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Barita Unit Trusts Management Company Limited

Financial Statements
30 September 2016

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Independent Auditor's Report

To the Member of
Barita Unit Trusts Management Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Barita Unit Trusts Management Company Limited, set out on pages 1 to 28, which comprise the statement of financial position as at 30 September 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Barita Unit Trusts Management Company Limited as at 30 September 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers

Chartered Accountants
6 January 2017
Kingston, Jamaica

Barita Unit Trusts Management Company Limited

Statement of Comprehensive Income

Year ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Revenue		285,931	151,985
Funds expenses		(1,200)	(1,351
Gross profit		284,731	150,634
Finance and other income	7	42,240	23,572
Selling expenses		(8,095)	(4,769)
Administration expenses		(76,816)	(41,445)
Profit before Taxation		242,060	127,992
Taxation	8	(79,371)	(40,939)
Net profit for the year		162,689	87,053
Other Comprehensive Income			
Items that may subsequently be reclassified to profit or loss -			
Gains recycled to profit and loss		(993)	-
Unrealised gains on available-for-sale investments, net of taxation		64,070	16,421
		63,077	16,421
TOTAL COMPREHENSIVE INCOME		225,766	103,474

Barita Unit Trusts Management Company Limited

Statement of Financial Position

30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
ASSETS			
Cash and cash equivalents	9	86,738	13,710
Available-for-sale investments	10	486,601	310,063
Receivables	11	1,921	674
Due from related parties	12	53,859	58,078
Property, plant and equipment	13	2,219	3,226
		631,338	385,751
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Payables	15	39,387	18,976
Due to related parties	12	24,281	33,607
Bank overdraft	9	-	7,012
Taxation payable		44,347	33,260
Deferred taxation	14	4,988	327
		113,003	93,182
Shareholders' Equity			
Share capital	16	23,845	23,845
Investment reserve	17	83,905	20,828
Retained earnings		410,585	247,896
		518,335	292,569
		631,338	385,751

Approved for issue by the Board of Directors on 6 January 2017 and signed on its behalf by:

Karl Lewin Director

Rita Humphries-Lewin Director

Barita Unit Trusts Management Company Limited

Statement of Changes in Equity

Year ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Numbers of Shares '000	Share Capital $'000	Investment Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 October 2014	23,845	23,845	4,407	160,843	189,095
Total comprehensive income					
Net profit	-	-	-	87,053	87,053
Other comprehensive income	-	-	16,421	-	16,421
	-	-	16,421	87,053	103,474
Balance at 30 September 2015	23,845	23,845	20,828	247,896	292,569
Total comprehensive income					
Net profit	-	-	-	162,689	162,689
Other comprehensive income	-	-	63,077	-	63,077
	-	-	63,077	162,689	225,766
Balance at 30 September 2016	23,845	23,845	83,905	410,585	518,335

Barita Unit Trusts Management Company Limited

Statement of Cash Flows

Year ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Net profit		162,689	87,053
Adjustments for:			
Depreciation	13	1,198	1,047
Effect of exchange gain on foreign balances		(13,136)	-
Interest income	7	(14,086)	(11,298)
Gain on sale of investments	7	(6,707)	(6,635)
Income tax expense	8	79,371	40,939
		209,329	111,106
Changes in operating assets and liabilities:			
Receivables		(1,247)	5,612
Due from related parties		4,219	(45,743)
Payables		20,411	8,706
Due to related parties		(9,326)	33,573
		223,386	113,254
Income tax paid		(63,623)	(14,556)
Cash provided by operating activities		159,763	98,698
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	13	(191)	(755)
Investments, net		(93,881)	(100,330)
Interest received		12,009	9,921
Cash used in investing activities		(82,063)	(91,164)
Effect of exchange rate on cash and cash equivalents		2340	-
Increase in cash and cash equivalents		80,040	7,534
Cash and cash equivalents at beginning of year		6,698	(836)
CASH AND CASH EQUIVALENTS AT END OF YEAR		86,738	6,698
Represented by:			
Cash		86,738	13,710
Bank overdraft		-	(7,012)
		86,738	6,698

Barita Unit Trusts Management Company Limited
Notes to the Financial Statements
30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Barita Unit Trusts Management Company Limited (the company) is a limited liability company incorporated under the Companies Act of Jamaica, with registered offices at 15 St. Lucia Way, Kingston 5. The company is a subsidiary of Barita Investments Limited.

The main activity of the company is the provision of management services to the Barita Unit Trust Capital Growth Fund, Barita Unit Trust Money Market Fund and Barita Multiple Portfolio Funds.

2. Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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

Certain new standards, and interpretations of and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that none are relevant to its operations.

Barita Unit Trusts Management Company Limited

Notes to the Financial Statements
30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations of and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the company's accounting periods beginning on or after 1 October 2016 or later periods, but were not effective at the statement of financial position date, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective for annual periods beginning on or after 1 January 2016).** The amendments do not require specific changes. However, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. Preparers should consider their financial statements in light of these clarifications and whether there is an opportunity to clarify or improve the disclosure. The order of the notes needs to balance understandability and comparability and changes should generally result from a specific change in facts and circumstances.

- **Amendment to IFRS 10, 12, IAS 27 and IAS 28 on consolidation for investment entities. (effective for annual periods beginning on or after 1 January 2016).** These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made to IFRS 12 to introduce disclosures that an investment entity needs to make. This amendment is not expected to have an impact of the Company's financial statements.

- **IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2017).** The IASB has published its new revenue standard, IFRS 15 'Revenue from Contracts with Customers'. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue. It also requires entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations.

Barita Unit Trusts Management Company Limited

Notes to the Financial Statements
30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

- **IFRS 16, 'Leases',** (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

- **Amendments to IAS 12, 'Income Taxes,** (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets. The Company does not expect any significant impact on its financial statements arising from the future adoption of the amendments.

  - **IFRS 9, Financial Instruments** (effective for annual periods beginning on or after 1 January 2018). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from what obtained under IAS 39.

  - **Amendment to IFRS 15,** 'Revenue from contracts with customers' (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

  - The company has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no material impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect.

2. Significant Accounting Policies (Continued)

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services in the ordinary course of the company's activities. Revenue is recognised as follows:

Preliminary and management fees

Preliminary and management fees are recorded on an accruals basis.

Interest income

Interest income is recognised using the effective yield method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Gain or loss on sale of investment

Gain or loss on the disposal or maturity of investments, is determined by comparing sale proceeds with the carrying amount of the investment. This amount is recognised in the statement of comprehensive income. Additionally, the related unrealized gains or losses included in shareholders' equity for available-for-sale investments, at the time of disposal, are recycled to net profit and form part of the total gain or loss recognised.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

Exchange differences on the non-monetary financial assets such as available-for-sale equity instruments are included components of the change in their fair value, and are dealt with in other comprehensive income.

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Notes to the Financial Statements
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2. Significant Accounting Policies (Continued)

(d) Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

(i) Current taxation
The current income tax charge is calculated on the basis of the tax laws enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

2. Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Property, plant and equipment are shown at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis at rates estimated to write off the cost of the assets over their expected useful lives. The rates used to depreciate the items over their expected useful lives are as follows:

Computer equipment	20%
Motor vehicles	20%
Furniture, fixtures and office equipment	10%

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before taxation.

Repairs and maintenance expenses are charged to the statement of comprehensive income when the expenditure is incurred.

(f) Financial instruments

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

The company classifies its financial assets in the following categories: loans and receivables and available- for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables on the statement of financial position include cash and deposits, receivables and due from related companies.

Loans and receivables are initially recognised at cost, which is the cash given to originate the debt including any transaction costs and subsequently measured at amortised cost using the effective interest method.

Barita Unit Trusts Management Company Limited
Notes to the Financial Statements
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(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Financial instruments (continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Purchases and sales of investments are recognised on the settlement date – the date on which an asset is delivered to or by the company. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Available-for-sale investments are initially recognised at fair value plus transaction and are subsequently carried at fair value.

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in shareholders' equity are recycled to profit or loss and form part of 'gains and losses on investment securities'. Interest on available-for-sale debt securities, calculated using the effective interest method, is recognised in net profit.

Financial assets are assessed at each year end date for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate.

Available-for-sale financial assets (continued)
The recoverable amount for debt instrument carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset. If in a subsequent period, the impairment loss for debt securities carried at amoritsed cost or fair value decreases and that decrease can be related objectively to an event occurring after the impairment, the reversal of the impairment is recorded in the statement of comprehensive income.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from shareholders' equity and recognised in profit or loss.

2. Significant Accounting Policies (Continued)

(g) Impairment of long-life assets

Property, plant and equipment and other long-life assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(h) Accounts receivable

Accounts receivable are carried at original invoice amount less provision for impairment of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount; the recoverable amount being the present value of expected cash flows (inclusive of cash flows from collateral held), discounted at the market rate of interest for similar borrowings.

(i) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and short term deposits with original maturities of three months or less, net of bank overdrafts.

(j) Payables

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

(k) Related parties

Parties are considered to be related if they have common directors and/or common shareholders or if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related party transactions and balances are recognised and disclosed for the following:

(i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the company that gives them significant influence over the company's affairs and close members of the family of these individuals.

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

(l) Borrowings

Borrowings are recognised initially as the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive over the period of the borrowings.

Barita Unit Trusts Management Company Limited

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

2. Significant Accounting Policies (Continued)

(m) Employee benefits

(i) Pension obligations

The company, with its parent company, participates in a joint defined contribution pension scheme which is open to all permanent employees and administered by trustees.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all pension benefits relating to employee service in the current period and prior periods.

The company pays contributions to a privately administered pension plan on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

(ii) Termination benefits

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

(iii) Vacation leave

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to year end date.

(n) Provisions

Provisions are recognised where the company has a present or legal constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate of the amount of the obligation can be made.

3. Financial Risk Management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The Board is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as currency risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The company takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Management carefully manages its exposure to credit risk. Credit risk exposures arise principally from the company's receivables and investment activities. The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and industry segments.

Credit review process

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Investment securities

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

(ii) Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Credit risk is monitored according to their credit characteristics such as whether it is an individual or company, industry, aging profile, and previous financial difficulties.

(iii) Cash

Cash transactions are limited to high credit quality financial institutions. The company has policies in place to limit the amount of exposure to any one financial institution.

The company's maximum credit exposure is limited to $336,541,000.

3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

The company's liquidity management process includes:

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

(ii) Maintaining a portfolio of highly marketable and liquid assets, such as available-for-sale investments that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Optimising cash returns on investments.

The maturity profile of the company's financial liabilities at year end based on contractual undiscounted payments was as follows:

	Within 1 Month	1 to 3 Month	3 to 12 Months	Total
	$'000	$'000	$'000	$'000
		2016		
Financial Liabilities				
Payables	37,463	-	-	37,463
Due to related parties	-	-	24,281	24,281
Total financial liabilities	37,463	-	24,281	61,744
		2015		
Financial Liabilities				
Payables	18,049	-	-	18,049
Due to related parties	-	-	33,607	33,607
Bank overdraft	-	7,012	-	7,012
Total financial liabilities	18,049	7,012	33,607	58,666

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents and available-for-sale investments.

Barita Unit Trusts Management Company Limited

Notes to the Financial Statements
30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

The company takes on exposure to market risks, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to foreign exchange risk arising from currency exposure with respect to the US dollar. The statement of financial position at 30 September 2016 includes aggregate foreign currency denominated monetary assets of with a carrying value of approximately $261,977,000 (2015: $80,972,000.

The company has no liabilities denominated in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

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

	2016					
	Within 3 Month	3 to 12 months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash and cash equivalents	86,738	-	-	-	-	86,738
Available-for-sale investments	7,695	6,035	69,051	264,790	139,030	486,601
Receivables	-	-	-	-	1,764	1,764
Due from related parties	-	-	-	-	53,859	53,859
Total financial assets	94,433	6,035	69,051	264,790	194,653	628,962
Financial Liabilities						
Payables	-	-	-	-	37,463	37,463
Due to related parties	-	-	-	-	24,281	24,281
Total financial liabilities	-	-	-	-	61,744	61,744
Total interest repricing gap	94,433	6,035	69,051	264,790	132,909	567,218

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
Interest rate risk (continued)

	2015					
	Within 3 Month	3 to 12 months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash and cash equivalents	13,710	-	-	-	-	13,710
Available-for-sale investments	-	96,924	130,330	-	82,809	310,063
Receivables	-	-	-	-	674	674
Due from related parties	-	-	-	-	58,078	58,078
Total financial assets	13,710	96,924	130,330	-	141,561	382,525
Financial Liabilities						
Payables	-	-	-	-	18,049	18,049
Due to related parties	-	-	-	-	33,607	33,607
Bank overdraft	7,012	-	-	-	-	7,012
Total financial liabilities	7,012	-	-	-	51,656	58,668
Total interest repricing gap	6,698	96,924	130,330	-	89,905	323,857

Average effective yields by the earlier of the contractual re-pricing or maturity dates:

	2016				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%
Cash and cash equivalents	0.25	-	-	-	0.25
Available-for-sale investments	3.75	7.5	8.75	7.94	8
	2015				
	%	%	%	%	%
Cash and cash equivalents	1	-	-	-	1
Available-for-sale investments	-	7.25	7.73	8.41	7.80

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
Interest rate risk (continued)

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the company's profit before taxation and other components of equity.

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

	Effect on Profit before Taxation 2016 $'000	Effect on Other Components of Equity 2016 $'000	Effect on Profit before Taxation 2015 $'000	Effect on Other Components of Equity 2015 $'000
Change in basis points:				
- 100 (2015: -100)	(172)	(933)	(21)	(18)
+ 100 (2015: +250)	172	933	42	36

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company is exposed to equity securities price risk because of certain equity, preference shares and unit trust investments which it holds.

The table below summarises the impact of increases/decreases on other comprehensive income. The analysis is based on the assumption that the unit prices had increased/decreased by 10% (2015 – 10%).

	Effect on Other Comprehensive Income 2016 $'000	Effect on Other Comprehensive Income 2015 $'000
Change in index:		
+10 % (2015: + 10%)	23,111	8,281
- 10% (2015: – 10%)	(23,111)	(8,281)

3. Financial Risk Management (Continued)

(d) Capital management

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

(i) To comply with the capital requirements set by the regulators of the banking markets where the company and its managed funds operate;

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

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

Capital adequacy and the use of regulatory capital are monitored quarterly by the company's management, employing techniques based on the guidelines developed by the Financial Services Commission (FSC). The required information is filed with the FSC on a quarterly basis.

The FSC requires each investment company to:

(i) Hold the minimum level of the regulatory capital as a percentage of total assets; and

(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets at or above 10%.

The company's regulatory capital as managed by the Board of Directors is divided into two tiers:

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

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

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

As at 30 September 2016 and 30 September 2015, the company complied with all of the externally imposed capital requirements to which they are subject.

3. Financial Risk Management (Continued)

(e) Fair values of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the company is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The following table presents the company's assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end, and the company had no instruments classified in Level 3 during the year.

	2016		
At 30 September 2016	**Level 1 $'000**	**Level 2 $'000**	**Total balance $'000**
Available-for-sale financial assets -			
Equity securities	134,040	98,180	232,220
Debt securities	-	254,381	254,381
	134,040	352,561	486,601

3. Financial Risk Management (Continued)

(e) Fair values of financial instruments (continued)

	2015		
At 30 September 2015	**Level 1 $'000**	**Level 2 $'000**	**Total balance $'000**
Available-for-sale financial assets -			
Equity securities	77,629	5,180	82,809
Debt securities	-	227,254	227,254
	77,629	232,434	310,063

The fair value of financial instruments that are traded in an active market is determined by reference to quoted market prices when available or by using valuation techniques. When using valuation techniques, the company uses a variety of methods and makes assumptions that are based on market conditions existing at year end. The following methods and assumptions have been used:

(i) Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognized valuation techniques.

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

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(a) Critical judgements in applying the company's accounting policies
In the process of applying the company's accounting policies, management has made no significant judgements on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty
In the process of applying the company's accounting policies, management has not made any estimate that would cause a significant impact on the amounts recognised in the financial statements.

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5. Expenses by Nature

Total funds, administration and selling expenses comprise the following:

	2016 $'000	2015 $'000
Advertising and public relations	8,095	4,769
Auditors' remuneration -		
The company	2,127	1,748
Depreciation	1,198	1,047
Funds expenses	1,200	1,351
Insurance	-	9
Motor vehicle expenses	558	496
Occupancy – rent and utilities	3,704	1,818
Office supplies and expenses	2,787	2,423
Other expenses	4,009	3,090
Postage, telephone and fax	1,367	1,073
Professional fees	67	20
Registrar Fees	4,942	2,175
Repairs and maintenance	170	113
Staff costs (Note 6)	53,129	26,409
Travelling and entertainment	2,758	1,024
	86,111	47,565

6. Staff Costs

	2016 $'000	2015 $'000
Salaries	46,601	22,027
Statutory contributions	2,386	1,561
Pension costs	746	572
Other	3,396	2,249
	53,129	26,409

The number of persons employed by the company on a full time basis at end of the year was 9 (2015 - 7).

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7. Finance and Other Income

	2016 $'000	2015 $'000
Gain on the sale of investments	6,707	6,634
Interest income	14,086	11,298
FX Gain	16,307	-
Other	5,140	5,640
	42,240	23,572

8. Taxation Expense

(a) Income tax is computed on the profit for the year adjusted for tax purposes and comprises income tax at 33⅓%:

	2016 $'000	2015 $'000
Current tax	74,710	41,124
Deferred taxation (Note 14)	4,661	(185)
	79,371	40,939

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

	2016 $'000	2015 $'000
Profit before taxation	242,060	127,992
Tax calculated at 33⅓%	80,687	42,664
Adjusted for the effects of:		
Income not subject to taxation	(755)	(819)
Expenses not allowed for taxation purposes	367	193
Other	(928)	(1,099)
Income tax expense	79,371	40,939

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9. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2016 $'000	2015 $'000
Cash and bank balances	86,738	13,710
Bank overdraft	-	(7,012)
	86,738	6,698

The weighted average effective interest rate on bank balances at year end was approximately 0.25% (2015: 1%).

The accounting records of the company reflected a bank overdraft balance at prior year end, which resulted from cheques issued but not yet presented to the bank. The company does not have a bank overdraft facility.

10. Available-for-sale Investments

	2016 $'000	2015 $'000
Available-for-sale investments, at fair value -		
Marketable securities	242,107	137,560
Quoted equities	134,030	77,629
Barita Unit Trust Capital Growth Fund	-	180
Barita Unit Trust Real Estate Fund	5,000	5,000
Barita Unit Trust JMD Fixed Rate Fund	24,259	-
Barita Unit Trust USD Fixed Rate Fund	68,922	-
Repurchase Agreement	7,696	87,184
	482,014	307,553
Interest receivable	4,587	2,510
	486,601	310,063

The current portion of marketable securities amounted to $6,035,000 (2015 - $7,500,000). Included in quoted equities is ordinary shares in Barita Investments Limited valued at $15,791,000 (2015 – $9,747,000).

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11. Receivables

	2016 $'000	2015 $'000
Other receivables	1,375	674
Prepayments	546	-
	1,921	674

All amounts are collectible within twelve months.

12. Related Party Transactions

(a) The statement of comprehensive income includes the following balances with related parties:

	2016 $'000	2015 $'000
Barita Investments Limited -		
Office rental	(384)	(419)
Interest income	8,520	577
Barita Unit Trust Funds -		
Management and preliminary fees	285,931	151,985

(b) The statement of financial position includes the following balances with related parties arising from sale/purchase of service:

	2016 $'000	2015 $'000
Due from related parties		
Barita Investments Limited	29	-
Due from Director	1,470	-
Barita Unit Trust Money Market Fund	10,053	5,296
Barita Unit Trust Capital Growth Fund	1,893	3,554
Barita Multiple Portfolio Funds	40,414	49,228
	53,859	58,078
Due to related parties		
Barita Investments Limited	-	278
Barita Unit Trust Money Market Fund	5,202	6,125
Barita Unit Trust Capital Growth Fund	855	442
Barita Multiple Portfolio Fund	18,224	26,762
	24,281	33,607

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12. Related Party Transactions (Continued)

(c) Key management compensation

	2016 $'000	2015 $'000
Salaries and other short-term employee benefits	11,356	9,811
Directors' emoluments -		
Management remuneration	11,356	9,811

13. Property, Plant & Equipment

	Computer $'000	Motor Vehicles $'000	Furniture and Fixtures $'000	Total $'000
Cost -				
At 30 September 2014 and 2015	3,222	4,666	2,896	10,784
Additions	-	-	191	191
Adjustment	101-	-	(1,144)-	(1,043)
At 30 September 2016	3,323	4,666	1,943	-9,932
Accumulated Depreciation -				
At 30 September 2014	3,222	1,490	1,799	6,511
Charge for the period	-	933	114	1,047
At 30 September 2015	3,222	2,423	1,913	7,558
Charge for the period	-	933	265	1,198
Adjustment	101-	78	-(1,222)	(1,043)
At 30 September 2016	3,323	3,434	955	7,712
Net Book Value -				
At 30 September 2016	-	1,232	988	2,219
At 30 September 2015	-	2,243	983	3,226

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14. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal rate of 33⅓%. The movement on the deferred income tax account is as follows:

	2016 $'000	2015 $'000
Deferred tax liability at 1 October	327	512
Charged/(credited) to profit or loss (Note 8)	4,661	(185)
Deferred tax liability at 30 September	4,988	327

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

	Unrealised Foreign Exchange	Decelerated tax depreciation $'000	Interest receivable/ (payable) $'000	Total $'000
Deferred tax liabilities:				
At 1 October 2014		134	378	512
Charged to profit or loss		(133)	81	(52)
At 30 September 2015		1	459	460
(Credited)/charged to profit or loss	3,598	(1)	1,071	4,668
At 30 September 2016	3,598	-	1,530	5,128

	Decelerated tax depreciation $'000	Total $'000
Deferred tax assets:		
At 1 October 2014	-	-
Charged to profit or loss	(133)	(133)
At 30 September 2015	(133)	(133)
Credited to profit or loss	(7)	(7)
At 30 September 2016	(140)	(140)

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14. Deferred Taxation (Continued)

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

	2016 $'000	2015 $'000
Deferred tax (liabilities)/assets to be recovered after more than 12 months	140	133

15. Payables

	2016 $'000	2015 $'000
Withholding tax payable	-	927
Other payables and accruals	39,387	18,049
	39,387	18,976

16. Share Capital

	2016 $'000	2015 $'000
Authorised -		
30,000,000 ordinary shares		
Issued and fully paid -		
23,845,708 ordinary shares of no par	23,845	23,845

17. Investment Reserve

This represents the unrealised gains or loss on the revaluation of available-for-sale investments.

18. Pension Scheme

The company, with its related companies, participates in a joint contributory pension plan which is open to all permanent employees and administered by trustees.

Under the rules of the scheme, all full-time employees are eligible to be members and are required to make basic contributions of 5% of annual salary, with an option to increase contributions to 10% of earnings. The employer contributes 5% of annual salary to the scheme. The results of the latest actuarial valuation on 31 December 2004 revealed that the scheme was adequately funded.

Included in these financial statements are contributions of $746,000 (2015 - $571,000).