1834 INVESTMENTS LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2022

KPMG
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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 11 to 73, which comprise the group's and the company's statements of financial position as at March 31, 2022, the group's and the 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, 2022, and of the group's and the 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 International Code of Ethics for Professional Accountants including International Independence Standards (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.

1. *Amalgamation transaction by way of a Scheme Implementation Agreement*

Key audit matter	*How the matter was addressed in our audit*
On April 22, 2022, an amalgamation transaction was announced between the company and Radio Jamaica Limited (or 'RJL'), by way of a Scheme Implementation Agreement. Should the amalgamation transaction be approved by stockholders of the company and approved by the Supreme Court of Jamaica, the assets and liabilities of the company will be transferred to RJL, its outstanding stock units cancelled and RJL units and/or cash issued in exchange for same. On the conclusion of this process and the lodgement of the Amalgamation Order with the Companies Office of Jamaica, the company would be dissolved. Management has concluded that, in light of the pending amalgamation expected to complete within twelve months from the reporting date, the going concern basis of accounting is no longer appropriate. This required the application of considerable judgment by management. *See notes 2(b), 2(e) and 26 of the financial statements.*	Our audit procedures in this area included the following: • Reviewing management's assessment of going concern and the appropriateness of its conclusion. • Assessing the adequacy and appropriateness of the group's disclosures surrounding the amalgamation transaction; that they are in line with the draft Explanatory Circular approved by the Boards of Directors of the two amalgamating companies, and IFRS. • Involving our internal specialists to: - Critically assess the evidence we had gained to support management's conclusions; and - Assess whether the financial statements should be measured and presented under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

2. *Valuation of investment properties*

Key audit matter	*How the matter was addressed in our audit*
The valuation of the group's investment properties requires significant estimation, which is affected by uncertainty of market factors, pricing assumptions and general business and economic conditions.	Our audit procedures in this area included the following: • Evaluating the design and implementation of controls and effectiveness, or lack thereof. • Evaluating the reasonableness of the valuation methodologies and inputs used by the property appraiser engaged by management and the fair value conclusions for the properties at the valuation date. • Inspecting the investment properties to evaluate their physical condition and consideration of 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*. • Involving our own valuation specialist to: - Assess the suitability of the report prepared by the property appraiser employed by management for financial reporting purposes;

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

2. *Valuation of investment properties (continued)*

Key audit matter	*How the matter was addressed in our audit*
See note 4 of the financial statements.	Our audit procedures in this area included the following (continued): • Involving our own valuation specialist to (continued): - Assess whether the report prepared by the property appraiser employed by management meets International Valuation Standards Council standards for valuation reports; - Assess the appropriateness of the qualifications and experience of the property appraiser employed by management; and - Challenging the appraiser's key assumptions, including the state of the current real estate market conditions, for appropriateness.

3. *Valuation of investments*

Key audit matter	*How the matter was addressed in our audit*
The group's investments measured at fair value include corporate and municipal bonds. These investments are classified as fair value through other comprehensive income and categorised as Level 2 in the fair value hierarchy. Management used valuation techniques which required inputs such as market yields obtained from established yield curves.	Our audit procedures in this area included the following: • Evaluating the design and implementation of controls and concluding on the effectiveness, thereof. • Challenging the reasonableness of yields/prices by comparison to independent third-party pricing sources.

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

3. *Valuation of investments (continued)*

Key audit matter	*How the matter was addressed in our audit*
Valuation of these instruments, although based on observable inputs, involves the exercise of judgement and the use of assumptions. *See note 21(d) of the financial statements.*	Our audit procedures in this area included the following (continued): • Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these to those used by management; and • Challenging the adequacy of disclosures including the degree of estimation involved in determining fair values.

4. Expected credit loss on financial assets

Key audit matter	*How the matter was addressed in our audit*
The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates. We therefore determined that the impairment of other receivables and investments has a high degree of estimation uncertainty.	Our audit procedures in this area included the following: • Evaluating the design and implementation of controls and concluding on the effectiveness, or lack thereof. • Obtaining an understanding of the models used by management for the calculation of expected credit losses, including governance over the determination of key judgements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

4. Expected credit loss on financial assets (continued)

Key audit matter	*How the matter was addressed in our audit*
The key areas requiring greater management judgement include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information. Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement. These estimates involve increased judgment as a result of the continuing economic impact of COVID-19 on the group's financial assets. Management considered the following: • Qualitative factors that create COVID-19-related changes to SICR. • Increased uncertainty about potential future economic scenarios and their impact on credit losses. *See note 21(a) of the financial statements.*	Our audit procedures in this area included the following (continued): • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of: - the group's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default; and - the group's methodology for determining the economic scenarios used and the probability weightings applied to them. We also tested to external sources, a sample of economic variables used. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

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, 2022 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.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
1834 INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

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 9 and 10, 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.

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 R. Tarun Handa.

KPMG

Chartered Accountants
Kingston, Jamaica

July 14, 2022

1834 INVESTMENTS LIMITED
MARCH 31, 2022

Statements of Financial Position

	NOTES	GROUP		COMPANY	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
Assets					
Property, plant and equipment	3	28	784	28	784
Investment properties	4	545,000	492,500	545,000	492,500
Long-term receivables	5	-	16,887	-	16,887
Interest in associate	6	299,862	333,261	54,448	54,448
Investments	7	349,787	435,194	349,787	435,194
Cash and cash equivalents	8	220,086	34,272	211,612	25,794
Securities purchased under resale agreements	9	359,364	302,895	359,364	302,895
Other receivables	10	43,682	28,945	56,571	41,834
Taxation recoverable		31,561	15,678	31,561	15,678
Total assets		**1,849,370**	**1,660,416**	**1,608,371**	**1,386,014**
Equity					
Share capital	11	605,622	605,622	605,622	605,622
Reserves	12	907,238	904,612	664,325	628,296
Total equity attributable to equity holders of parent		1,512,860	1,510,234	1,269,947	1,233,918
Liabilities					
Deferred tax liability	13	8,675	2,353	8,675	2,353
Accounts payable	14	266,511	39,169	268,425	41,083
Note payable	15	61,324	108,660	61,324	108,660
Total liabilities		336,510	150,182	338,424	152,096
Total equity and liabilities		**1,849,370**	**1,660,416**	**1,608,371**	**1,386,014**

The financial statements on pages 11 to 73 were approved for issue by the Board of Directors on July 14, 2022 and signed on its behalf by:

_________________________ Director
Joseph M. Matalon, C.D.

_________________________ Director
Elizabeth A. Jones, C.D.

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

1834 INVESTMENTS LIMITED
MARCH 31, 2022

Income Statements

	NOTES	GROUP 2022 $'000	GROUP 2021 $'000	COMPANY 2022 $'000	COMPANY 2021 $'000
Revenue					
Operating income	16(a)	24,340	21,091	24,340	45,504
Fair value gain on investment property	4	52,500	55,403	52,500	55,403
Other gains	16(b)	26,570	42,406	26,570	42,406
		103,410	118,900	103,410	143,313
Administration expenses		(22,076)	(17,291)	(22,076)	(17,291)
Other operating expenses		(38,393)	(33,232)	(38,393)	(33,232)
Impairment gain on financial assets		1,304	1,204	1,304	1,204
	17	(59,165)	(49,319)	(59,165)	(49,319)
Profit from operations		**44,245**	**69,581**	**44,245**	**93,994**
Finance costs		(1,450)	(956)	(1,446)	(945)
Share of (loss)/profit from interest in associate	6	(33,224)	18,143	-	-
Profit before taxation		**9,571**	**86,768**	**42,799**	**93,049**
Taxation charge	18	(6,362)	(5,686)	(6,187)	(280)
Profit for the year		**3,209**	**81,082**	**36,612**	**92,769**
Dealt with in the financial statements of:					
Parent company		36,612	92,769		
Associate	6	(33,399)	12,737		
Special purpose entity		(4)	-		
Intra-group dividends and distributions		-	(24,424)		
		3,209	**81,082**		
Earnings per stock unit:					
Based on stock units in issue	19	0.26¢	6.69¢		
Excluding stock units in GCLEIT	19	0.27¢	6.89¢		

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

1834 INVESTMENTS LIMITED
MARCH 31, 2022

Statements of Profit or Loss and Other Comprehensive Income

	NOTES	GROUP		COMPANY	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
Profit for the year		3,209	81,082	36,612	92,769
Other comprehensive income (OCI):					
Item that will never be reclassified to profit or loss					
Net gains on investments in equity securities designated at fair value through other comprehensive income		6,697	25,125	6,697	25,125
Items that may be reclassified to profit or loss					
Fair value adjustments on debt securities, net of taxation		(7,280)	13,131	(7,280)	13,131
Other comprehensive (loss)/income for the year, net of taxation		(583)	38,256	(583)	38,256
Total comprehensive income for the year		2,626	119,338	36,029	131,025
Dealt with in the financial statements of:					
The company		36,029	131,025		
Associate	6	(33,399)	12,737		
Special purpose entity		(4)	-		
Intra-group dividends and distributions		-	(24,424)		
		2,626	119,338		

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, 2020	605,622	427,943	4,003	(34,873)	435,244	1,437,939
Total comprehensive income for the year						
Profit for the year	-	-	-	-	81,082	81,082
Other comprehensive loss for the year:						
Fair value adjustments on debt securities at FVOCI	-	-	13,131	-	-	13,131
Net losses on investments in equity securities designated at FVOCI	-	-	25,125	-	-	25,125
Total other comprehensive gain for the year, net of taxation	-	-	38,256	-	-	38,256
Total comprehensive profit for the year, net of taxation	-	-	38,256	-	81,082	119,238
Transactions with owners, recorded directly in equity:						
Total distributions to owners (note 20)	-	-	-	-	(47,043)	(47,043)
Balances as at March 31, 2021	605,622	427,943	42,259	(34,873)	469,283	1,510,234
Total comprehensive income for the year						
Profit for the year	-	-	-	-	3,209	3,209
Other comprehensive profit for the year:						
Fair value adjustments on debt securities at FVOCI	-	-	(7,280)	-	-	(7,280)
Net losses on investments in equity securities designated at FVOCI	-	-	6,697	-	-	6,697
Fair value transfer on disposed equity securities	-	-	(15,145)	-	15,145	-
Total other comprehensive (loss)/profit for the year, net of taxation	-	-	(15,728)	-	15,145	(583)
Total comprehensive (loss)/profit for the year, net of taxation	-	-	(15,728)	-	18,354	2,626
Balances as at March 31, 2022	**605,622**	**427,943**	**26,531**	**(34,873)**	**487,637**	**1,512,860**

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

1834 INVESTMENTS LIMITED
MARCH 31, 2022

Company Statement of Changes in Equity

	Share capital $'000	Capital reserves $'000	Fair value reserves $'000	Retained profits $'000	Total equity $'000
Balances at March 31, 2020	605,622	428,100	4,003	113,618	1,151,343
Total comprehensive income for the year					
Profit for the year	-	-	-	92,769	92,769
Other comprehensive income:					
Fair value adjustments on debt securities at FVOCI	-	-	13,131	-	13,131
Net gains on investments in equity securities designated at FVOCI	-	-	25,125	-	25,125
Total other comprehensive income for the year, net of taxation	-	-	38,256	-	38,256
Total comprehensive profit/income for the year, net of taxation	-	-	38,256	92,769	131,025
Transactions with owners, recorded directly in equity					
Total distributions to owners (note 20)	-	-	-	(48,450)	(48,450)
Balances at March 31, 2021	605,622	428,100	42,259	157,937	1,233,918
Total comprehensive income for the year					
Profit for the year	-	-	-	36,612	36,612
Other comprehensive loss:					
Fair value adjustments on debt securities at FVOCI	-	-	(7,280)	-	(7,280)
Net gains on investments in equity securities designated at FVOCI	-	-	6,697	-	6,697
Fair value transfer on disposed equity securities	-	-	(15,145)	15,145	-
Total other comprehensive loss for the year, net of taxation	-	-	(15,728)	15,145	(583)
Total comprehensive (loss)/profit for the year, net of taxation	-	-	(15,728)	51,757	36,029
Balances at March 31, 2022	605,622	428,100	26,531	209,694	1,269,947

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

1834 INVESTMENTS LIMITED
MARCH 31, 2022

Statements of Cash Flows

	NOTES	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Cash flows from operating activities					
Profit for the year		3,209	81,082	36,612	92,769
Adjustments to reconcile profit to net cash provided/(used)by operating activities:					
Depreciation	3	756	1,355	756	1,355
Income tax	18(a)(i)	40	7,578	(135)	2,172
Deferred taxation	18(a)(ii)	6,322	(1,892)	6,322	(1,892)
Interest income	16(a)	(16,609)	(16,529)	(16,609)	(16,529)
Interest expense		1,311	956	1,311	945
Increase in fair value of investment properties	4	(52,500)	(55,403)	(52,500)	(55,403)
Increase in fair value of bond funds	16(b)	4,395	-	4,395	-
Impairment gains	17	(1,304)	(1,204)	(1,304)	(1,204)
Share of loss/(profit) of associate, net of tax	6	33,399	(12,737)	-	-
Loss on sale of bond		9,336	11,126	9,336	11,126
Increase in the fair value of units	16(b)	(401)	(2,588)	(401)	(2,588)
Loss/(gain) on foreign exchange rate changes		1,730	(6,668)	1,730	(6,668)
		(10,316)	5,076	(10,487)	24,083
Tax paid		(15,924)	(11,335)	(15,749)	(5,930)
Interest paid		(1,311)	(956)	(1,311)	(945)
Dividends received, net		6,747	27,672	6,747	26,773
Other receivables		(12,553)	(4,493)	(12,553)	(4,282)
Accounts payable		227,342	(16,745)	227,342	(16,745)
Net cash provided by/(used in) operating activities		193,985	(781)	193,989	22,954
Cash flows from investing activities					
Interest received		16,663	16,699	16,663	16,699
Interest in associates		-	(1,213)	-	(1,213)
Proceeds from sale of bonds		45,379	31,540	45,379	31,540
Securities purchased under agreement for resale		(57,159)	(29,005)	(57,159)	(29,005)
Investments, net		26,561	(156,679)	26,561	(156,679)
Long-term receivable		16,887	1,802	16,887	1,802
Dividend income		(6,747)	(2,360)	(6,747)	(26,773)
Net cash provided by/(used in) investing activities		41,584	(139,216)	41,584	(163,629)
Cash flows from financing activity					
Distributions	20	-	(47,043)	-	(48,450)
Repayment of loan		(108,660)	-	(108,660)	-
Proceeds of note payable		61,324	108,660	61,324	108,660
Net cash (used in)/provided by financing activities		(47,336)	61,617	(47,336)	60,210
Effect of exchange rates on cash and cash equivalents		(2,419)	2,076	(2,419)	2,076
Net increase/(decrease) in cash and cash equivalents		185,814	(76,304)	185,818	(78,389)
Cash and cash equivalents at beginning of the year		34,272	110,576	25,794	104,183
Cash and cash equivalents at end of the year		220,086	34,272	211,612	25,794

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

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.

"Group" refers collectively to the company, its associate and special purpose entity which are as follows:

	Principal activity	Country of registration	% Ownership by Group
Associate:			
Jamaica Joint Venture Investment Company Limited (JJVI)	Real estate investment	Jamaica	50% Joint venture
Special purpose entity:			
Gleaner Company Limited Employee Investment Trust (GCLEIT)	Trust instituted to acquire shares for the benefit of employees	Jamaica	100%

JJVI has a 100% shareholding in Manhart Properties Limited and City Properties Limited both of which own commercial properties (see also note 6).

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

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).

(b) Going concern

The preparation of the financial statements in accordance with IFRS assumes that the company will continue in operational existence for the foreseeable future (usually considered at least 12 months from the reporting date). This means, inter alia, that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate the company or curtail the scale of its operations. This is commonly referred to as the going concern basis. The proposed Scheme of Amalgamation ("the Scheme") with Radio Jamaica Limited (see note 26) is expected to be completed within less than twelve months, hence the consideration as to whether the going concern basis of accounting remains relevant.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

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

(b) Going concern (continued):

Management believes that the preparation of the financial statements on the going concern basis is no longer appropriate as explained below.

- For the Scheme to be approved, a Court-directed Scheme meeting is to be convened to seek stockholder approval. Stockholder approval requires two thresholds to be met: (i) a majority (over 50%) of those 1834 stockholders in attendance at the Scheme meeting must vote in favour of the Scheme of Arrangement; and (ii) those who vote in favour must represent at least 75% of the value of stock held by those present at the Scheme Meeting.

- Historically, the behaviour of the 1834 stockholders has been that, after being afforded due consideration, to support recommendations proposed by the Board of Directors. Based on these past trends, the fact that the Scheme has been unanimously recommended by the 1834 Board, and represents an attractive consideration option to the typical minority stockholder, management considers it highly probable that stockholders attending the Scheme meeting will vote their stock in support of the Scheme, and that threshold (i) will be met. Further, to date, a number of 1834 stockholders have signed "lockup" agreements committing to vote in support of the Scheme, and to accept RJL shares as their consideration. Their related stockholdings represent over 52% of all issued 1834 stock, in aggregate, which suggests that it is highly probable that the threshold at (ii) will also be met.

- The Court must also approve the Scheme and there is a process to follow in this regard. 1834, through its attorneys, has been strictly following the process and supplying the required information for Court filings. Management feels it is very unlikely that the Scheme would not be approved for lack of compliance and/or comprehensive filings with the Court.

IFRS do not specify a liquidation basis of accounting. When an entity is not a going concern, there is no general dispensation from the measurement, recognition and disclosure requirements of the IFRS financial reporting framework. This involves writing down assets to their recoverable amounts based on conditions existing at the end of the financial reporting period (where applicable). The carrying value of the material assets reported on the statement of financial position reflects consideration of fair value appraisals and expected loss calculations. Management also believes that the group's assets will be transferred on an orderly basis at their fair values and liabilities at their carrying amounts. Consequently, the financial statements have been prepared on a basis that is consistent with IFRS and reflects the fact that the going concern assumption is not appropriate.

Had accounting policies been applied using the going concern assumption, carrying values disclosed in the statement of financial position would not have been materially different.

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

(c) Basis of measurement:

The financial statements are prepared on the historical cost basis, except for investment properties and certain debt and equity securities which are measured at fair value.

(d) 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.

(e) 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.

In addition to the critical judgement made in respect to the applicability of the going concern basis discussed in note 2(b), other judgements made by management in the application of IFRS, that have a significant effect on the financial statements, and estimates with a significant risk of material adjustments in the next financial period are discussed below:

(i) Critical accounting judgements in applying the group's accounting policies

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

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

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

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

(i) Critical accounting judgements in applying the group's accounting policies (continued)

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(3) Treatment of joint arrangements

Establishing whether the application of equity accounting is the appropriate method of measuring and disclosing the group's interest in Jamaica Joint Venture Investment Company Limited [See note 24(a)(iv)].

(ii) Key assumptions and other sources of estimation uncertainty

(1) Impairment of financial assets:

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the group in the above areas is set out in note 21(a).

(2) 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 prices (unadjusted) in an active market for an identical asset or liability.

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

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

(ii) Key assumptions and other sources of estimation uncertainty (continued)

(2) Determination of fair values (continued):

- Level 2 – Inputs that are 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.

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 occurred.

(3) Investment properties:

Investment properties reflect fair value amounts, based on market information, including valuations done by independent property appraisers. On the instructions of management, the appraisers have used valuation techniques such as the direct sales comparison approach and income approach to determine fair value as detailed in note 4.

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

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

(ii) Key assumptions and other sources of estimation uncertainty (continued)

(4) Income taxes:

In the ordinary course of the group's business, it undertakes transactions, and is subject to events, the tax effects of which are uncertain. In the face of such uncertainty, the group makes estimates and judgements in determining the provision for income taxes.

The final tax outcome attributable to matters subject to such estimates and judgements may be materially different from that which is initially recognised. Any such difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(f) Certain immaterial prior year comparative information has been reclassified to accord with current year presentation.

(g) Impact of COVID-19

The COVID-19 outbreak continues to evolve, having already seen a number of significant developments within a relatively short timeframe. These developments have significant business implications for many entities, as well as related financial statement effects.

Because the spread of COVID-19 has triggered a series of events rather than a one-off event, the assessment of the severity of the effects on an entity can vary significantly depending on the sector and markets that an entity operates in, as well as the specific conditions at the time when the assessment is made. As indicated in note 21(a)(ii), management has considered the impact of the COVID-19 outbreak on its financial assets. These estimates involve increased judgment as a result of the economic impacts of COVID-19 on the group's financial assets. Amongst other things, management has considered qualitative factors that create COVID-19 related changes to significant increase in credit risk (SICR) and increased uncertainty about potential future economic scenarios and their impact on credit losses. Management, supported by its external property appraiser, also considered the impact of COVID-19 related economic scenarios on its investment properties.

(h) Details of the group's accounting policies, including changes during the year are included in note 24.

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Notes to the Financial Statements (Continued)
March 31, 2022

3. Property, plant and equipment

	Group and Company		
	Machinery and equipment $'000	**Fixtures and fittings $'000**	**Total $'000**
Cost			
Balances as at March 31, 2020, 2021 and 2022	59,271	39	59,310
Depreciation			
Balances at March 31, 2020	57,168	3	57,171
Charge for the year	1,351	4	1,355
Balances at March 31, 2021	58,519	7	58,526
Charge for the year	752	4	756
Balances at March 31, 2022	59,271	11	59,282
Carrying amounts			
March 31, 2022	-	28	28
March 31, 2021	752	32	784

4. Investment properties

Group and Company

2022

	Building 7 North Street Level 3	Land 103 East Street Level 2	Land 105 East Street Level 2	Land 101A East Street Level 2	Land 66C John's Lane Level 2	Land 66D John's Lane Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At April 1	478,000	2,326	6,168	2,183	1,640	2,183	492,500
Fair value gain	42,000	1,684	4,466	1,581	1,188	1,581	52,500
At March 31	520,000	4,010	10,634	3,764	2,828	3,764	545,000

2021

	Building 7 North Street Level 3	Land 103 East Street Level 2	Land 105 East Street Level 2	Land 101A East Street Level 2	Land 66C John's Lane Level 2	Land 66D John's Lane Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At April 1	424,672	1,993	5,285	1,871	1,405	1,871	437,097
Fair value gain	53,328	333	883	312	235	312	55,403
At March 31	478,000	2,326	6,168	2,183	1,640	2,183	492,500

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Notes to the Financial Statements (Continued)
March 31, 2022

4. Investment properties (continued)

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

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Income earned from investment properties	807	2,202
Expenses incurred on investment properties	-	498

Investment properties with a value of $545,000,000 (2021: $492,500,000) are based on fair values as at March 31, 2022, determined by professional independent valuators, Allison, Pitter & Company, who are accredited independent valuators with recognised and relevant professional qualifications and with recent experience in the locations and categories of the investment properties being valued. The valuation models, in accordance with those recommended by the Royal Institution of Chartered Surveyors, have been applied and are consistent with IFRS 13.

The fair values of land and buildings are categorised as level 2 and 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.

Class of property	Fair value 2022 $'000	Fair value 2021 $'000	Valuation technique	Key unobservable inputs
Building 7 North Street	520,000	478,000	Income based approach	• Rental growth (p.a.) • Voids & letting delays • Discount rate • Net rental value • Capitalisation rate
Land 103 East Street	4,010	2,326	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.
Land 105 East Street	10,634	6,168	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.

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Notes to the Financial Statements (Continued)
March 31, 2022

4. Investment properties (continued)

Class of property	Fair value 2022 $'000	Fair value 2021 $'000	Valuation technique	Key unobservable inputs
Land 101A East Street	3,764	2,183	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.
Land 66C John's Lane	2,828	1,640	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.
Land 66D John's Lane	3,764	2,183	Market based approach	• Conditions influencing the sale of comparable properties. • Comparability adjustment. • The potential rental value of the property in the current investment climate.

5. Long-term receivables

	Group and Company 2022 $'000	2021 $'000
Loan receivable [US$150,416 (2021: US$179,583)]	23,060	26,018
Less: Current portion [see other receivables (note 10)]	(22,457)	(8,451)
Less: Allowance for impairment losses	(603)	(680)
	-	16,887

Loan receivable represents the balance on a loan due to the company. This loan, which bears interest of 4% per annum, is secured by real estate. The final payment is due August 2022.

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Notes to the Financial Statements (Continued)
March 31, 2022

6. Interest in associate

The group has a 50% interest in a 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 year ended March 31, 2021, updated for significant transactions to March 31, 2022.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Shares at cost	54,448	54,448	54,448	54,448
Group's share of reserves	270,726	304,125	-	-
Dividends received (50%)	(25,312)	(25,312)	-	-
	299,862	333,261	54,448	54,448

Associate company results recorded in the year ended March 31, 2022, related to the twelve-month period commencing April 1, 2021 to March 31, 2022 (2021: Twelve-month period ended March 31, 2021).

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	
	2022	**2021**
	$'000	**$'000**
Percentage ownership interest	**50%**	**50%**
Non-current assets:		
Property, plant and equipment	-	1,420
Investment properties	-	274,900
Goodwill on consolidation	711	711
Due from related parties	223,850	2,481
Deferred tax asset	21	371
Total non-current assets	224,582	279,883
Current assets:		
Trade and other receivables	119,303	141,306
Taxation recoverable	10,828	3,149
Assets held for sale	235,000	235,000
Cash and cash equivalents	27,123	24,192
Total current assets	392,254	403,647
Total assets c/f	616,836	683,530

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Notes to the Financial Statements (Continued)
March 31, 2022

6. Interest in associate (continued)

	Group 2022 $'000	Group 2021 $'000
Total assets b/f	616,836	683,530
Non-current liabilities:		
Long term loans	(1,164)	(1,164)
Total non-current liabilities	(1,164)	(1,164)
Current liabilities:		
Due to ultimate holding company	(23)	(23)
Trade and other payables	(15,926)	(15,821)
Total current liabilities	(15,949)	(15,844)
Net assets	599,723	666,522
Group share of net assets (50%)	299,862	333,261
Revenue from operations, being total revenue	37,975	90,597
Fair value adjustment	-	5,673
Depreciation and amortisation	(276)	(351)
Administrative expense	(46,804)	(59,170)
Finance costs	(2,311)	(464)
Loss on disposal of investment property	(55,033)	-
(Loss)/profit before taxation	(66,449)	36,285
Group share of (loss)/profit before taxation (50%)	(33,224)	18,143
Income tax charge	(350)	(10,812)
Group share of income tax charge (50%) (see note 18)	175	5,406
Net (loss)/profit	(33,399)	12,737
Group's share of reserves:		
Balance as at April 1	304,125	291,388
Group's share of current year (loss)/profit	(33,399)	12,737
Balance at March 31	270,726	304,125

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Notes to the Financial Statements (Continued)
March 31, 2022

7. Investments

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Fair value through other comprehensive income (FVOCI):		
Quoted equities	76,723	82,897
Unquoted equities	6,050	6,050
Corporate bonds	80,193	136,697
Amortised cost:		
Certificates of deposit	11,490	11,302
Investments at fair value through profit or loss (FVTPL):		
Units in unit trust	95,659	90,020
Bond funds	79,672	108,228
	349,787	435,194

8. Cash and cash equivalents

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Bank and cash balances	220,086	34,272	211,612	25,794

Bank and cash balances are maintained for transaction purposes with reputable counterparties, do not attract interest and include US$1,372,180 (2021: US$154,750) for the group and the company.

9. Securities purchased under resale agreements

The group and the company invest in securities purchased under resale agreements. At the reporting date the securities had a carrying amount of $359,364,458 (2021: $302,894,829), net of impairment allowance of $2,600,446 (2021: $1,222,060).

At the reporting date, the fair value of the underlying securities held as collateral for the resale agreements was $355,456,732 (2021: $304,116,889) for the group and the company.

10. Other receivables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Due from related parties	-	-	18,363	14,308
Other receivables [see (a) below]	21,641	23,071	16,167	21,652
Current portion of long-term receivable (see note 5)	22,457	8,451	22,457	8,451
Less: Allowance for impairment losses [see note 21(a)(vi)]	(416)	(2,577)	(416)	(2,577)
	43,682	28,945	56,571	41,834

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Notes to the Financial Statements (Continued)
March 31, 2022

10. Other receivables (continued)

(a) Other receivables is comprised as follows:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
General Consumption Tax (GCT) recoverable	8,083	8,551	8,083	8,551
Interest receivable	5,491	5,545	5,491	5,545
Other receivables and prepayments	8,067	8,975	2,593	7,556
	21,641	23,071	16,167	21,652

11. Share capital

	2022 $'000	2021 $'000
Share capital issued and fully paid:		
1,211,243,827 stock units of no par value	605,622	605,622

At March 31, 2022, the authorised share capital comprised 1,216,000,000 ordinary stock units (2021: 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.

12. Reserves

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Capital				
Realised:				
Share premium (i)	4,353	4,353	4,353	4,353
Gain on sale of loan (ii)	1,334	1,334	1,334	1,334
	5,687	5,687	5,687	5,687
Unrealised:				
Revaluation of land and buildings	422,256	422,256	422,413	422,413
Total capital reserves	427,943	427,943	428,100	428,100
Fair value reserve (ii)	26,531	42,259	26,531	42,259
Reserve for own shares (iii)	(34,873)	(34,873)	-	-
Revenue				
Retained profits	487,637	469,283	209,694	157,937
	907,238	904,612	664,325	628,296

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

12. Reserves (continued)

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

(ii) Fair value reserve represents unrealised gains arising on changes in fair value of debt and equity investment securities measured at FVOCI. Realised gains on sale of loans were also transferred to realised capital reserves in prior years.

(iii) 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 stock units held by the group through the GCLEIT. At March 31, 2022, GCLEIT held 35,107,228 (2021: 34,873,148) of the company's stock units (note 19) at a market value of $30,192,216 (2021: $39,057,926).

13. Deferred taxation

Deferred taxation is attributable to the following:

	Group and Company	
	2022	2021
	$'000	$'000
Investments	743	598
Unrealised foreign exchange gain	(8,029)	(1,900)
Property, plant and equipment	298	161
Other receivables	(1,687)	(1,212)
Net liability	(8,675)	(2,353)

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

	Group and Company		
	2022		
	Balance at April 1, 2021	Recognised in profit or loss [note 18(a)(ii)]	Balance at March 31, 2022
	$'000	$'000	$'000
Investments	598	145	743
Unrealised foreign exchange gain	(1,900)	(6,129)	(8,029)
Property, plant and equipment	161	137	298
Other receivables	(1,212)	(475)	(1,687)
	(2,353)	(6,322)	(8,675)

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

13. Deferred taxation (continued)

Deferred taxation is attributable to the following (continued):

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

	Group and Company		
	2021		
	Balance at April 1, 2020	Recognised in profit or loss [note 18(a)(ii)]	Balance at March 31, 2021
	$'000	$'000	$'000
Investments	602	(4)	598
Unrealised foreign exchange gain	(3,417)	1,517	(1,900)
Property, plant and equipment	(114)	275	161
Other receivables	(1,316)	104	(1,212)
	(4,245)	1,892	(2,353)

14. Accounts payable

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Due to related parties	233,184	9,031	233,184	9,031
Unclaimed dividends	21,193	25,691	21,193	25,691
Other payables	12,134	4,447	14,048	6,361
	266,511	39,169	268,425	41,083

15. Note payable

	Group and Company	
	2022	2021
	$'000	$'000
Balance at the start of the year	108,660	-
Repayment	(108,660)	-
Addition	61,324	108,660
	61,324	108,660

The prior year loan obtained from UBS in the amount of 750,000 USD was repaid on March 23, 2022. An additional short-term loan in the amount of 400,000 USD was obtained on March 24, 2022. The loan attracts an interest rate of 2.26% and is repayable on September 26, 2022. Investments with value of $227,134,041 are held as collateral security.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

16. Revenue

(a) Operating income:

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Interest income, calculated using the effective interest method	16,609	16,529	16,609	16,529
Rental income	807	2,202	807	2,202
Dividend income	6,924	2,360	6,924	26,773
	24,340	21,091	24,340	45,504

(b) Other gains:

	Group and Company 2022 $'000	Group and Company 2021 $'000
Fair value gain on units in unit trust	401	2,588
Fair value loss on bond funds	(4,395)	-
Loss on disposal of bonds	(9,336)	(11,126)
Realise gain on investment	18,369	34,101
Unrealised foreign exchange gain	16,986	14,171
Miscellaneous income	4,545	2,672
	26,570	42,406

17. Administration and other operating expenses

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Directors' emoluments:				
Fees	877	1,033	877	1,033
Management remuneration	662	7,500	662	7,500
Auditors' remuneration	7,500	4,950	7,500	4,950
Shared services	3,768	3,768	3,768	3,768
Depreciation	756	1,355	756	1,355
Insurance	2,165	2,233	2,165	2,233
Professional, legal, accounting and support fees	23,897	21,877	23,897	21,877
Utilities and telephone	172	652	172	652
Office expenses	15	87	15	87
Building maintenance	75	88	75	88
Registrar services	3,354	3,685	3,354	3,685
Jamaica Stock Exchange (JSE) fees	1,679	1,622	1,679	1,622
Bad debt	806	1,655	806	1,655
Impairment gains	(1,304)	(1,204)	(1,304)	(1,204)
Irrecoverable G.C.T.	5,018	2,362	5,018	2,362
Other expenses and provisions, net of write-backs	9,725	(2,344)	9,725	(2,344)
	59,165	49,319	59,165	49,319

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Notes to the Financial Statements (Continued)
March 31, 2022

18. Taxation

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

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
(i) Current tax expense:				
Income tax at 25%	579	848	579	848
Income tax in associate (see note 6)	175	5,406	-	-
Prior year (over)/under provision	(714)	1,324	(714)	1,324
	40	7,578	(135)	2,172
(ii) Deferred tax expense/(credit):				
Origination and reversal of timing differences (note 13)	6,322	(1,892)	6,322	(1,892)
Total taxation charge recognised	6,362	5,686	6,187	280

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

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Profit before taxation	9,571	86,768	42,799	93,049
Income tax at 25%	2,393	21,692	10,700	23,262
Difference between depreciation and tax capital allowances	(687)	5,503	(687)	(630)
Disallowed expenses and other capital adjustments, net	5,370	(22,833)	(3,112)	(23,676)
	7,076	4,362	6,901	(1,044)
Prior year (over)/under provision	(714)	1,324	(714)	1,324
	6,362	5,686	6,187	280

19. 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 $3,209,000 (2021: $81,082,000) by 1,211,243,827, being the number of stock units in issue at March 31, 2022 (2021: 1,211,243,827) as well as by 1,176,370,679 (2021: 1,176,370,679), being stock units in issue less those held by the GCLEIT [see note 12(iii)].

20. Dividends paid (gross)

No dividend was declared and paid during the year. An interim ordinary dividend 4 cents per stock unit was paid on December 11, 2020, to stockholders on record at close of business on November 24, 2020.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Distributions:				
First interim declared and paid in respect of 2022: 0¢ (2021: 4¢) per stock unit - gross	-	48,450	-	48,450
Allocated to GCLEIT	-	(1,407)	-	-
	-	47,043	-	48,450

21. 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.

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 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 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, securities purchased under resale agreements and cash and cash equivalents.

(i) Maximum exposure to credit risk

The maximum credit exposure, that is, the total amount of loss the Company would suffer if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets.

21. Financial risk management (continued)

(a) Credit risk (continued):

(ii) Management of credit risk

The group manages the credit risk on items exposed to such risk as follows:

- Cash and cash equivalents:

  These are held with reputable regulated financial institutions; collateral is not required for such accounts as management regards the institutions as strong and financially sound. The financial institutions have a credit rating of A or above.

- Securities purchased under resale agreements:

  Agreements are made only with reputable, regulated counterparties management regards as strong and financially sound.

  Collateral is held for all resale agreements in amounts that cover the principal advanced and interest expected to be earned over the term of the agreement.

- Investment securities, loans and other receivables:

  The maximum credit exposure, the total amount of loss the Group would suffer if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets exposed to credit risk. Exposure to credit risk is managed by regular analysis of the ability of counterparties to meet repayment obligations.

  The COVID-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The downgrading of credit ratings and/or outlooks for investment securities held has resulted in an increase in the credit risk of some debt instruments, loan and other receivables.

(iii) Concentration of credit risk

There is no significant concentration of credit risk.

(iv) Collateral

The fair value of collateral held for financial assets exposed to credit risk is set out in note 9.

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Notes to the Financial Statements (Continued)
March 31, 2022

21. Financial risk management (continued)

(a) Credit risk (continued)

(v) Credit quality analysis

Investments and long-term receivables

Credit risk is the single largest risk for the group's business. Credit risk management and control is delegated to the Audit Committee. The Committee is responsible for oversight of credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, and limiting concentration of exposure to counterparties.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Maximum exposure to credit risk and credit quality analysis

The following table sets out information about the maximum exposure to credit risk and the credit quality of financial assets measured at amortised cost and FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

- Debt securities and other financial assets:

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Amortised cost:		
Non-investment grade	361,965	304,117
Loss allowance	(2,601)	(1,222)
	359,364	302,895
Fair value through OCI:		
Investment grade	162,966	181,038
Non-investment grade	-	44,606
	162,966	225,644

21. Financial risk management (continued)

(a) Credit risk (continued):

(v) Credit quality analysis (continued)

Maximum exposure to credit risk and credit quality analysis (continued)

- Long term receivable at amortised cost:

	Group and Company	
	2022	**2021**
	Stage 1	Stage 1
	$'000	$'000
Performing	-	17,567
Loss allowance	-	(680)
Carrying amount	-	16,887

The key judgements and assumptions adopted by the group in addressing the requirements of IFRS 9 are discussed below [also see note 2(e)].

Credit risk grades

The Group uses external credit ratings provided by rating agencies to assess the probability of default of individual counterparties.

For debt securities, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDP's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade.' The Group does not apply the low credit risk exemption to any other financial instruments.

Determining whether credit risk has been increased significantly

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on the credit rating of an investment where investments that are transitioned from investment grade to non-investment grade;
- qualitative indicators; and
- a backstop of 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

21. Financial risk management (continued)

(a) Credit risk (continued):

(v) Credit quality analysis (continued)

Determining whether credit risk has been increased significantly (continued)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a financial asset have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Definition of default (Stage 3):

In assessing whether a borrower is in default, the company uses the following indicators:

- Bankruptcies and liquidations: Failure to pay interest/principal on an interest-bearing bond or loan, miss payment (principle, interest, or both), past the grace period.

- Distressed restructuring: difference between the net present values of cash flows before and after restructuring arrangements exceeds a certain threshold the exposure should be classified as defaulted.

- Government bail-out: For banks and financial institutions.

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Group’s Finance team on an annual basis and provide the best and worst estimate view of the economy.

21. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Expected credit loss measurement

Incorporation of forward-looking information (continued)

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and compared historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. At April 1, 2021, and March 31, 2022, the Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP). Appropriate consideration to the impact of the COVID-19 pandemic was accorded.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Measurement of expected credit losses (ECL)

Historical recovery rate data was compared to a variety of factors in order to determine correlations between these factors and the amount recovered (as defined above). These correlations were then used to determine the coefficients in a non-linear factor model which is used for projecting recovery rates and losses prospectively. The output from this model can be used either on a stand-alone basis to estimate recovery by specific liability class upon default, or as inputs to a more comprehensive portfolio credit risk management system.

21. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

Measurement of expected credit losses (ECL)

EAD represents the expected exposure in the event of a default. In preparing the full lifetime ECL calculation, the EAD is calculated at annual intervals from the reporting date out to maturity. The reporting date, transaction date and transaction price are used to calculate the accounting exposure at default. If not provided, an accounting effective interest rate is calculated using the transaction date and price (see section below for more) and is applied to the future cash flows of the particular instrument to discount these cash flows. This is done on an annual basis from reporting date out until maturity.

Loss allowance

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

- Long-term loan receivable and resale agreements:

	Group and Company 2022 Stage 1 $'000
Balance at March 31, 2021	1,903
Net re-measurement of loss allowance	1,300
Balance at March 31, 2022	3,203

- Other receivables:

	Group and Company 2022 Stage 1 $'000
Balance at March 31, 2021	2,577
Net re-measurement of loss allowance	(2,161)
Balance at March 31, 2022	416

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Notes to the Financial Statements (Continued)
March 31, 2022

21. Financial risk management (continued)

(a) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

Measurement of expected credit losses (ECL) (continued)

- Debt securities at FVOCI:

	Group and Company 2022 Stage 1 $'000
Balance at March 31, 2021	702
Net re-measurement of loss allowance	(444)
Balance at March 31, 2022	258

(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 comprise accounts payable and note 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 the year.

(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.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

21. Financial risk management (continued)

(c) Market risk (continued):

(i) Foreign currency risk:

Foreign currency risk is that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Company is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. The main currency giving rise to this risk is the United States dollar (US$). The Company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable, except where it undertakes a gapping strategy in pursuit of exchange rate gains. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

The Group's and the Company's exposure to foreign currency risk are materially denominated in United States dollars (US$) and are as follows:

	Group and Company	
	2022	**2021**
	US$	**US$**
	('000)	**('000)**
Investments	2,105	2,811
Cash and cash equivalents	1,372	155
Securities purchased under resale agreements	2,344	2,091
Long term and other receivables	253	213
Note payable	(400)	(750)
Other payables	(34)	-
Net foreign currency denominated assets	5,640	4,520

Sensitivity analysis

A strengthening/weakening of the Jamaica dollar against the United States dollar at March 31, 2022, 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 2021.

Group and Company				
2022				
		Increase		Decrease
Currency	% weakening	Effect on profit or loss	% strengthening	Effect on profit or loss
		$'000		$'000
US$	8	69,599	2	(17,400)

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

21. Financial risk management (continued)

(c) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity analysis (continued)

Group and Company				
2021				
		Increase		Decrease
Currency	% weakening	Effect on profit or loss $'000	% strengthening	Effect on profit or loss $'000
US$	6	39,287	2	(13,096)

(ii) Interest rate risk:

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

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

The Company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-earning financial assets and interest-bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by management and the Audit Committee.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

21. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

The table below summarises the group's exposure to interest rate risk. Included in the tables are the carrying amounts of the Group's financial instruments, categorised by the earlier of contractual repricing and maturity dates.

	Group					
	2022					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	220,086	220,086
Securities purchased under resale agreements	62,487	296,877	-	-	-	359,364
Investments	11,490	-	-	80,193	258,104	349,787
Other receivables	4,472	17,985	-	-	21,225	43,682
Total financial assets	78,449	314,862	-	80,193	499,415	972,919
Liabilities						
Accounts payable	-	-	-	-	266,511	266,511
Note payable	-	61,324	-	-	-	61,324
Total financial liabilities	-	61,324	-	-	266,511	327,835
Interest rate sensitivity gap	78,449	253,538	-	80,193	232,904	645,084
Cumulative interest sensitivity gap	78,449	331,987	331,987	412,180	645,084	-

	Group					
	2021					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	34,272	34,272
Securities purchased under resale agreements	20,213	282,682	-	-	-	302,895
Investments	55,909	-	-	92,091	287,194	435,194
Other receivables	-	-	-	-	28,945	28,945
Long-term receivable	-	-	16,887	-	-	16,887
Total financial assets	76,122	282,682	16,887	92,091	350,411	818,193
Liabilities						
Accounts payable	-	-	-	-	39,169	39,169
Note payable	-	108,660	-	-	-	108,660
Total financial liabilities	-	108,660	-	-	39,169	147,829
Interest rate sensitivity gap	76,122	174,022	16,887	92,091	311,242	670,364
Cumulative interest sensitivity gap	76,122	250,144	267,031	359,122	670,364	-

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

21. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

	Company					
	2022					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	211,612	211,612
Securities purchased under resale agreements	62,487	296,877	-	-	-	359,364
Investments	11,490	-	-	80,193	258,104	349,787
Other receivables	-	-	-	-	56,571	56,571
Total financial assets	73,977	296,877	-	80,193	526,287	977,334
Liabilities						
Accounts payable	-	-	-	-	268,425	268,425
Note payable	-	61,324	-	-	-	61,324
Total financial liabilities	-	61,324	-	-	268,425	329,749
Interest rate sensitivity gap	73,977	235,553	-	80,193	257,862	647,585
Cumulative interest sensitivity gap	73,977	309,530	309,530	389,723	647,585	-

	Company					
	2021					
	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	-	-	25,794	25,794
Securities purchased under resale agreements	20,213	282,682	-	-	-	302,895
Investments	55,909	-	-	92,091	287,194	435,194
Other receivables	-	-	-	-	41,834	41,834
Long-term receivable	-	-	16,887	-	-	16,887
Total financial assets	76,122	282,682	16,887	92,091	354,822	822,604
Liabilities						
Accounts payable	-	-	-	-	41,083	41,083
Note payable	-	108,660	-	-	-	108,660
Total financial liabilities	-	108,660	-	-	41,083	149,743
Interest rate sensitivity gap	76,122	174,022	16,887	92,091	313,739	672,861
Cumulative interest sensitivity gap	76,122	250,144	267,031	359,122	672,861	-

21. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

The table below summarises the weighted average interest rate by major currencies for interest-bearing financial instruments of the Group at the reporting date:

	Group and Company	
	2022	**2021**
	US$	**US$**
	%	%
Assets		
Securities purchased under resale agreements	3.00	3.00
Investments	4.72	4.74
Long-term loan receivable	4.00	4.00

The Group minimises interest rate risk by investing mainly in fixed rate securities and contracting liabilities at fixed rates, where possible. There are no variable rate instruments.

Profile

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial assets	441,594	440,383	441,594	440,383
Financial liabilities	61,324	108,660	61,324	108,660

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 300 or decrease of 50 (2021: An increase of 100 or decrease of 100) basis points in interest rates at the reporting date would have increased equity by $13,584,000 or decreased equity by ($2,264,000) for the Group and Company (2021: increased/decreased equity by $4,403,000 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 2021.

21. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk (continued):

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 foreign market stock exchanges. A 5% or (5%) [2021: 5% or (5%)] increase or decline in the relevant indexes at the reporting date would have an increase of $3,836,000 or a decrease of $3,836,000 for the Group and Company (2021: increase of $4,145,000 or a decrease of $4,145,000 for the Group and 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.

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.

FVOCI financial assets include 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 and no loss on realisation or discount on settlement is 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.

Other investments are valued using the market-based approach and are classified as level 2 on the fair value hierarchy.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

21. Financial risk management (continued)

(d) Fair values (continued):

Basis for determining fair values (continued)

Cash and cash equivalents, securities purchased under resale agreements, trade and other receivable, note payable and accounts payables are assessed to approximate their carrying values due to their relatively short-term nature and are classified as level 2 in the fair value hierarchy.

Long-term receivables are carried at amortised cost, which is considered broadly equivalent to expected settlement value.

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 and Company 2022						
	Carrying amounts				Fair values		
	Amortised cost $'000	FVOCI $'000	FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value:							
Investments	-	162,966	175,331	338,297	76,723	261,574	338,297
Financial assets measured not at fair value:							
Investments	11,490	-	-	11,490	-	11,490	11,490
Securities purchased under resale agreement	359,364	-	-	359,364	-	361,965	361,965
	370,854	-	-	370,854	-	373,455	373,455

	Group and Company 2021						
	Carrying amounts				Fair values		
	Amortised cost $'000	FVOCI $'000	FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value:							
Investments	-	333,872	90,020	423,892	82,897	340,995	423,892
Financial assets measured not at fair value:							
Investments	11,302	-	-	11,302	-	11,302	11,302
Securities purchased under resale agreement	302,895	-	-	302,895	-	304,117	304,117
	314,197	-	-	314,197	-	315,419	315,419

21. Financial risk management (continued)

(e) Capital management:

The Board of Directors monitors the return on capital which the group 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 stockholders.

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

22. Related parties

(a) Identity of related parties:

The Group has a related party relationship with its associate and special purpose entity (see note 1), and with its directors and executive officers in the ordinary course of business.

(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	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Short-term benefits	8,752	16,033	8,752	16,033

The amounts disclosed in the table above are the amounts recognised as an expense during the reporting period related to key management personnel. There were no other transactions with key management personnel.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

22. Related parties (continued)

(c) The statement of financial position includes balances from transactions arising in the ordinary course of business, with the associated company and other related entities as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
Accounts payable:		
Due to associated companies	233,184	9,031
Accounts receivable:		
Other related entities	4,055	-
Dividend paid:		
Other related entities	-	1,407

(d) The income statement includes transactions arising in the ordinary course of business with other related entities as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
Dividend income:		
Associated company	-	25,312
Shared services fee:		
Other related entities	(3,768)	(3,768)

23. Operating leases - lessor

Pursuant to the March 24, 2016, scheme of arrangement between Radio Jamaica Limited (collectively "RJR Gleaner") and 1834 Investments Limited, the building at 7 North Street and parking lots at East Street and John's Lane, being investment properties, were leased to RJR Gleaner for fifteen years.

(a) Future minimum lease payments:

	Company	
	2022	**2021**
	$	**$**
Less than one year	100,000	100,000
Between one and five years	500,000	500,000
More than five years	200,000	300,000

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

24. Significant accounting policies

The Group has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

(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.

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 associates (note 6).

24. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(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.

(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.

(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.

24. Significant accounting policies (continued)

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

(ii) Owned 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.

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:

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(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:

Financial instruments – Classification, recognition, derecognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements:

- Financial assets comprise cash and cash equivalents, securities purchased under resale agreements, investments and other receivables.

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable.

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

  (i) Recognition and initial measurement

  The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Group initially recognises other receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

  At initial recognition, the group measures a financial asset or financial liability at its fair value, plus or minus; the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

  Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

  When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

  In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

  (ii) Classification and subsequent remeasurement

  The Group has applied IFRS 9 and classified its financial assets in the following measurement categories:

  - Fair value through profit or loss (FVTPL);
  - Fair value through other comprehensive income (FVOCI); or
  - Amortised cost.

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

(ii) Classification and subsequent remeasurement (continued)

Financial assets

The classification requirements for debt and equity instruments are described below:

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at (v). Interest income from such financial assets is included in interest income using the effective interest method [see note 16(a)].

- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL are measured at fair value through other comprehensive income (FVOCI).

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

The classification requirements for debt and equity instruments are described below (continued):

(a) Debt instruments (continued)

- *Fair value through* profit *or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value *through* profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within operating income' in the period in which it arises. Interest income from these financial assets is included in 'operating income' using the effective interest method.

- *Business model:* the business model reflects how the group manages the assets in order to generate cash flows. That is, whether the group's *objective* is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

  Factors considered by the Group in determining the business model for a group of assets include:

  1. Past experience on how the cash flows for these assets were collected;
  2. How the asset's performance is evaluated and reported to key management personnel;
  3. How risks are assessed and managed; and
  4. How managers are compensated.

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

- *Business model (continued):*

  For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

- *Solely payments of principal and interest (SPPI):* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in profit or loss.

Any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

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

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Notes to the Financial Statements (Continued)
March 31, 2022

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

Financial assets (continued)

(iv) Financial instruments - other

(1) 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 amortised cost. For the purpose of the statement of cash flows, bank overdraft is included as a component of cash and cash equivalents.

(2) 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 amortised cost.

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.

(3) Other receivables:

These are measured at amortised cost, less impairment losses.

(4) Accounts payable 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.

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

Financial assets (continued)

(v) Impairment:

The group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- lease receivables.

The group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

25. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

Financial assets (continued)

(v) Impairment (continued):

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised costs are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

Financial assets (continued)

(v) Impairment (continued):

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the group on terms that the company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

24. Significant accounting policies (continued)

(c) Financial instruments (continued):

Financial instruments – Classification, recognition, derecognition and measurement (continued)

- Financial liabilities comprise accounts payable and note payable (continued).

Financial assets (continued)

(v) Impairment (continued):

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

This is generally the case when the group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

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.

(d) 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.

24. Significant accounting policies (continued)

(d) Taxation (continued):

(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, differences relating to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future and investment property held inside a realisation-from-sale business model.

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.

A specific measurement requirement applies to a deferred tax asset or liability that arises from investment property measured at fair value. This requirement establishes a rebuttable presumption that the carrying amount of investment property measured at fair value will be recovered through sale. Therefore, unless the presumption is rebutted, the measurement of a deferred tax asset or liability pertaining to the investment property reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale.

The presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, then the normal requirements of measuring deferred tax assets or liabilities are applicable.

The group is not rebutting the presumption since a deferred tax asset/liability on investment property will not be recognised as it is presumed that the tax consequences of recovering the carrying amount of the investment property entirely through sale will reflect the measurement of deferred tax asset/liability pertaining to the investment property.

24. Significant accounting policies (continued)

(e) Revenue recognition:

Revenue is income that arises in the course of the ordinary activities of the group. Accordingly, revenue comprises interest income, rental income, dividend income and other investment returns.

(i) Interest income

Interest income is recognised in profit or loss for using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets measured at amortised cost.

(ii) Rental income from investment properties is recognised in profit or loss on the straight-line basis over the tenure of the leases.

(iii) Dividend income is recognised on the date the Group's right to receive payment is established.

24. Significant accounting policies (continued)

(f) Foreign currencies:

Foreign currency balances outstanding at the reporting date are translated at the rates of exchange ruling on that date [US$1 = J$153.31 (2021: J$144.88)]. 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.

(g) Impairment of 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.

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.

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.

(h) 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. Any gain or loss arising from a change in fair value is recognised in profit or loss.

24. Significant accounting policies (continued)

(h) Investment properties (continued):

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.

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.

(i) New and amended standards and interpretations that became effective during the year:

Certain new and amended standards and interpretations came into effect during the current financial year, none of which resulted in any changes to amounts recognised or disclosed in the financial statements.

(j) New and amended standards and interpretations that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the ‘costs of fulfilling a contract’ comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the ‘incremental cost’ approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

24. Significant accounting policies (continued)

(j) New and amended standards and interpretations that are not yet effective (continued):

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets (continued)*

  The Group does not expect the amendment to have a significant impact on its financial statements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS *9 Financial Instruments,* IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual periods beginning on or after January 1, 2022.

  The amendments considered relevant to the group are:

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  The Group does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

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Notes to the Financial Statements (Continued)
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24. Significant accounting policies (continued)

(j) New and amended standards and interpretations that are not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements* (continued)

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The Group does not expect the amendments to have a significant impact on its financial statements.

- Amendments to IFRS 16 *Leases* are effective for annual periods beginning on or after April 1, 2021, early adoption is permitted. The amendments extend the practical expedient by 12 months – i.e. allowing lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of Paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* do not apply on initial application.

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

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

24. Significant accounting policies (continued)

(j) New and amended standards and interpretations that are not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements* (continued)

  The key amendments to IAS 1 include (continued):

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

  The Group does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

  The Group does not expect the amendments to have a significant impact on its financial statements.

24. Significant accounting policies (continued)

(j) New and amended standards and interpretations that are not yet effective (continued):

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The Group does not expect the amendments to have a significant impact on its financial statements.

25. Capital management

For the purpose of the company’s capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating. No changes were made in the objectives, policies or processes during the years ended March 31, 2022, and March 31, 2021.

1834 INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
March 31, 2022

26. Events after the reporting period

On April 22, 2022, the company and Radio Jamaica Limited ("RJL") advised that RJL and 1834 Investments Limited ("1834") have entered into a Scheme Implementation Agreement which will lead to the amalgamation of both companies. The amalgamation will be done by way of a Court-approved Scheme of Arrangement by which the assets and liabilities of the Company will be transferred to RJL, its outstanding stock units cancelled and RJL units and/or cash issued in exchange for same, subject to the approval of the stockholders of 1834 and the sanction of the Supreme Court of Jamaica. On the conclusion of this process and the lodgement of the Amalgamation Order with the Companies Office of Jamaica, the company would be dissolved.

Although management of 1834 signed an indicative Term Sheet agreeing an offer by Radio Jamaica Limited ("RJL") to acquire all of 1834's issued share capital on March 10, 2022, the Scheme Implementation Agreement was not entered into until April 22, 2022, which was the same date public announcements were also made. Therefore, management does not believe IFRS 5, *Non-current assets held for sale and Discontinued Operations,* is relevant as this standard stipulates that the proposed sale has to meet a number of criteria, not all of which were present at the reporting date.

Though assets and liabilities are not classified as held for sale on the statement of financial position, carrying values are broadly equivalent to fair or expected settlement values [see also note 2(b)].