of that benefit shall be quantified and stated in the appropriate column above.

Senior Executive *Compensation* 2018-2019

Position Of Senior Executive	Salary	Gratuity or Performance Incentive	Travelling Allowance or Value of Assignment of Motor Vehicle	Pension or Other Retirement Benefits	Lunch & Clothing Benefits	Non-Cash Benefits	Total
	$	$	$	$	$	$	$
Martin Miller, *Managing Director*	24,034,631	3,178,469	2,104,089		463,604		29,780,793
Errol Thompson, *SGM - Finance*	14,683,478	1,920,614	1,585,721		463,604		18,653,417
Donald Moore, *SGM - Construction & Development*	15,077,553	1,809,087	1,718,852		463,604		19,069,096
Neil Miller, *SGM - Corporate Services*	14,555,751	2,198,652	1,561,231		463,604		18,779,238
Lanie-Marie Oakley-Williams, *SGM – Customer Relations*	14,764,957	1,950,724	1,657,622		463,604		18,836,907
Judith Larmond Henry, *General Counsel/Company Secretary*	13,620,719	1,601,409	1,573,476		463,604		17,259,208
Errol Holmes, *GM - HRM*	12,674,797	1,427,246	1,723,638		463,604		16,289,285
Lisa Myrie-Davis, *Chief Internal Auditor*	10,080,173	1,265,914	1,542,864		463,604		13,352,555
Leighton Palmer, *Chief Information Officer*	10,662,483	1,253,976	1,621,083		463,604		14,001,146
Joyce Simms-Wilson, *GM - Marketing & Communications*	9,737,303	1,251,513	1,633,132		463,604		13,085,552
Gladstone Johnson, *GM - Contributions Management*	10,173,570	1,424,295	1,633,132		463,604		13,694,601
TOTAL	150,065,415	19,281,899	18,354,840		5,099,644		192,801,798

Note: Managing Director's remuneration includes retroactive payments.

Administration

MANAGING DIRECTOR

Martin Miller

SENIOR GENERAL MANAGERS

Neil Miller – Corporate Services

Donald Moore – Construction & Development

Dr. Lanie-Marie Oakley Williams – Customer Relations Management

Errol Thompson – Finance

GENERAL MANAGERS

Errol Holmes – Human Resources Management

Gladstone Johnson – Contributions Management

Judith Larmond Henry – Company Secretariat & Legal Services

Lisa Myrie-Davis – Internal Audit

Leighton Palmer – Information Services

Joyce Simms-Wilson – Corporate Communication Marketing and Sales

ASSISTANT GENERAL MANGERS

Jacqueline Aris – Procurement and Contract Management

Dave Campbell – Financial Reporting and Cost Management

Camille Chevannes – Legal Conveyancing & Mortgage Registry

Keith Clarke – Special Projects Department

Maxine Hart – Project Management Office

Damion McNally - Compliance

Quinton Masters – Project Appraisal Management

Helen Pitterson – Company Secretariat & Legal Services

Michael Taylor – Project Management

Judith Thompson Newsome – Branch Network

Elton Vassell – Receivables

Vencot Wright – Corporate & Business Strategy

Suzanne Wynter – Loan Management

MANAGERS

Sharon Babolal Chin – Project Portfolio Management

Herman Baker – Industrial Relations & Staff Benefits, HRM

Dionne Barrett - Procurement

Allison Beaumont-Smith – Marketing

Dwayne Berbick – Corporate and Public Affairs

Richard Blackwood – Management Support

Everton Boothe – Loan Portfolio Management

Judith Brown – Accounts Payable & Payroll

Percival Cunningham – Technical Support, Information Systems

Kareen Daley – Application Development & Support

Clive Davis – Project Appraisal Management

Joan Dennis – Project Management, NHT Developed Projects

Dwight Ebanks – Investments and Banking

Harvey Hall – Business Analysis

Ransford Hamilton – Property Management

Dian Isaacs – Risk & Insurance Management

Jacqueline Johnson – Special Projects

Rohan Jones – Information Systems Security

Sherene Lalah - Financial Reporting

Nadine Longmore-Smith – IT Sourcing & Projects

Steve McDonald – Contributions Refund

Karlene Morgan –Advertising and Communication

Paul Oliver – Loan Accounting

Donnetta Russell – Customer Care

Brian Saunders – Project Management, Special Projects

Philbert Solomon – Receivables and Data Capture

Oran St. John – Project Analysis

Audley Stewart – Contributor Accounts

Sheryl Stewart – Planning & Research

Ricardo Williams – Internal Audit

Wendy-Jo Williams - Social Development

BRANCH NETWORK

MANAGERS

Lorna Bernard – Kingston & St Andrew

Morcelle Brown – Customer Service, Kingston & St Andrew

Gail Dorah – St Ann

Narvia Drummond-Melbourne – Clarendon

Donovan Evans – St James

Janet Hartley Millwood – St Catherine

Eric McLeish – Manchester

Norris Rainford – Westmoreland

Ava-Ann Scott – New Loans, Kingston & St Andrew

SENIOR CUSTOMER SERVICE REPRESENTATIVES

Sancia Cornwall – St Elizabeth

Karen Forbes – Rodney – Portland

Althea Green – Trelawny

Nichole Howden – Hanover

Ketrion Verisales – St Mary

Cotchesta Watson – St Thomas

LEGAL TEAM

LEGAL SERVICES

Keisha Diego-Grey

Sheron Green Brown

Nadine Taylor

Dawn Walker

LEGAL CONVEYANCING

Alayne Bennett

Sharon Blair

Marisa Forbes Spencer

Carol Higgins

Tashia Madourie

Jefferine Stubbs-Ruddock

Mazielyn Walker