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# INDEPENDENT AUDITORS' REPORT

To the Members of
1834 INVESTMENTS LIMITED

## Report on the Audit of the Financial Statements

*Opinion*

We have audited the financial statements of 1834 Investments Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 8 to 51 which comprise the group's and company's statements of financial position as at March 31, 2018, the group's and company's income statements, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at March 31, 2018, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Key Audit Matters*

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

*Key audit matters and how they were addressed in our audit*

1. *Valuation of investment properties*

   The valuation of the group's investment properties requires significant estimation, which is impacted by uncertainty of market factors, pricing assumptions and general business and economic conditions.

   Our audit procedures in this area included the following:

   - Evaluating the director's valuation to determine that the valuation was free of management bias.
   - Involving valuation specialists to review the underlying assumptions utilised to value the properties and performed a search for similar transactions and listings.
   - Inspecting a sample of investment properties to evaluate their physical condition and considered evidence of damage or impairment that might affect the fair value measurements.
   - Assessing the adequacy and appropriateness of the group's investment property disclosures, including the valuation techniques and significant unobservable inputs in accordance with IFRS 13, *Fair Value Measurement.*

2. *Valuation of investments*

   The group's investments measured at fair value include corporate and municipal bonds classified as available-for-sale and categorised as Level 2 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these instruments although based on observable inputs, involves the exercise of judgement and the use of assumptions. Management used valuation techniques which required inputs such as market yields obtained from established yield curves. The risk is that these valuations may be misstated.

To the Members of
1834 INVESTMENTS LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Key Audit Matters (continued)*

2. *Valuation of investments (continued)*

   Our audit procedures in this area included the following:

   - Challenging the reasonableness of yields/prices by comparison to independent third-party pricing sources.
   - Assessing the reasonableness of significant assumptions used by such third-party pricing sources;
   - Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these to those used by management; and
   - Assessing the adequacy of disclosures including the degree of estimation involved in determining fair values.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended March 31, 2018 but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

To the Members of
1834 INVESTMENTS LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Responsibilities of Management and Those Charged with Governance 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 Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6 to 7, forms part of our auditors' report.

**Report on additional matters as required by the Jamaican Companies Act**

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

**Report on additional matters as required by the Jamaican Companies Act (continued)**

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

The engagement partner on the audit resulting in this independent auditors' report is Rochelle Stephenson.

KPMG

Chartered Accountants
Kingston, Jamaica

August 27, 2018

To the Members of
1834 INVESTMENTS LIMITED

**Appendix to the Independent Auditors' Report**

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

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

- Obtain an understanding of internal 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 company's/group'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Appendix to the Independent Auditors’ Report (continued)**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**1834 INVESTMENTS LIMITED**
**MARCH 31, 2018**

## Statements of Financial Position

| | NOTES | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| **Assets** | | | | | |
| Property, plant and equipment | 4 | 10,854 | 15,644 | 10,851 | 15,641 |
| Investment properties | 5 | 549,239 | 569,239 | 549,239 | 569,239 |
| Long-term receivables | 6 | 26,891 | 32,055 | 26,891 | 32,055 |
| Interest in subsidiaries | 7 | - | - | 1,413 | 1,413 |
| Interest in associate | 8 | 298,121 | 245,079 | 53,235 | 53,235 |
| Investments | 9 | 469,553 | 575,033 | 469,553 | 508,701 |
| Deferred tax assets | 11 | 618 | 618 | - | - |
| **Total non-current assets** | | 1,355,276 | 1,437,668 | 1,111,182 | 1,180,284 |
| Cash and cash equivalents | 12 | 67,629 | 7,678 | 61,295 | 3,479 |
| Securities purchased under resale agreements | 13 | 9,279 | 42,900 | 9,279 | 42,900 |
| Trade and other receivables | 14 | 36,614 | 52,775 | 47,822 | 121,555 |
| Taxation recoverable | | 12,514 | 9,616 | - | - |
| Assets held for sale | 5,15 | 196,645 | 235,619 | 196,645 | 179,242 |
| Pension fund receivable | 10 | 74,322 | 89,794 | 74,322 | 89,794 |
| **Total current assets** | | 397,003 | 438,382 | 389,363 | 436,970 |
| **Total assets** | | 1,752,279 | 1,876,050 | 1,500,545 | 1,617,254 |
| **Equity** | | | | | |
| Share capital | 16 | 605,622 | 605,622 | 605,622 | 605,622 |
| Reserves | 17 | 1,098,431 | 1,171,724 | 798,079 | 900,220 |
| **Total equity attributable to equity holders of parent** | | 1,704,053 | 1,777,346 | 1,403,701 | 1,505,842 |
| **Liabilities** | | | | | |
| Deferred tax liabilities | 11 | 17,910 | 29,400 | 17,906 | 23,136 |
| **Total non-current liabilities** | | 17,910 | 29,400 | 17,906 | 23,136 |
| Accounts payable | 18 | 27,422 | 51,094 | 78,773 | 70,066 |
| Taxation payable | | 2,894 | 18,210 | 165 | 18,210 |
| **Total current liabilities** | | 30,316 | 69,304 | 78,938 | 88,276 |
| **Total liabilities** | | 48,226 | 98,704 | 96,844 | 111,412 |
| **Total equity and liabilities** | | 1,752,279 | 1,876,050 | 1,500,545 | 1,617,254 |

The financial statements on pages 8 to 51 were approved for issue by the Board of Directors on August 27, 2018 and signed on its behalf by:

Chairman
Hon. Oliver F. Clarke, OJ

Vice Chairman
Joseph M. Matalon, CD

**1834 INVESTMENTS LIMITED**
**MARCH 31, 2018**

## Income Statements

| | NOTES | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2018** | **2017** | **2018** | **2017** |
| | | **$'000** | **$'000** | **$'000** | **$'000** |
| **Revenue** | | | | | |
| Operating income | 19(a) | 45,379 | 60,784 | 45,379 | 58,940 |
| Other income | 19(b) | 116,017 | 138,240 | 70,656 | 172,036 |
| | | 161,396 | 199,024 | 116,035 | 230,976 |
| Administration expenses | | ( 31,258) | ( 19,092) | ( 27,947) | ( 19,092) |
| Other operating expenses | | ( 85,626) | ( 85,037) | ( 78,375) | ( 80,670) |
| | 20 | (116,884) | (104,129) | (106,322) | ( 99,762) |
| **Profit from operations** | | **44,512** | **94,895** | **9,713** | **131,214** |
| Finance costs | | ( 380) | ( 2,707) | ( 380) | ( 2,707) |
| **Profit from operations before other income** | | **44,132** | **92,188** | **9,333** | **128,507** |
| Share of profit from interest in associate, net of tax | | 53,042 | 10,044 | - | - |
| **Profit from operations before taxation** | | **97,174** | **102,232** | **9,333** | **128,507** |
| Taxation charge | 21 | ( 15,242) | ( 89,885) | ( 12,513) | ( 89,885) |
| **Profit/(loss) for the year** | | **81,932** | **12,347** | **( 3,180)** | **38,622** |
| **Dealt with in the financial statements of:** | | | | | |
| Parent company | | ( 3,180) | 38,622 | | |
| Subsidiaries | | 32,070 | ( 36,319) | | |
| Associate | 8 | 53,042 | 10,044 | | |
| | | **81,932** | **12,347** | | |
| **Earnings per stock unit:** | | | | | |
| Based on stock units in issue | 22 | 6.76¢ | 1.02¢ | | |
| Excluding stock units in GCLEIT | 22 | 6.96¢ | 1.05¢ | | |

The accompanying notes form an integral part of the financial statements.

**1834 INVESTMENTS LIMITED**
**MARCH 31, 2018**

## Statements of Profit or Loss and Other Comprehensive Income

| | NOTES | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| **Profit/(loss) for the year** | | 81,932 | 12,347 | (3,180) | 38,622 |
| **Other comprehensive income:** | | | | | |
| **Item that will never be reclassified to profit or loss** | | | | | |
| Tax on revaluation and remeasurement | 11(a)(ii) | 6,260 | 140,876 | - | 126,614 |
| **Items that may be reclassified to profit or loss** | | | | | |
| Fair value adjustments on available-for-sale investments | | ( 66,840) | ( 48,955) | (2,061) | ( 63,839) |
| Currency translation differences on foreign subsidiaries | | ( 535) | ( 532) | - | - |
| | | ( 67,375) | ( 49,487) | (2,061) | ( 63,839) |
| **Other comprehensive (loss)/income for the year, net of taxation** | | ( 61,115) | 91,389 | (2,061) | 62,775 |
| **Total comprehensive income/(loss) for the year** | | 20,817 | 103,736 | (5,241) | 101,397 |
| **Dealt with in the financial statements of:** | | | | | |
| The company | | ( 5,241) | 101,397 | | |
| Subsidiaries | | ( 26,984) | ( 7,705) | | |
| Associate | 8 | 53,042 | 10,044 | | |
| | | 20,817 | 103,736 | | |

# 1834 INVESTMENTS LIMITED
# MARCH 31, 2018

## Group Statement of Changes in Equity

| | Share capital $'000 | Capital reserves $'000 | Fair value reserves $'000 | Reserve for own shares $'000 | Retained profits $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| Balances as at March 31, 2016 | 605,622 | 1,069,008 | 139,071 | (149,157) | 150,191 | 1,814,735 |
| **Total comprehensive income for the year:** | | | | | | |
| Profit for the year | - | - | - | - | 12,347 | 12,347 |
| Other comprehensive income/(loss) for the year: | | | | | | |
| Fair value adjustments on available-for-sale investments | - | - | ( 48,955) | - | - | ( 48,955) |
| Currency translation differences on foreign subsidiaries | - | ( 532) | - | - | - | ( 532) |
| Deferred tax on revalued assets | - | 140,876 | - | - | - | 140,876 |
| Other comprehensive income/(loss) for the year, net of taxation | - | 140,344 | ( 48,955) | - | - | 91,389 |
| **Total comprehensive income/(loss) for the year, net of taxation** | - | 140,344 | ( 48,955) | - | 12,347 | 103,736 |
| **Transactions with owners, recorded directly in equity:** | | | | | | |
| Dividends (note 23), being total distributions to owners | - | - | - | - | (141,125) | ( 141,125) |
| Balances at March 31, 2017 | 605,622 | 1,209,352 | 90,116 | (149,157) | 21,413 | 1,777,346 |
| **Total comprehensive income for the year** | | | | | | |
| Profit for the year | - | - | - | - | 81,932 | 81,932 |
| Other comprehensive income/(loss) for the year: | | | | | | |
| Fair value adjustments on available-for-sale investments | - | - | ( 66,840) | - | - | ( 66,840) |
| Reversal of deferred tax on disposal of building | - | 6,260 | - | - | - | 6,260 |
| Currency translation differences on foreign subsidiaries | - | ( 535) | - | - | - | ( 535) |
| Other comprehensive income/(loss) for the year, net of taxation | - | 5,725 | ( 66,840) | - | - | ( 61,115) |
| **Total comprehensive income/(loss) for the year, net of taxation** | - | 5,725 | ( 66,840) | - | 81,932 | 20,817 |
| Transfers [note 17(iv)] | - | ( 181,938) | - | - | 181,938 | - |
| **Transactions with owners, recorded directly in equity:** | | | | | | |
| Dividends (note 23), being total distributions to owners | - | - | - | - | ( 94,110) | ( 94,110) |
| Balances as at March 31, 2018 | 605,622 | 1,033,139 | 23,276 | (149,157) | 191,173 | 1,704,053 |

The accompanying notes form an integral part of the financial statements.

**1834 INVESTMENTS LIMITED**
**MARCH 31, 2018**

## Company Statement of Changes in Equity

| | Share capital $'000 | Capital reserves $'000 | Fair value reserves $'000 | Retained profits $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| Balances as at March 31, 2016 | 605,622 | 709,474 | 87,636 | 147,063 | 1,549,795 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | - | 38,622 | 38,622 |
| Other comprehensive income: | | | | | |
| Fair value adjustments on available-for-sale investments | - | - | (63,839) | - | ( 63,839) |
| Deferred taxation on revalued assets | - | 126,614 | - | - | 126,614 |
| Total other comprehensive income for the year, net of taxation | - | 126,614 | (63,839) | - | 62,775 |
| **Total comprehensive income for the year, net of taxation** | - | 126,614 | (63,839) | 38,622 | 101,397 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Dividends (note 23), being total distributions to owners | - | - | - | (145,350) | ( 145,350) |
| Balances at March 31, 2017 | 605,622 | 836,088 | 23,797 | 40,335 | 1,505,842 |
| **Total comprehensive income for the year** | | | | | |
| Loss for the year | - | - | - | ( 3,180) | ( 3,180) |
| Other comprehensive income: | | | | | |
| Fair value adjustments on available-for-sale investments, being other comprehensive income for the year, net of taxation | - | - | ( 2,061) | - | ( 2,061) |
| **Total comprehensive loss for the year, net of taxation** | - | - | ( 2,061) | ( 3,180) | ( 5,241) |
| Transfers [note 17(iv)] | - | (136,340) | - | 136,340 | - |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Dividends (note 23), being total distributions to owners | - | - | - | ( 96,900) | ( 96,900) |
| Balances at March 31, 2018 | 605,622 | 699,748 | 21,736 | 76,595 | 1,403,701 |

The accompanying notes form an integral part of the financial statements.

# 1834 INVESTMENTS LIMITED
# MARCH 31, 2018

## Statements of Cash Flows

| | NOTES | Group 2018 $'000 | Group 2017 $'000 | Company 2018 $'000 | Company 2017 $'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit/(loss) for the year | | 81,932 | 12,347 | ( 3,180) | 38,622 |
| Adjustments to reconcile profit/(loss) to net cash provided/(used) by operating activities: | | | | | |
| Depreciation | 4(a),(b) | 4,790 | 5,448 | 4,790 | 5,448 |
| Current income tax | 21(a) | 20,472 | 85,315 | 17,743 | 85,315 |
| Deferred taxation | 21(a) | ( 5,230) | 4,570 | ( 5,230) | 4,570 |
| Interest income | 19(a) | ( 30,954) | ( 45,850) | (30,954) | ( 46,058) |
| Interest expense | | 381 | 2,707 | 381 | 2,707 |
| Decrease in fair value of asset held for sale | | 2,598 | - | 2,598 | - |
| Decrease in fair value of investment properties | | - | 5,929 | - | 8,845 |
| Impairment loss | 20 | 8,221 | 9,974 | 2,285 | 9,974 |
| Share of profit of associate, net of tax | 8 | ( 53,042) | ( 10,044) | - | - |
| Gain on disposal of assets held for sale | | ( 4,981) | - | - | - |
| Gain on disposal of investments | | ( 59,759) | (104,531) | (10,659) | (104,531) |
| Loss on sale of finance lease | | - | 25,361 | - | 25,361 |
| Gain on disposal of property, plant and equipment | | ( 8,882) | - | ( 8,882) | - |
| | | ( 44,454) | ( 8,774) | (31,108) | 30,253 |
| Tax paid | | ( 38,686) | (157,426) | (35,788) | (157,426) |
| Interest paid | | ( 381) | ( 2,707) | ( 381) | ( 2,707) |
| Trade and other receivables | | 18,175 | ( 37,274) | 76,281 | ( 65,641) |
| Securities purchased under agreements for resale | | 33,621 | ( 33,970) | 33,621 | ( 33,970) |
| Accounts payable | | ( 23,672) | ( 43,355) | 8,707 | ( 43,463) |
| Pension fund receivable | | 15,472 | 116,184 | 15,472 | 116,184 |
| Net cash (used)/provided by operating activities | | ( 39,925) | (167,322) | 66,804 | (156,770) |
| **Cash flows from investing activities** | | | | | |
| Interest received | | 28,405 | 45,706 | 28,405 | 45,914 |
| Additions to property, plant and equipment | 4(a),(b) | - | ( 169) | - | ( 169) |
| Proceeds from sale of property, plant and equipment | | 8,882 | - | 8,882 | - |
| Proceeds from sale of assets held for sale | | 61,357 | - | - | - |
| Proceeds from sale of finance lease | | - | 25,361 | - | 25,361 |
| Investments, net | | 90,178 | 247,838 | 47,811 | 246,045 |
| Long-term receivable | | 5,164 | ( 29,997) | 2,814 | ( 29,997) |
| Net cash provided by investing activities | | 193,986 | 288,739 | 87,912 | 287,154 |
| **Cash flows from financing activity** | | | | | |
| Dividends paid, being net cash used by financing activity | 23 | ( 94,110) | (141,125) | (96,900) | (145,350) |
| Net increase/(decrease) in cash and cash equivalents | | 59,951 | ( 19,708) | 57,816 | ( 14,966) |
| Cash and cash equivalents at beginning of the year | | 7,678 | 27,386 | 3,479 | 18,445 |
| Cash and cash equivalents at end of the year | | 67,629 | 7,678 | 61,295 | 3,479 |

The accompanying notes form an integral part of the financial statements.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements
March 31, 2018

## 1. Identification

1834 Investments Limited, formerly The Gleaner Company Limited ("company" or "parent company"), is incorporated under the laws of, and is domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange and has its registered office at 7 North Street, Kingston.

The group's principal activities are the management of real estate and other investments.

The company completed the transfer of its media operations pursuant to an amalgamation agreement with Radio Jamaica Limited (RJR) in March 2016. The company no longer engages in any form of media business and is precluded from doing so for a period of twenty-four months from the effective date of the amalgamation agreement.

Group refers collectively to the company and its subsidiaries together with its associates and are as follows:

| | Principal activity | Country of incorporation | % Ownership by Group |
|---|---|---|---|
| Subsidiaries: | | | |
| 1834 Investments (Canada) Inc. | Real Estate Investment | Canada | 100% |
| digjamaica.com Limited | Dormant | Jamaica | 100% |
| Popular Printers Limited | Dormant | Jamaica | 100% |
| Selectco Publications Limited | Dormant | Jamaica | 100% |
| Associated Enterprise Limited | Dormant | Jamaica | 100% |
| Associate: | | | |
| Jamaica Joint Venture Investment Company Limited (JJVI) | Real Estate Investment | Jamaica | 50% Joint Venture |

Subsequent to the year ended March 31, 2018, 1834 Investments (Canada) Inc. was legally dissolved and the winding up process has commenced for the four dormant subsidiaries.

## 2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act (Act).

Details of the group's accounting policies, including changes during the year are included in notes 29 and 30.

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis, except for investment properties (note 5) and available-for-sale investments (note 9), which are measured at fair value and assets held for sale, which are measured at the lower of their carrying amount and fair values less cost to sell.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the group. Financial information presented is shown in thousands of Jamaica dollars, unless otherwise stated.

## 2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables, as well as timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

(ii) Determination of fair values:

The group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements.

- Level 1 – Inputs that are quoted market price (unadjusted) in an active market for an identical asset or liability.
- Level 2 – Inputs other quoted prices included within level 1 that are observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**2. Statement of compliance and basis of preparation (continued)**

(d) Use of estimates and judgements (continued):

(ii) Determination of fair values (continued):

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(iii) Investment properties:

Investment properties reflect fair value amounts, based on market information, including valuations done by directors and independent valuators in the current year and external independent valuators in the prior period. On the instructions of management, the valuators have used valuation techniques such as the direct sales comparison approach, income approach and cost approach to determine fair value as detailed in notes 5 and 15.

**3. Roles of auditors**

The external auditors have been appointed by the stockholders pursuant to the Articles of Incorporation and the Act to conduct an independent and objective audit of the financial statements of the group and the company and in accordance with International Standards on Auditing, and report thereon to the shareholders. The auditors' report outlines the scope of their audit and their opinion.

**4. Property, plant and equipment**

(a) **Group:**

| | Machinery and equipment $'000 | Computer equipment $'000 | Total $'000 |
|---|---|---|---|
| ***Cost*** | | | |
| Balances at March 31, 2016 | 59,099 | 3 | 59,102 |
| Additions | 169 | - | 169 |
| Balances at March 31, 2017 | 59,268 | 3 | 59,271 |
| Transfers | 3 | (3) | - |
| Balances as at March 31, 2018 | 59,271 | - | 59,271 |
| ***Depreciation*** | | | |
| Balances at March 31, 2016 | 38,179 | - | 38,179 |
| Charge for the year | 5,448 | - | 5,448 |
| Balances at March 31, 2017 | 43,627 | - | 43,627 |
| Charge for the year | 4,790 | - | 4,790 |
| Balances at March 31, 2018 | 48,417 | - | 48,417 |
| ***Carrying amounts*** | | | |
| March 31, 2018 | 10,854 | - | 10,854 |
| March 31, 2017 | 15,641 | 3 | 15,644 |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 4. Property, plant and equipment (continued)

### (b) Company:

| | Machinery and equipment $'000 |
|---|---|
| ***Cost*** | |
| Balance at March 31, 2016 | 59,099 |
| Additions | 169 |
| Balance at March 31, 2017 and 2018 | 59,268 |
| ***Depreciation*** | |
| Balance at March 31, 2016 | 38,179 |
| Charge for the year | 5,448 |
| Balance at March 31, 2017 | 43,627 |
| Charge for the year | 4,790 |
| Balance at March 31, 2018 | 48,417 |
| ***Carrying amounts*** | |
| March 31, 2018 | 10,851 |
| March 31, 2017 | 15,641 |

## 5. Investment properties

| | Group | | Company | |
|---|---|---|---|---|
| | **2018 $'000** | **2017 $'000** | **2018 $'000** | **2017 $'000** |
| Balance at beginning of the year | 569,239 | 810,787 | 569,239 | 757,326 |
| Decrease in fair value | - | ( 5,929) | - | ( 8,845) |
| Reclassification to assets held for sale (note 15) | ( 20,000) | (235,619) | ( 20,000) | (179,242) |
| Balance at end of the year | 549,239 | 569,239 | 549,239 | 569,239 |

The properties have been reclassified to assets held for sale at fair value less costs to sell, as efforts to dispose of them have commenced.

During the year, investment properties generated income and incurred expenses as follows:

| | **2018 $'000** | **2017 $'000** |
|---|---|---|
| Income earned from investment properties | 5,487 | 8,627 |
| Expenses incurred on investment properties | 1,288 | 798 |

Investment properties were valued during the year ended March 31, 2018 on a fair market value basis by the Directors. In 2016 the properties were revalued by independent valuators, Property Consultants Limited and Municipal Property Assessment Corporation.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 5. Investment properties (continued)

The fair value of land and buildings is categorised as level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

| Valuation techniques | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| *Market based approach:* The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable assuming no cost delay in making the substitution.<br><br>The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past.<br><br>However as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties. | • Details of the sales of comparable properties.<br><br>• Conditions influencing the sale of the comparable properties.<br><br>• Comparability adjustment. | The estimated fair value would increase/(decrease) if:<br><br>• Sale value of comparable properties were higher/(lower).<br><br>• Comparability adjustment were higher/(lower). |

## 6. Long-term receivables

| | Group and Company | |
|---|---|---|
| | 2018<br>$'000 | 2017<br>$'000 |
| Loan receivable [see (i) below] | 28,980 | 32,055 |
| Other long-term receivable | - | 2,341 |
| | 28,980 | 34,396 |
| Less current portion [see trade and other receivables (note 14)] | ( 2,089) | ( 2,341) |
| | 26,891 | 32,055 |

(i) Loan receivable represents the balance on a loan due to the company, being the proceeds from the sale of investments in the prior year. This loan, which bears interest of 4% per annum, is secured by real estate. Under the repayment arrangement the final payment is due in August 2021.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 7. Interest in subsidiaries

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Shares at cost, less impairment losses: | | |
| digjamaica.com Limited | 300 | 300 |
| Popular Printers Limited | 426 | 426 |
| 1834 Investments (Canada) Inc. | 687 | 687 |
| | 1,413 | 1,413 |

## 8. Interest in associate

The Group has a 50% interest in the real estate investment company, Jamaica Joint Venture Investment Company Limited (JJVI). The 50% share of profit which is recognised in the current period is based on the Associate's latest available audited financial statements for the period ended December 31, 2016.

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Share at cost | 150 | 150 | 150 | 150 |
| Additional shares acquired | 53,085 | 53,085 | 53,085 | 53,085 |
| Group's share of reserves | 244,886 | 191,844 | - | - |
| | 298,121 | 245,079 | 53,235 | 53,235 |

The following table summarises the financial information of the associate (JJVI), as included in its own financial statements, after elimination of differences in accounting policies and intercompany transactions.

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| **Percentage ownership interest** | **50%** | **50%** |
| | **$'000** | **$'000** |
| Non-current assets | 556,458 | 469,204 |
| Current assets | 135,299 | 111,593 |
| Non-current liabilities | ( 1,746) | ( 746) |
| Current liabilities | ( 16,985) | ( 13,110) |
| Net assets (100%) | 673,026 | 566,941 |
| Net assets (50%) | 336,513 | 283,471 |
| Group's share of net assets being carrying amount of interest in associate | 298,121 | 245,079 |
| Group's share of pre-acquisition value of the investment in associate | 38,392 | 38,392 |
| | 336,513 | 283,471 |
| Revenue from operations, being total revenue | 178,589 | 87,399 |
| Depreciation and amortisation | ( 942) | ( 770) |
| Administrative expense | ( 63,674) | ( 56,538) |
| Interest expense | ( 1,812) | ( 3,062) |
| Income tax charge | ( 6,078) | ( 6,941) |
| Profit and total comprehensive income (100%) | 106,083 | 20,088 |
| Group's share of profit and total comprehensive income (50%) | 53,042 | 10,044 |
| Group's share of reserve: | | |
| Balance as at April 1 | 191,844 | 181,800 |
| Group's share of current year profit | 53,042 | 10,044 |
| Balance as at March 31 | 244,886 | 191,844 |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 9. Investments

| | Group 2018 $'000 | Group 2017 $'000 | Company 2018 $'000 | Company 2017 $'000 |
|---|---|---|---|---|
| Available-for-sale financial assets: | | | | |
| Quoted equities | 60,505 | 147,117 | 60,505 | 80,785 |
| Unquoted equities | 6,053 | 6,053 | 6,053 | 6,053 |
| Corporate bonds | 175,759 | 183,477 | 175,759 | 183,477 |
| 6.75% Lloyds TSB PLC investment note | 163,726 | 173,954 | 163,726 | 173,954 |
| 10.179% Barclays Bank PLC investment note | 44,320 | 48,048 | 44,320 | 48,048 |
| Units in unit trust | 8,619 | 4,403 | 8,619 | 4,403 |
| Loans and receivables: | | | | |
| Certificates of deposit | 10,571 | 11,378 | 10,571 | 11,378 |
| Debentures | - | 603 | - | 603 |
| | 469,553 | 575,033 | 469,553 | 508,701 |

## 10. Pension fund receivable

The amount represents surplus due to the company arising from the discontinuation of the defined-benefit pension fund on July 15, 2010. The total outstanding is expected to be received within one year from the reporting date.

| | Group and Company 2018 $'000 | Group and Company 2017 $'000 |
|---|---|---|
| Balance at beginning of the year | 89,794 | 205,978 |
| Net received during the year | (19,394) | (120,909) |
| Income earned during the year | 3,922 | 4,725 |
| Balance at end of year | 74,322 | 89,794 |

Assets held by the pension fund to honour the receivable include a Government of Jamaica guaranteed security which is carried at fair value. Fair value adjustments are reflected in the pension fund receivable balance.

## 11. Deferred taxation

Deferred taxation is attributable to the following:

(a) **Group:**

| | Assets 2018 $'000 | Assets 2017 $'000 | Liabilities 2018 $'000 | Liabilities 2017 $'000 | Net 2018 $'000 | Net 2017 $'000 |
|---|---|---|---|---|---|---|
| Investments | - | - | 3,600 | 2,374 | 3,600 | 2,374 |
| Inventories | - | - | ( 4) | ( 4) | ( 4) | ( 4) |
| Unrealised foreign exchange gain | - | - | 1,357 | - | 1,357 | - |
| Property, plant and equipment | 618 | 618 | ( 2,192) | ( 3,257) | ( 1,574) | ( 2,639) |
| Trade and other receivable | - | - | ( 2,091) | ( 6,064) | ( 2,091) | ( 6,064) |
| Pension fund receivable | - | - | (18,580) | (22,449) | (18,580) | (22,449) |
| Net assets/(liabilities) | 618 | 618 | (17,910) | (29,400) | (17,292) | (28,782) |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 11. Deferred taxation (continued)

Deferred taxation is attributable to the following (continued):

(a) **Group (continued):**

(i) Net deferred tax is recognised in the group statement of financial position, as follows:

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Deferred tax liability in company | (17,906) | (23,136) |
| Deferred tax liability in subsidiaries | ( 4) | ( 6,264) |
| | (17,910) | (29,400) |
| Deferred tax asset in certain subsidiaries | 618 | 618 |
| Net deferred tax liabilities | (17,292) | (28,782) |

(ii) Movement in net temporary differences during the year are as follows:

| | 2018 | | | |
|---|---|---|---|---|
| | Balance at April 1, 2017 | Recognised in profit or loss [note 21(a)(ii)] | Recognised in comprehensive income | Balance at March 31, 2018 |
| | $'000 | $'000 | $'000 | $'000 |
| Inventories | ( 4) | - | - | ( 4) |
| Unrealised foreign exchange gain | - | 1,357 | - | 1,357 |
| Investments | 2,374 | 1,226 | - | 3,600 |
| Property, plant and equipment | ( 2,639) | (5,195) | 6,260 | ( 1,574) |
| Trade and other receivables | ( 6,064) | 3,973 | - | ( 2,091) |
| Pension fund receivable | (22,449) | 3,869 | - | (18,580) |
| | (28,782) | 5,230 | 6,260 | (17,292) |

| | 2017 | | | |
|---|---|---|---|---|
| | Balance at April 1, 2016 | Recognised in profit or loss [note 21(a)(ii)] | Recognised in comprehensive income | Balance at March 31, 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Inventories | ( 4) | - | - | ( 4) |
| Investments | - | 2,374 | - | 2,374 |
| Property, plant and equipment | ( 99,726) | (43,789) | 140,876 | ( 2,639) |
| Trade and other receivables | ( 13,863) | 7,799 | - | ( 6,064) |
| Pension fund receivable | ( 51,495) | 29,046 | - | (22,449) |
| | (165,088) | ( 4,570) | 140,876 | (28,782) |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 11. Deferred taxation (continued)

Deferred taxation is attributable to the following (continued):

(b) **Company:**

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Investments | 3,600 | 2,374 |
| Unrealised foreign exchange gain | 1,357 | - |
| Property, plant and equipment | ( 2,192) | 3,003 |
| Trade and other receivables | ( 2,091) | ( 6,064) |
| Pension fund receivable | (18,580) | (22,449) |
| Net liabilities | (17,906) | (23,136) |

(i) Movement in net temporary differences during the year are as follows:

| | 2018 | | |
|---|---|---|---|
| | Balance at April 1, 2017 $'000 | Recognised in profit/loss [note 21 (a)ii] $'000 | Balance at March 31, 2018 $'000 |
| Investments | 2,374 | 1,226 | 3,600 |
| Unrealised foreign exchange gain | - | 1,357 | 1,357 |
| Property, plant and equipment | 3,003 | (5,195) | ( 2,192) |
| Trade and other receivables | ( 6,064) | 3,973 | ( 2,091) |
| Pension fund receivable | (22,449) | 3,869 | (18,580) |
| | (23,136) | 5,230 | (17,906) |

| | 2017 | | | |
|---|---|---|---|---|
| | Balance at April 1,2016 $'000 | Recognised in profit/loss [note 21 (a)ii] $'000 | Recognised in other comprehensive income $'000 | Balance at March 31,2017 $'000 |
| Investments | - | 2,374 | - | 2,374 |
| Property, plant and equipment | ( 79,822) | (43,789) | 126,614 | 3,003 |
| Trade and other receivables | ( 13,863) | 7,799 | - | ( 6,064) |
| Pension fund receivable | ( 51,495) | 29,046 | - | (22,449) |
| | (145,180) | ( 4,570) | 126,614 | (23,136) |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 12. Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Bank and cash balances | 67,629 | 7,678 | 61,295 | 3,479 |

In the prior year, the company had a credit facility with The Bank of Nova Scotia Jamaica Limited in the form of a Letter of Guarantee to Jamaica Customs, in the amount of JMD$2,000,000. This was secured by a deposit of a former related entity. This line of credit facility was cancelled during the year.

## 13. Securities purchased under resale agreements

The group and the company invest in securities purchased under resale agreements.

At the reporting date, the fair value of the underlying securities held as collateral for the resale agreements was $9,876,000 (2017: $47,277,000) for the group and the company.

## 14. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Trade receivables and due from related parties | 1,010 | - | 16,812 | 74,195 |
| Other receivables [see (a) below] | 33,515 | 50,434 | 28,921 | 45,019 |
| Current portion of long term receivable (see note 6) | 2,089 | 2,341 | 2,089 | 2,341 |
| | 36,614 | 52,775 | 47,822 | 121,555 |

(a) Other receivables is comprised as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| General Consumption Tax (GCT) recoverable | 2,699 | 4,823 | 2,699 | 4,823 |
| Interest receivable | 8,364 | 5,815 | 8,364 | 5,815 |
| Other receivables and prepayments | 22,452 | 39,796 | 17,858 | 34,381 |
| | 33,515 | 50,434 | 28,921 | 45,019 |

## 15. Assets held for sale

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Balance at beginning of the year | 235,619 | - | 179,242 | - |
| Reclassified from investment properties (note 5) | 20,000 | 235,619 | 20,000 | 179,242 |
| Disposal of asset held for sale | ( 56,377) | - | - | - |
| Decrease in fair value of assets held for sale | ( 2,597) | - | ( 2,597) | - |
| Balance at end of the year | 196,645 | 235,619 | 196,645 | 179,242 |

## 15. Assets held for sale (continued)

Management commenced the process of selling some of its investment properties during the prior and current year. Accordingly, the properties (see note 5) are presented as assets held for sale. Completion of the sales are expected within the next twelve (12) months.

The following table shows the valuation technique used in measuring the fair value of the asset, as well as the significant unobservable inputs used. This is classified as level 3 in the fair value hierarchy.

| **Valuation techniques** | **Significant unobservable inputs** | **Inter-relationship between key unobservable inputs and fair value measurement** |
|---|---|---|
| Market approach. This model takes into account:<br>• A willing seller and buyer;<br>• A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market;<br>• Values are expected to remain stable throughout the period of market exposure and disposal by way of sale (hypothetical);<br>• The property will be freely exposed to the market; and<br>• The potential rental value of the property in the current investment climate. | • Judgements if the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class.<br>• The potential rental value of the property in the current investment climate. | The estimated fair value would increase/(decrease) if:<br>• The potential rental value of the property increased/(decreased).<br>• Judgement that what the property can be sold, exchanged, let or mortgaged for had been determined to be better/(worse). |

## 16. Share capital

| | Group and Company | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| Share capital issued and fully paid: | | |
| 1,211,243,827 stock units of no par value | 605,622 | 605,622 |

At March 31, 2018, the authorised share capital comprised 1,216,000,000 ordinary stock units (2017: 1,216,000,000). All issued stock units are fully paid. The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the company.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 17. Reserves

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| **Capital** | | | | |
| Realised: | | | | |
| Share premium (i) | 4,353 | 4,353 | 4,353 | 4,353 |
| Other | 5,830 | 5,830 | - | - |
| Gain on sale of loan | 24,608 | 24,608 | 1,334 | 1,334 |
| Gain on disposal of property, plant and equipment | 13,725 | 13,725 | - | - |
| | 48,516 | 48,516 | 5,687 | 5,687 |
| Unrealised: | | | | |
| Revaluation of land and buildings (iv) | 810,220 | 992,158 | 694,061 | 830,401 |
| Deferred taxation on revalued land and buildings | ( 4) | ( 6,264) | - | - |
| Reserve arising from consolidation of subsidiaries (net of goodwill) and debt | 93,496 | 93,496 | - | - |
| Exchange difference on translation of overseas subsidiaries | 80,911 | 81,446 | - | - |
| | 984,623 | 1,160,836 | 694,061 | 830,401 |
| **Total capital reserves** | **1,033,139** | **1,209,352** | **699,748** | **836,088** |
| **Reserve for own shares (ii)** | ( 149,157) | ( 149,157) | - | - |
| **Fair value reserve (iii)** | 23,276 | 90,116 | 21,736 | 23,797 |
| **Revenue** | | | | |
| Retained profits | 191,173 | 21,413 | 76,595 | 40,335 |
| | 1,098,431 | 1,171,724 | 798,079 | 900,220 |

(i) Share premium is retained in accordance with the provisions of Section 39(7) of the Jamaican Companies Act.

(ii) Reserve for own shares is included in the financial statements by consolidation of The Gleaner Company Limited Employee Investment Trust (GCLEIT) as it is regarded as a special purpose entity and is required to be consolidated under IFRS 10. The reserve comprises the cost of the company's shares held by the group through the GCLEIT. At March 31, 2018, GCLEIT held 34,175,094 (2017: 34,175,094) of the company's shares (note 22).

(iii) Fair value reserve represents unrealised gains arising on changes in fair value of available-for-sale investments.

(iv) The appreciation in the fair value of property, plant and equipment sold in the current and previous years, being $181,938,000 for the group and $136,340,000 for the company, was transferred to retained earnings.

## 18. Accounts payable

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Due to related party | - | - | 47,658 | 25,715 |
| Due to former related party | - | 10,920 | - | 10,920 |
| Unclaimed dividends | 23,261 | 27,231 | 23,261 | 27,231 |
| Other payables | 4,161 | 12,943 | 7,854 | 6,200 |
| | 27,422 | 51,094 | 78,773 | 70,066 |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 19. Revenue

(a) Operating income:

| | Group 2018 $'000 | Group 2017 $'000 | Company 2018 $'000 | Company 2017 $'000 |
|---|---|---|---|---|
| Interest income | 30,954 | 45,850 | 30,954 | 46,058 |
| Rental income | 14,425 | 14,934 | 14,425 | 12,882 |
| | 45,379 | 60,784 | 45,379 | 58,940 |

(b) Other income:

| | Group 2018 $'000 | Group 2017 $'000 | Company 2018 $'000 | Company 2017 $'000 |
|---|---|---|---|---|
| Gains on disposal of investments | 68,641 | 104,531 | 19,541 | 104,531 |
| Gain on disposal of assets held for sale | 4,981 | - | - | - |
| Dividends received | 7,616 | 5,853 | 7,616 | 5,145 |
| Bad debt recovered from related entity | - | - | 43,418 | - |
| Write-back of balances due to former related entities | 32,113 | 1,345 | - | 41,511 |
| Unrealised foreign exchange gain | - | 18,793 | - | 18,793 |
| Other | 2,666 | 7,718 | 81 | 2,056 |
| | 116,017 | 138,240 | 70,656 | 172,036 |

## 20. Administration and other operating expenses

| | Group 2018 $'000 | Group 2017 $'000 | Company 2018 $'000 | Company 2017 $'000 |
|---|---|---|---|---|
| Directors' emoluments: | | | | |
| Fees | 4,252 | 2,799 | 4,252 | 2,799 |
| Management remuneration | 6,874 | 12,500 | 6,874 | 12,500 |
| Other staff costs | 62 | 232 | 62 | 232 |
| Auditors' remuneration | 4,500 | 2,884 | 4,500 | 2,300 |
| Shared services | 5,136 | 2,433 | 5,136 | 2,433 |
| Transportation cost | 41 | 2,274 | 41 | 2,274 |
| Depreciation | 4,790 | 5,448 | 4,790 | 5,448 |
| Loss on sale of finance lease | - | 25,361 | - | 25,361 |
| Insurance | 3,113 | 1,552 | 3,113 | 1,552 |
| Professional and legal fees | 24,185 | 22,415 | 22,359 | 21,883 |
| Early termination obligation fees [see note 29(a)] | 29,717 | - | 29,717 | - |
| Utilities and telephone | 1,085 | 1,449 | 1,077 | 1,449 |
| Office expenses | 1,553 | 2,433 | 591 | 2,433 |
| Building maintenance | 2,076 | 4,070 | 823 | 798 |
| Registrar services | 5,546 | 2,838 | 5,546 | 2,838 |
| Impairment loss | 8,221 | 9,974 | 2,285 | 9,974 |
| Unrealised and realised foreign exchange loss | 7,200 | - | 7,200 | - |
| Other expenses | 8,533 | 5,467 | 7,956 | 5,488 |
| | 116,884 | 104,129 | 106,322 | 99,762 |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 21. Taxation

(a) Taxation is based on the profit for the year as adjusted for tax purposes and is made up as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| (i) Current tax expense: | | | | |
| Income tax at 25% | 17,431 | 37,080 | 14,702 | 37,080 |
| Prior year under provision | 3,041 | 48,235 | 3,041 | 48,235 |
| | 20,472 | 85,315 | 17,743 | 85,315 |
| (ii) Deferred tax (credit)/expense: | | | | |
| Origination and reversal of timing differences [note 11(a)(ii) and 11(b)(i)] | ( 5,230) | 4,570 | ( 5,230) | 4,570 |
| Total taxation charge recognised | 15,242 | 89,885 | 12,513 | 89,885 |

(b) The tax effect of differences between treatment of items for financial statements and taxation purposes are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Profit from operations before taxation | 97,174 | 102,232 | 9,333 | 128,507 |
| Income tax at 25% | 24,293 | 25,558 | 2,333 | 32,127 |
| Difference between depreciation and tax capital allowance | 4,333 | 42,175 | 4,333 | 42,715 |
| Disallowed expenses and other capital adjustment, net | (16,425) | ( 26,083) | 2,806 | ( 33,192) |
| Actual tax charge | 12,201 | 41,650 | 9,472 | 41,650 |
| Prior year under provision | 3,041 | 48,235 | 3,041 | 48,235 |
| Tax charge | 15,242 | 89,885 | 12,513 | 89,885 |

(c) Taxation recognised in other comprehensive income:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | |
| | **Before tax** | **Tax benefit** | **Net of tax** | **Before tax** | **Tax benefit** | **Net of tax** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Deferred tax on revaluation surplus | - | 6,260 | 6,260 | - | (140,876) | (140,876) |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 21. Taxation (continued)

(c) Taxation recognised in other comprehensive income (continued):

| | Company | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | |
| | Before tax $'000 | Tax benefit $'000 | Net of tax $'000 | Before tax $'000 | Tax benefit $'000 | Net of tax $'000 |
| Deferred tax on revaluation surplus | - | - | - | - | (126,614) | (126,614) |

## 22. Earnings per stock unit

The calculation of earnings per stock unit is arrived at by dividing profit after taxation attributable to stockholders of the company of $81,932,000 (2017: $12,347,000) by 1,211,243,827 being the number of stock units in issue at March 31, 2018 (2017: 1,211,243,827) as well as by 1,177,068,733 (2017: 1,177,068,733), being stock units less those held by the GCLEIT [see note 17(ii)].

## 23. Dividends paid (gross)

An interim revenue distribution of 8 cents (2017: 8 cents) per stock unit was paid on May 30, 2017 (2017: September 16, 2016), to shareholders on record at close of business on May 5, 2017 (2017: on August 22, 2016).

In the prior year a second interim revenue distribution of 4.0 cents per stock unit was paid on December 7, 2016, to shareholders on record at the close of business on November 18, 2016.

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| Ordinary dividends: | | | | |
| First interim paid in respect of | | | | |
| 2018: 8¢ (2017: 8¢) per stock unit - gross | 96,900 | 96,900 | 96,900 | 96,900 |
| Second interim paid in respect of | | | | |
| 2018: Nil¢ (2017: 4¢) per stock unit – gross | - | 48,450 | - | 48,450 |
| | 96,900 | 145,350 | 96,900 | 145,350 |
| Dividends paid to GCLEIT | ( 2,790) | ( 4,225) | - | - |
| | 94,110 | 141,125 | 96,900 | 145,350 |

## 24. Financial risk management

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

## 24. Financial risk management (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Group Audit Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Group Audit Committee undertakes both regular and ad hoc reviews of risk management controls and procedures.

(a) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables, investments, pension receivable, securities purchased under resale agreements and cash and cash equivalents.

**Investments, pension receivable, cash and cash equivalents and securities purchased under agreement for resale**

The group limits its exposure to credit risk by only investing in liquid securities and only with counterparties who are believed to have minimal risk of default. The group holds collateral for securities purchased under resale agreements. Management does not expect any counterparty to fail to meet its obligations.

There were no changes to the group's approach to managing credit risk during the year.

(b) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically, the group ensures that it has sufficient cash on demand and marketable securities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The group's financial liabilities comprises accounts payable that are repayable within one year at the carrying amount reflected on the statement of financial position.

There were no changes to the group's approach to liquidity risk management during year.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**24. Financial risk management (continued)**

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the group's and company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. There has been no change to the group's exposure to market risk or the manner in which it measures and manages this risk.

(i) Currency risk:

The group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the group. The main currencies are the United States dollar (US$) and Canadian dollar (CAD$).

The group ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in US$ and CAD$ as a hedge against adverse fluctuations in exchange rates.

The group's and the company's exposure to foreign currency risk are as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2018 | | 2017 | |
| | US$ ('000) | CAD$ ('000) | US$ ('000) | CAD$ ('000) |
| Investments | 3,237 | - | 3,510 | - |
| Cash and cash equivalents | 44 | 39 | 6 | 17 |
| Securities purchased under resale agreements | 74 | - | 314 | - |
| Trade and other receivables | 231 | 32 | 250 | 40 |
| Accounts payable | - | ( 9 ) | - | (11) |
| Net exposure | 3,586 | 62 | 4,080 | 46 |

| | Company | | | |
|---|---|---|---|---|
| | 2018 | | 2017 | |
| | US$ ('000) | CAD$ ('000) | US$ ('000) | CAD$ ('000) |
| Investments | 3,237 | - | 3,510 | - |
| Cash and cash equivalents | 44 | - | 6 | - |
| Securities purchased under resale agreements | 74 | - | 314 | - |
| Trade and other receivables | 231 | - | 250 | - |
| Net exposure | 3,586 | - | 4,080 | - |

**Sensitivity analysis**

A strengthening/weakening of the Jamaican dollar against the following currencies at March 31 2018 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 24. Financial risk management (continued)

(c) Market risk (continued):

(i) Currency risk (continued):

**Sensitivity analysis (continued)**

| Group 2018 | | | | |
|---|---|---|---|---|
| **Currency** | **% weakening** | **Increase Effect on profit or loss $'000** | **% strengthening** | **Decrease Effect on profit or loss $'000** |
| US$ | 4 | 18,472 | 2 | (9,218) |
| CAD$ | 4 | 241 | 2 | ( 120) |

| Group 2017 | | | | |
|---|---|---|---|---|
| **Currency** | **% weakening** | **Increase Effect on profit or loss $'000** | **% strengthening** | **Decrease Effect on profit or loss $'000** |
| US$ | 6 | 31,387 | 1 | (4,911) |
| CAD$ | 6 | 266 | 1 | ( 44) |

| Company 2018 | | | | |
|---|---|---|---|---|
| **Currency** | **% weakening** | **Increase Effect on profit or loss $'000** | **% strengthening** | **(Decrease) Effect on profit or loss $'000** |
| US$ | 4 | 18,472 | 2 | (9,218) |

| Company 2017 | | | | |
|---|---|---|---|---|
| **Currency** | **% weakening** | **Increase Effect on profit or loss $'000** | **% strengthening** | **(Decrease) Effect on profit or loss $'000** |
| US$ | 6 | 31,387 | 1 | (4,911) |

(ii) Interest rate risk:

The group minimizes interest rate risk by investing mainly in fixed rate government securities and contracting liabilities at fixed rates, where possible.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**24. Financial risk management (continued)**

(c) Market risk (continued):

(ii) Interest rate risk (continued):

**Profile**

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Fixed rate instruments** | | | | |
| Financial assets | 394,376 | 416,857 | 394,376 | 416,857 |

**Fair value sensitivity analysis for fixed rate instruments**

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

An increase of 100 or decrease of 100 (2017: An increase of 100 or decrease of 100) basis points in interest rates at the reporting date would have increased equity by $3,944,000 or decrease equity by $3,944,000 for the group and company (2017: increase of $4,168,000 or a decrease of $4,168,000 for the group and company). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

**Equity price risk**

The Board monitors the mix of debt and equity securities in its investment portfolio based on market expectations. This risk is managed by the monitoring of the market value of the securities on the Jamaica Stock Exchange (JSE) and other foreign stock exchanges and the respective companies' quarterly financial performance.

**Sensitivity analysis – equity price risk**

Most of the group's equity investments are listed on the Jamaica Stock Exchange (JSE) and other foreign stock exchanges. A 15% (2017: 10%) increase or decline in the JSE All Jamaica Composite index at the reporting date would have increased/decreased equity by $12,840,000 for the group and $9,076,000 for the company (2017: $14,712,000 for the group and $8,078,500 for the company).

(d) 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 and is best evidenced by a quoted market price, if one exists.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**24. Financial risk management (continued)**

(d) Fair values (continued):

The fair value of financial instruments is based on their quoted market price at the reporting date without any deduction for transaction costs. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flows or a generally accepted alternative method.

Available-for-sale financial assets include Government of Jamaica instruments, corporate bonds, quoted equities and unquoted equities.

The fair values of current financial assets and liabilities are assumed to approximate to their carrying amounts shown in the statement of financial position due to their short-term nature.

The fair value of non-current receivables and liabilities are assumed to approximate to their carrying values as no loss on realisation or discount on settlement are anticipated.

**Basis for determining fair values**

Quoted equities are valued using the quoted market bid prices listed on the Jamaica Stock Exchange and other foreign stock exchanges at the reporting date.

Government of Jamaica securities and the investment notes are valued using a pricing input and yields from an acceptable broker yield curve.

The fair value of investments, pension fund receivable, cash and cash equivalent, securities purchased under resale agreements, trade and other receivable and trade payables are assessed to approximate their carrying values due to their relatively short-term nature.

No items were reclassified from one level to another.

**Accounting classifications and fair values**

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

| | Group 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amounts | | | | Fair values | | | |
| | Loan and receivables $'000 | Available -for-sale $'000 | Financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Financial assets measured at fair value:** | | | | | | | | |
| Investments | - | 458,982 | - | 458,982 | 60,505 | 398,477 | - | 458,982 |

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

## 24. Financial risk management (continued)

(d) Fair values (continued):

**Accounting classifications and fair values (continued)**

| | Group 2017 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amounts | | | | Fair values | | | |
| | Loan and receivables $'000 | Available-for-sale $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Financial assets measured at fair value:** | | | | | | | | |
| Investments | - | 563,052 | - | 563,052 | 147,117 | 415,935 | - | 563,052 |

| | Company 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amounts | | | | Fair values | | | |
| | Loan and receivables $'000 | Available-for-sale $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Financial assets measured at fair value:** | | | | | | | | |
| Investments | - | 458,982 | - | 458,982 | 60,505 | 398,477 | - | 458,982 |

| | Company 2017 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amounts | | | | Fair values | | | |
| | Loan and receivables $'000 | Available-for-sale $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Financial assets measured at fair value:** | | | | | | | | |
| Investments | - | 496,720 | - | 496,720 | 80,785 | 415,935 | - | 496,720 |

(e) Capital management:

The group's objective is to maintain a strong capital base so as to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Board of Directors monitors the return on capital which the company defines as share capital, capital reserves, fair value reserves and retained profits. The group may adjust or maintain the capital structure by adjusting the amount of dividends paid to shareholders.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**24. Financial risk management (continued)**

(e) Capital management (continued):

There were no changes in the group's approach to capital management during the year.

**25. Subsidiaries**

During the year ended March 31, 2018, the company was the holding company of the following subsidiaries:

| Subsidiary Company | Note | Subsidiary of: | Country of incorporation | Percentage ownership 2018 | Percentage ownership 2017 | Nature of business |
|---|---|---|---|---|---|---|
| Popular Printers Limited | (i) | Parent Company | Jamaica | 100 | 100 | Dormant |
| Selectco Publications Limited | (i) | Popular Printers Limited | Jamaica | 100 | 100 | Dormant |
| Associated Enterprise Limited | (i) | Popular Printers Limited | Jamaica | 100 | 100 | Dormant |
| digjamaica.com Limited | (i) | Associated Enterprises Limited | Jamaica | 100 | 100 | Dormant |
| 1834 Investments (Canada) Inc | (ii) | Parent Company | Canada | 100 | 100 | Real Estate Investment |
| Jamaica Joint Venture Investment Company Limited(JJVI) | (iii) | Parent Company | Jamaica | 50 | 50 | Real Estate Investment |

Notes:

(i) digjamaica.com Limited and Popular Printers Limited (together with its wholly owned subsidiaries, Selecto Publications Limited and Associated Enterprise Limited) are 100% owned subsidiaries of the parent company, 1834 Investments Limited and have commenced the process of winding up. The media related businesses of these subsidiaries were subsumed by RJR in the March 2016 amalgamation and these companies are now dormant.

(ii) 1834 Investments (Canada) Inc. was legally dissolved subsequent to the year ended March 31, 2018.

(iii) 1834 Investments Limited has a 50% interest in Jamaica Joint Venture Investment Company Limited (JJVI) which is a real estate investment company. JJVI has a 100% shareholding in Manhart Properties Limited and City Properties Limited which own commercial properties at 34 and 40 Duke Street respectively.

**26. Related parties**

(a) Identity of related parties:

The group has a related party relationship with its subsidiaries, associates and with its directors and executive officers in the ordinary course of business.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**26. Related parties (continued)**

(b) Transactions with key management personnel:

In addition to salaries, the group provides non-cash benefits to executive officers.

The key management personnel compensation is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Short-term benefits | 16,653 | 21,155 | 16,653 | 21,155 |

(c) The statement of financial position includes balances, arising in the ordinary course of business, with subsidiaries and associated companies as follows:

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Trade and other receivables: | | |
| Subsidiaries, net of provision | 1,289 | 33,633 |
| Associated companies | 205 | 401 |
| Accounts payable: | | |
| Subsidiaries | 78,830 | 21,452 |
| Associated companies | 4,263 | 4,263 |

**27. Operating leases**

Pursuant to the March 24, 2016 scheme of arrangement, the building at 7 North Street and parking lots at East Street and John's Lane, being investment properties, were leased to RJR.

(a) Future minimum lease payments:

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Less than one year | 100,000 | 100,000 |
| Between one and five years | 500,000 | 500,000 |
| More than five years | 700,000 | 800,000 |

(b) All property rental and maintenance expenses are borne by the lessee.

## 28. Contingent liabilities

(a) Pursuant to the March 24, 2016 scheme of arrangement with Radio Jamaica (RJR) Limited, the company has an obligation to provide office accommodation to The Gleaner Company (Media) Limited for a maximum period of fifteen years at no cost. As at March 31, 2018, and consequent on the sale and imminent sale of the related properties, the company entered into an agreement with RJR to pay the sum of $29,717,000 in full settlement of this obligation. The amount of $29,717,000 was recorded as "early termination obligation fees" in other operating expenses and the company no longer carries this obligation to RJR effective March 31, 2018.

(b) The company received an Income Tax and PAYE assessment from Tax Administration of Jamaica (TAJ) for the 2010 year of assessment amounting to $62,807,000. An objection has been filed with the TAJ.

## 29. Changes in accounting policies

Except for the changes below, the group has consistently applied the accounting policies set out in note 30 to all periods presented in these consolidated financial statements.

The group has assessed them and has adopted those which are relevant to its consolidated financial statements.

The details, nature and effects of the changes are explained below:

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

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

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

- *Improvements to* IFRSs *2014-2016* contain amendments to certain standards applicable to the Group as follows:

  - IFRS 12, *Disclosure of Interests in Other Entities,* effective retrospectively for annual reporting periods beginning on or after January 1, 2017, has been amended to clarify that the disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution.

  - IAS 28, *Investments in Associates and Joint Ventures*, effective retrospectively for annual reporting periods beginning on or after January 1, 2017, has been amended to clarify or state the following:

    (i) A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis.

## 29. Changes in accounting policies (continued)

*New, revised and amended standards that became effective during the year* (continued):

- *Improvements to* IFRSs *2014-2016* (continued)

  - IAS 28, *Investments in Associates and Joint Ventures* (continued)

    (ii) A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:

  - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
  - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
  - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
  - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
  - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

## 30. Significant accounting policies

The significant accounting policies set out below have been applied consistently in the consolidated financial statements and by group entities.

(a) Basis of consolidation:

(i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

## 30. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued):

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries:

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

These consolidated financial statements comprise the financial results of the company and its subsidiaries. The principal operating subsidiaries are listed in note 25 and are referred to as "subsidiaries" or "subsidiary". The company and its subsidiaries are collectively referred to as the "group".

(iii) Loss of control:

On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

## 30. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iv) Associate:

The group's interest in equity-accounted investees comprise interest in associate.

An associate is an entity in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of the entity.

Interest in associate is accounted for using the equity method. It is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss of the associate, until the date on which significant influence or joint control ceases.

In the previous years, the company did not adopt the equity method of accounting as the directors did not consider that they exercised significant influence over the financial or operating policy of the associate. Based on management's reassessment during 2014 of its influence, the application of the equity method is now considered appropriate. The change was accounted for prospectively as the impact on the prior periods is not considered material (see note 8).

(v) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transaction, are eliminated. Unrealised gains arising from transaction with equity-accounted investee are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. The group applies book value (carry-over basis) accounting for business combinations for entities under common control in the consolidated financial statements on the basis that the investment has been moved from one part of the group to another.

(b) Property, plant and equipment:

(i) Owned assets:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets.

The cost of self-constructed assets includes the cost of materials and direct labour, plus related borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**30. Significant accounting policies (continued)**

(b) Property, plant and equipment (continued):

(ii) Owned assets:

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the group and its costs can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Leased assets:

Leases, under the terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leasing arrangements are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and any impairment losses.

(iv) Depreciation:

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

| | | |
|---|---|---|
| Machinery & equipment | - | 10%, 12½%, 20% and 25% |
| Computer equipment | - | 25% |

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

(c) 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. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreement trade and other receivables, long-term receivables, and investments. Financial liabilities include accounts payable.

(i) Classification of investments:

Management determines the classification of investments at the time of purchase and takes account of the purpose for which the investments are made. Investments are classified as loans and receivables and available-for-sale.

Investments with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are stated at amortised cost, less impairment losses. Other investments held by the group are classified as available-for-sale and are stated at fair value. Available-for-sale investments include certain debt and equity securities.

## 30. Significant accounting policies (continued)

(c) Financial instruments (continued):

(ii) Measurement:

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition, all available-for-sale investments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably determined, is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities and loans and receivables are measured at amortised cost, less impairment losses. Amortised cost is calculated on the effective interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

[i] Sovereign bonds, including corporate securities are classified as available-for-sale and measured at fair value.

[ii] Other interest-bearing deposits are measured at amortised cost, less impairment losses.

[iii] Interest in subsidiaries for the company is measured at cost, less impairment losses.

(iii) Gains and losses on subsequent measurement:

Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income. When the financial assets are impaired, sold, collected or otherwise disposed of, the cumulative gain or loss recognised in other comprehensive income are transferred to profit or loss.

(iv) Derecognition:

A financial asset is derecognised when the company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the company commits to sell the assets.

Loans and receivables are derecognised on the day they are transferred by the company.

(d) Cash and cash equivalents:

Cash and cash equivalents, which comprise cash and bank balances and include short-term deposits, with maturities ranging between one and three months of acquisition date, are measured at cost. For the purpose of the statement of cash flows, bank overdraft is included as a component of cash and cash equivalents.

**30. Significant accounting policies (continued)**

(e) Securities purchased under resale agreements:

Securities purchased under resale agreements ("reverse repurchase or resale agreements") are accounted for as short-term collateralised lending and are classified as loans and receivables.

On initial recognition they are measured at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income over the life of the contract using the effective interest method.

(f) Trade and other receivables:

These are measured at amortised cost, less impairment losses.

(g) Taxation:

(i) Income tax:

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

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

(ii) Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted as at the reporting date. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**30. Significant accounting policies (continued)**

(h) Accounts payables and provisions:

Accounts payable, including provisions, are measured at amortised cost. A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Finance leases:

Leases, the terms under which the company transfers substantially all the risks and rewards of ownership to a third party, are classified as finance leases. They are measured at fair value which is determined as the present value of the expected future cash flows from the leases.

Income from these leases is recognised in profit or loss over the term of the lease on the straight-line basis.

(j) Revenue recognition:

(i) Interest income:

Interest income is recognised on the accrual basis, taking into account the effective yield on the asset.

(ii) Dividend income:

Dividend income is recognised on the date the group's right to receive payment is established.

(k) Expenses:

(i) Lease payments:

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Foreign currencies:

Foreign currency balances outstanding at the reporting date are translated at the rates of exchange ruling on that date [US$1 = J$125.32; Can$1 = J$96.61]. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in profit or loss. For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

## 30 Significant accounting policies (continued)

(l) Foreign currencies (continued):

The reporting currencies of the foreign subsidiary (note 25) are also the currencies in which their economic decisions are formulated. For the purpose of the financial statements, revenues, expenses, gains and losses have been translated at the average rates of exchange for the year; assets and liabilities have been translated at exchange rates ruling at the reporting date.

Unrealised gains and losses arising on translation of net stockholders' equity in foreign subsidiaries are recognised in other comprehensive income.

(m) Impairment of assets:

(i) Financial assets:

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired can include default or delinquency by a customer or counterparty, indications that the customer or counterparty will enter bankruptcy or a significant or prolonged decline in fair value in respect of quoted equities.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an impaired available-for-sale financial asset recognised previously in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed, if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

(ii) Non-financial assets:

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised, if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

**30. Significant accounting policies (continued)**

(m) Impairment of assets (continued):

(ii) Non-financial assets (continued):

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less costs to sell. 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(n) Investment properties:

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income during the financial period in which they are incurred.

(o) Assets held for sale:

Non-current assets are classified as held for sale if it is highly probable they will be recovered primarily through sale, rather than continuing use. Such assets are generally measured at the lower of their carrying amount and fair values less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

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

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**30. Significant accounting policies (continued)**

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

- The group is required to adopt IFRS 9 *Financial Instruments* from April 1, 2018. The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

  Based on management's preliminary assessment, the group does not believe that the new classification requirements will have a material impact on its accounting for receivables, cash and cash equivalents and investment in equity securities that are managed on a fair value basis.

  However, the group is still in the process of its assessment and the final impact has not yet been determined.

  IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI expect for investments in equity instruments.

  Under IFRS 9, loss allowances will be measured on either of the following bases:
  (i) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
  (ii) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

  Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

  The group believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. However, the group is still in the process of determining the likely financial impact on its financial statements.

  IFRS 9 will require extensive disclosures, in particular for credit risk and ECLs. The group's assessment included an analysis to identify data gaps in current processes and the group is in the process of implementing the system and control changes that it believes will be necessary to capture the required data.

## 30. Significant accounting policies (continued)

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

- The group is required to adopt IFRS 9 *Financial Instruments (continued)*

  Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except that the group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement as well as impairment changes. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at April 1, 2018.

  The group will determine the business model within which a financial asset is held based on the facts and circumstances that exist at the date of initial application.

- The group is required to adopt IFRS 15 *Revenue from Contracts with Customers* from April 1, 2018. The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

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

  IFRS 15 is not expected to have a material impact on the group's operations.

- IFRS 16 *Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption is permitted if IFRS 15 *Revenue from Contracts with Customers* is also adopted.

  The group is assessing the impact that the standard will have on its 2020 financial statements.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**30. Significant accounting policies (continued)**

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

- Amendments to IAS 40 *Transfers of Investment Property,* effective for annual reporting periods beginning on or after January 1, 2018, clarifies when an entity should transfer a property asset to, or from, investment property. A transfer is made when and only when there is an actual change in use – i.e. an asset meets or cease to meet the definition of investment property and there is evidence of the change in use.

  The entity has a choice on transition to apply the prospective approach – i.e. apply the amendments to transfers that occur after the date of initial application – and also reassess the classification of property assets held at that date; or apply the amendments retrospectively in accordance with IAS 8, but only if it does not involve the use of hindsight.

  The group is assessing the impact that the amendment will have on its 2019 financial statements.

- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability.

  An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

  The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

  The group is assessing the impact that this interpretation will have on its 2019 financial statements.

- IFRIC 23 *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS12.

  An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

  If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

## 30. Significant accounting policies (continued)

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

- IFRIC 23 *Uncertainty Over Income Tax Treatments* (continued)

  If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty.

  If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

  IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding:

  - judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - assumptions and other estimates used; and
  - potential impact of uncertainties that are not reflected in the financial statements.

  The group is assessing the impact that the interpretation will have on its 2020 financial statements.

- Amendments to IFRS 9 *Financial Instruments,* effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

  - Prepayment features with negative compensation:

    Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

  - Modifications to financial liabilities:

    If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

  The group is assessing the impact that the amendments will have on its 2020 financial statements.

**1834 INVESTMENTS LIMITED**

Notes to the Financial Statements (Continued)
March 31, 2018

**30. Significant accounting policies (continued)**

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

- IAS 28, *Investments in Associates and Joint Ventures*, effective retrospectively for annual reporting periods beginning on or after January 1, 2018, has been amended to clarify or state the following:

  (i) A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis.

  (ii) A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.

  The group is assessing the impact that this amended standard will have on its 2019 financial statements.

## 1834 INVESTMENTS LIMITED

### Financial Summary 2013 – 2018

| | 2018<br>$'000 | 2017<br>$'000 | 2016*<br>$'000 | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|---|---|---|
| Turnover | 161,396 | 199,024 | 3,963,896 | 3,320,245 | 3,338,219 |
| Group profit before taxation | 97,174 | 102,232 | ( 12,194) | 224,725 | 91,458 |
| Taxation (charge)/credit | ( 15,242) | ( 89,885) | 18,930 | ( 43,578) | ( 5,616) |
| Profit attributable to 1834's stockholders | 81,932 | 12,347 | 6,736 | 181,147 | 85,842 |
| Ordinary stockholders' funds: | | | | | |
| Share capital | 605,622 | 605,622 | 605,622 | 605,622 | 605,622 |
| Reserves | 1,098,431 | 1,171,724 | 1,209,113 | 2,067,403 | 1,988,079 |
| | 1,704,053 | 1,777,346 | 1,814,735 | 2,673,025 | 2,593,701 |
| Long-term liabilities | - | - | - | 65,926 | 93,534 |
| Employee benefits obligation | - | - | - | 87,000 | 66,300 |
| Deferred tax liabilities | 17,910 | 29,400 | 165,706 | 333,036 | 338,906 |
| Total funds employed | 1,721,963 | 1,806,746 | 1,980,441 | 3,158,987 | 3,092,441 |
| Represented by: | | | | | |
| Long-term receivables | 26,891 | 32,055 | 52,780 | 10,327 | 6,317 |
| Other non-current assets and investments | 1,328,385 | 1,405,613 | 1,868,731 | 2,053,178 | 1,922,464 |
| Working capital | 366,687 | 369,078 | 58,930 | 1,095,482 | 1,163,660 |
| | 1,721,963 | 1,806,746 | 1,980,441 | 3,158,987 | 3,092,441 |
| Stock units in issue at year end ('000) | 1,211,244 | 1,211,244 | 1,211,244 | 1,211,244 | 1,211,244 |
| Earnings per stock unit [see note (i) below] | 6.76¢ | 1.02¢ | 0.56¢ | 14.96¢ | 7.09¢ |
| Stockholders' fund per stock unit [see note (i) below] | 144.77¢ | 146.73¢ | 154.74¢ | 228.38¢ | 212.87¢ |
| Dividends per stock unit [see note (ii) below] | 8¢ | 12¢ | 8.04¢ | 8.04¢ | 7.17¢ |
| Exchange rates ruling at the reporting date were: | | | | | |
| UK 1£ to J$1 | 176.80 | 158.72 | 172.73 | 175.97 | 173.56 |
| US$1 to J$1 | 125.32 | 128.22 | 121.70 | 114.12 | 105.72 |
| Can$1 to J$1 | 96.61 | 96.45 | 91.46 | 96.34 | 98.99 |

(i) The calculation of earnings per stock unit and stockholders' funds per stock unit is based on profit after taxation attributable to the company's stockholders and ordinary stockholder's funds, respectively, divided by the stock units in issue at year-end.

(ii) The calculation of dividends per ordinary stock unit is based on the actual dividends for each year divided by the stock units in issue, less stock units held by GCLEIT. The number of units at the end of the reporting year was 1,177,069,000 (2017: 1,177,069,000).

* Represents fifteen-month period from January 1, 2015 to March 31, 2016 and includes the financial performance of the media business for the period then ended.